

COVER SHEET
for
SEC FORM 17-A

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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n	i	l	a	,		P	h	i	l	i	p	p	i	n	e	s													

Form Type

1	7	-	A	

Department requiring the
report

Secondary License Type, If
Applicable

COMPANY INFORMATION

Company's Email Address

Company's Telephone
Number/s

8831-1000

Mobile Number

No. of Stockholders

2,310

Annual Meeting
Month/Day

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

John Nai Peng C. Ong

Email Address

john.ong@smprime.com

Telephone
Number/s

8831-1000

Mobile Number

Contact Person's Address

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE

1. For the calendar year ended **DECEMBER 31, 2025**
2. SEC Identification Number **AS094-000088**
3. BIR Tax Identification No. **003-058-789**
4. Exact name of registrant as specified in its charter **SM PRIME HOLDINGS, INC.**
5. **PHILIPPINES**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone
10, CBP 1-A, Pasay City, Metro Manila, Philippines**
Address of principal office **1300**
Postal Code
8. **(632) 8831-1000**
Registrant's telephone number, including area code
9. **NA**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Shares	28,820,859,294
Retail Bonds	₱140,396,480,000

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

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange Common Shares
12. Check whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes [X] No []
 - (b) has been subject to such filing requirements for the past 90 days.
Yes [X] No []
13. Aggregate market value of the voting stock held by non-affiliates: **₱227,109,076,365**

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PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. Business

SMPH was incorporated in the Philippines and registered with the SEC on January 6, 1994. SMPH has four business segments, namely, malls, residential, hotels and convention centers, and commercial and integrated commercial developments. The subsidiaries of the Company are as follows:

Company	Country of Incorporation	Percentage of Ownership	
		2025	2024
<i>Malls</i>			
A. Canicosa Holdings, Inc.	Philippines	100.0	100.0
AD Canicosa Properties, Inc.	- do -	100.0	100.0
Britannia Trading Corp. and Subsidiaries	- do -	100.0	100.0
CHAS Realty and Development Corporation and Subsidiaries	- do -	100.0	100.0
Cherry Realty Development Corporation	- do -	100.0	100.0
Consolidated Prime Dev. Corp. (CPDC)	- do -	100.0	100.0
MOA Esplanade Port, Inc.	- do -	100.0	100.0
Premier Central, Inc. (PCI) and Subsidiary	- do -	100.0	100.0
Premier Clark Complex, Inc.	- do -	100.0	100.0
Premier Southern Corp. (PSC)	- do -	100.0	100.0
Prime Commercial Property Management Corp. (PCPMC) and Subsidiaries	- do -	100.0	100.0
Rushmore Holdings, Inc.	- do -	100.0	100.0
San Lazaro Holdings Corporation (SLHC)	- do -	100.0	100.0
Simply Prestige Limited and Subsidiaries	British Virgin Islands (BVI)	100.0	100.0
SM Arena Complex Corporation (SMACC)	Philippines	100.0	100.0
SM Land (China) Limited and Subsidiaries	Hong Kong	100.0	100.0
SMPHI SG Holdings Pte. Ltd.	Singapore	100.0	—
Southernpoint Properties Corp. (SPC)	Philippines	100.0	100.0
Springfield Global Enterprises Limited	BVI	100.0	100.0
Supermalls Transport Services, Inc.	Philippines	100.0	100.0
Nagtahan Property Holdings, Inc.	- do -	99.7	—
First Asia Realty Development Corporation (FARDC)	- do -	74.2	74.2
Mindpro, Incorporated	- do -	70.0	70.0
SM GUUN ENVIRONMENTAL COMPANY, INC (GECI)	- do -	70.0	70.0
First Leisure Ventures Group Inc.	- do -	50.0	50.0
<i>Residential</i>			
SM Development Corporation and Subsidiaries	- do -	100.0	100.0
Costa del Hamilo, Inc. (CDHI) and Subsidiary	- do -	100.0	100.0
Highlands Prime Inc. and Subsidiary	- do -	100.0	100.0
<i>Hotels and Convention Centers</i>			
SM Hotels and Conventions Corp. and Subsidiaries	- do -	100.0	100.0
<i>Commercial and Integrated Commercial Developments</i>			
Associated Development Corporation	- do -	100.0	100.0
Magenta Legacy, Inc. (MLI)	- do -	100.0	100.0
Prime Metroestate, Inc. and Subsidiary	- 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

Neither the Company nor any of its subsidiaries have been the subject of a bankruptcy, receivership or similar proceeding, or involved in any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

The table below sets out each business unit's contribution to SM Prime's consolidated revenue (from external customers and inter-segment revenues) for the years ended December 31, 2025, 2024 and 2023.

<i>(in ₱ millions)</i>	For the years ended December 31		
	<i>Audited</i>		
Revenues	2025	2024	2023
Malls	₱85,055	₱79,653	₱72,566
Residential	42,520	47,764	43,731
Commercial and Integrated Commercial Developments	5,354	5,450	5,349
Hotels and Convention Centers	8,456	7,783	6,679
Eliminations	(278)	(259)	(227)
Total	₱141,107	₱140,391	₱128,098

The contribution of SMPH and its subsidiaries to the Company's total consolidated revenues for the years ended December 2025, 2024, and 2023 is set out below.

	For the years ended December 31					
	<i>Audited</i>					
	2025		2024		2023	
Company	Revenue	% to	Revenue	% to	Revenue	% to
<i>(Amounts in ₱ millions)</i>						
SM Prime Holdings, Inc.	₱83,737	59%	₱74,273	53%	₱71,727	56%
'SMDC and Subsidiaries	31,904	23%	42,274	30%	34,018	27%
SM Land China	7,096	5%	6,841	5%	6,385	5%
FARDC	5,105	4%	5,112	4%	4,891	4%
PCI and Subsidiary	2,984	2%	2,761	2%	2,499	2%
PSC	1,731	1%	1,652	1%	1,532	1%
CDHI and Subsidiary	1,603	1%	889	1%	846	1%
CPDC	1,468	1%	1,394	1%	1,313	1%
HPI and Subsidiary	1,391	1%	1,223	1%	1,527	1%
SMACC	1,060	1%	1,027	1%	871	1%
SPC	1,055	1%	989	1%	912	1%
PCPMC and Subsidiaries	647	0%	759	1%	512	0%
Britannia Trading Corp and Subsidiaries	409	0%	259	0%	261	0%
FLVG	378	0%	407	0%	399	0%
PMI and Subsidiary	353	0%	334	0%	293	0%
Mindpro	292	0%	284	0%	269	0%
CHAS and Subsidiaries	148	0%	150	0%	144	0%
MLI	12	0%	13	0%	13	0%
SLHC	12	0%	10	0%	9	0%
MOA Esplanade Port, Inc.	—	0%	2	0%	1	0%
SM Hotels and Conventions Corp. and Subsidiaries	—	0%	(3)	0%	(86)	0%
Elimination	(278)	0%	(259)	0%	(227)	0%
Total	₱141,107	100%	₱140,391	100%	₱128,098	100%

The contribution of SMPH and its subsidiaries to the Company's total consolidated net income attributable to equity holders of the Parent for the years ended December 31, 2025, 2024, and 2023 is set out below.

For the years ended December 31						
<i>Audited</i>						
Company	2025		2024		2023	
	Net Income	% to	Net Income	% to	Net Income	% to
<i>(Amounts in ₱ millions)</i>						
SM Prime Holdings, Inc.	₱34,841	71%	₱26,162	57%	₱24,394	61%
SMDC and Subsidiaries	4,083	8%	10,280	23%	7,784	19%
FARDC	2,905	6%	2,855	6%	2,716	7%
PCI and Subsidiary	1,324	3%	1,104	2%	504	1%
PSC	1,123	2%	987	2%	971	2%
CPDC	980	2%	890	2%	825	2%
Britannia Trading Corp and Subsidiaries	617	1%	512	1%	(216)	-1%
SPC	594	1%	552	1%	495	1%
HPI and Subsidiary	528	1%	591	1%	629	2%
SM Land China	412	1%	96	0%	309	1%
CDHI and Subsidiary	395	1%	260	1%	281	1%
PCPMC	350	1%	377	1%	319	1%
PMI and Subsidiary	311	1%	385	1%	334	1%
SMACC	294	1%	217	0%	283	1%
Mindpro	256	1%	411	1%	378	1%
SM Hotels and Subsidiaries	142	0%	60	0%	(22)	(0%)
FLVG	59	0%	75	0%	59	0%
SCIDC	34	0%	23	(0%)	(42)	0%
CHAS and Subsidiaries	19	0%	(4)	0%	8	0%
MLI	7	0%	7	0%	6	0%
Nagtahan Property Holdings, Inc.	3	0%	—	0%	—	(0%)
STSI	—	0%	9	0%	(12)	0%
TRDC	—	(0%)	—	(0%)	1	(0%)
A. Canicosa Holdings, Inc.	(1)	(0%)	—	0%	—	0%
AD Canicosa Properties, Inc.	(1)	(0%)	(1)	0%	(1)	(0%)
MOA Esplanade Port, Inc.	(2)	(0%)	(2)	(0%)	(2)	(0%)
Rushmore Holdings, Inc.	(2)	(0%)	(2)	(0%)	(2)	0%
SLHC	(3)	(0%)	(11)	(0%)	(12)	(0%)
GECI	(15)	(0%)	—	(0%)	—	(0%)
SMPHI SG Holdings Pte. Ltd.	(17)	(0%)	(1)	(0%)	—	(0%)
Premier Clark Complex, Inc.	(133)	(0%)	(127)	0%	(126)	0%
Simply Prestige	(255)	(1%)	(73)	(0%)	150	0%
Total	₱48,848	100%	₱45,632	100%	₱40,011	100%

The contribution of the Company's China operations to its consolidated revenues for each of the last three (3) years is set out below.

Year	Contribution to Revenues
2025	5%
2024	5%
2023	5%

MALLS

SM Prime operates and maintains modern commercial shopping malls and is involved in all related businesses, such as the operation and maintenance of shopping spaces for rent, amusement centers and cinema theaters within the compound of the shopping malls. The principal sources of mall 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, 2025, the malls business unit has 89 malls in the Philippines with 9.7 million sqm. of GFA and nine shopping malls in China with 1.8 million sqm. of GFA.

SM Prime plans to continue to expand its existing malls and develop new ones, with a target of opening three to four new malls in the Philippines in 2026, subject to market conditions, which will provide an addition of 0.5 million sqm. of GFA. As the Metro Manila area becomes increasingly well served by shopping malls, SM Prime's strategy is to expand its activities in the provinces, where it currently operates 64 malls and holds an additional of 1,846 hectares of land available for development, all of which are owned.

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

Approximately 54% of SM Prime's gross leasable space is currently leased by members of the SM Group or companies who are affiliated with the Sy Family. Such tenants contributed 21% (₱18 billion) of SM Prime's consolidated mall revenues for the year ended December 31, 2025.

SM Prime retains ownership of all of the sites on which the SM Prime malls are built, with the exception of SM City Bacoor, SM City Manila, SM Center Valenzuela, SM Center Molino, SM Center Pasig, SM City Clark, SM City Taytay, SM Aura Premier, SM City Masinag, SM City Baguio, SM by the Bay, SM Marketmall Dasmariñas, SM Center Muntinlupa, SM City Naga, SM City Tarlac, SM City San Pablo, SM City Calamba, SM City Olongapo, SM City Consolacion, SM City San Mateo, SM City Pampanga, SM City Daet, SM City Dasmariñas, SM Hypermarket Sucat Lopez, SM City Xiamen, SM City Jinjiang, SM City Chengdu, SM City Suzhou, SM City Chongqing, SM City Zibo, SM City Tianjin, SM City Yangzhou and SM City Haicang which are held under long term leases.

SM China malls have 40 to 70 years land use rights. In addition, the land where SM City Baguio is constructed is owned by SMIC; the land where SM Savemore Nagtahan is constructed is owned by Nagtahan Property Holdings Inc. (formerly A. D. Farming Inc.); and the land where SM City San Lazaro is constructed is owned by SLHC. SM by the Bay is owned by FLVG. Lease renewal options are subject to mutual agreement of the parties.

SM Prime has also expanded its shopping mall operations outside of the Philippines. SM Prime owns nine malls located in the cities of Xiamen, Jinjiang, Chengdu, Suzhou, Chongqing, Zibo, Tianjin and Yangzhou in the southern and western parts of China with a total GFA of approximately 1.8 million sqm. with average daily footfall of 0.4 million for the year ended December 31, 2025.

The principal sources of mall revenue for SM Prime comprise rental income payable by tenants (including its retail subsidiaries) within the malls, ticket sales derived from the operations of cinemas,

and fees payable for the use of SM Prime's parking facilities, bowling, ice skating and other leisure facilities.

The following lists SM Prime's malls as of December 31, 2025.

Metro Manila

SM Supermalls	Location	GFA <i>(In 000s sq. m.)</i>
SM City North EDSA	Quezon City	532
SM City Sta. Mesa	Quezon City	133
SM Megamall	Mandaluyong City	611
SM Southmall	Las Piñas City	185
SM City Fairview	Quezon City	276
SM City Manila	Manila City	161
SM City Sucat	Parañaque City	93
SM City Bicutan	Parañaque City	111
SM City San Lazaro	Manila City	168
SM City Valenzuela	Valenzuela City	65
SM Mall of Asia	Pasay City	675
SM Center Pasig	Pasig City	29
SM Center Muntinlupa	Muntinlupa City	55
SM City Marikina	Marikina City	126
SM Center Las Piñas	Las Piñas City	37
SM City Novaliches	Quezon City	54
SM Aura Premier	Taguig City	197
SM City BF Parañaque	Parañaque City	114
SM Center Sangandaan	Caloocan City	36
SM Center Shaw	Mandaluyong City	39
SM Center Congressional	Quezon City	12
SM City East Ortigas	Pasig City	65
S Maison	Pasay City	42
SM City Grand Central	Caloocan City	111
SM City Caloocan	Caloocan City	94

Provincial

Luzon

SM Supermalls	Location	GFA <i>(In 000s sq. m.)</i>
SM City Bacoar	Bacoar City, Cavite	113
SM City Pampanga	San Fernando City, Pampanga	138
SM City Lucena	Lucena City, Quezon	72
SM City Baguio	Baguio City, Benguet	168
SM City Marilao	Marilao, Bulacan	77
SM City Dasmariñas	Dasmariñas City, Cavite	169
SM City Batangas	Batangas City, Batangas	77
SM City Molino	Bacoar City, Cavite	76
SM City Sta. Rosa	Sta. Rosa City, Laguna	79
SM City Clark	Angeles City, Pampanga	191
SM City Lipa	Lipa City, Batangas	140
SM City Taytay	Taytay, Rizal	97
SM City Rosales	Rosales, Pangasinan	58
SM City Baliwag	Baliwag, Bulacan	79
SM City Naga	Naga City, Camarines Sur	101

SM Supermalls	Location	GFA <i>(In 000s sq. m.)</i>
SM City Rosario	Rosario, Cavite	55
SM City Tarlac	Tarlac City, Tarlac	99
SM City San Pablo	San Pablo City, Laguna	47
SM City Calamba	Calamba City, Laguna	58
SM City Masinag	Antipolo City, Rizal	89
SM City Olongapo	Olongapo City, Zambales	48
SM City San Fernando Downtown	San Fernando City, Pampanga	42
SM City Cauayan	Cauayan City, Isabela	69
SM Center Angono	Angono, Rizal	36
SM Megacenter Cabanatuan	Cabanatuan City, Nueva Ecija	41
SM City San Mateo	San Mateo, Rizal	65
SM City Cabanatuan	Cabanatuan City, Nueva Ecija	139
SM City San Jose Del Monte	San Jose Del Monte, Bulacan	97
SM City Trece Martires	Trece Martires City, Cavite	68
SM Center Antipolo Downtown	Antipolo City, Rizal	27
SM City Puerto Princesa	Puerto Princesa City, Palawan	54
SM Center Tuguegarao Downtown	Tuguegarao City, Cagayan	34
SM Center Pulilan	Pulilan, Bulacan	27
SM Center Lemery	Lemery, Batangas	25
SM Center Imus	Imus, Cavite	13
SM City Urdaneta Central	Urdaneta City, Pangasinan	80
SM City Telabastagan	San Fernando City, Pampanga	54
SM City Legazpi	Legazpi City, Albay	73
SM City Olongapo Central	Olongapo City, Zambales	93
SM Center Dagupan	Dagupan City, Pangasinan	37
SM City Daet	Daet, Camarines Norte	47
SM City Tanza	Tanza, Cavite	57
SM City Sorsogon	Sorsogon City, Sorsogon	40
SM City Tuguegarao	Tuguegarao City, Cagayan	59
SM City Bataan	Balanga City, Bataan	48
SM Center San Pedro	San Pedro, Laguna	30
SM City Sto. Tomas	Sto. Tomas, Batangas	73
SM City Laoag	Laoag City, Ilocos Norte	92
SM City La Union	San Fernando City, La Union	96

Visayas

SM Supermalls	Location	GFA <i>(In 000s sq. m.)</i>
SM City Cebu	Cebu City, Cebu	267
SM City Iloilo	Iloilo City, Iloilo	144
SM City Bacolod	Bacolod City, Negros Occidental	128
SM City Consolacion	Consolacion, Cebu	101
SM Seaside City Cebu	Cebu City, Cebu	394
SM Center Ormoc	Ormoc City, Leyte	44
SM City Roxas	Roxas City, Capiz	41
SM City J Mall	Mandaue City, Cebu	105

Mindanao

SM Supermalls	Location	GFA <i>(In 000s sq. m.)</i>
SM City Davao	Davao City, Davao Del Sur	205
SM City Cagayan de Oro	Cagayan de Oro City, Misamis Oriental	120
SM City General Santos	General Santos City, South Cotabato	114

SM Supermalls	Location	GFA (In 000s sq. m.)
SM Lanang Premier	Davao City, Davao Del Sur	135
SM CDO Downtown Premier	Cagayan de Oro City, Misamis Oriental	128
SM City Butuan	Butuan City, Agusan Del Norte	62
SM City Mindpro	Zamboanga City, Zamboanga Del Sur	59

SM China Malls

Malls	Location	GFA (In 000s sq. m.)
SM City Xiamen	Fujian	418
SM City Jinjiang	Fujian	168
SM City Chengdu	Sichuan	167
SM City Suzhou	Jiangsu	73
SM City Chongqing	Sichuan	149
SM City Zibo	Shandong	152
SM City Tianjin	Tianjin	338
SM City Yangzhou	Jiangsu	222
SM City Haicang	Fujian	132

SM Prime believes that the nine malls will provide a platform for it to expand in the China market. It intends to continue to develop the SM malls in China through synergies with its existing mall operations and other management expertise. SM Prime intends to continue seeking opportunities for mall developments in Fujian Region in China, where the mall can serve to anchor the city center. Although SM Prime is still developing its expansion plans in China, subject to the availability of suitable locations, SM Prime may initially build one new mall and one expansion project over the next five years in China.

Sky Ranch

Name	Location
Sky Ranch Tagaytay	Tagaytay City, Cavite
Sky Ranch Pampanga	San Fernando City, Pampanga
Sky Ranch Baguio	Baguio City, Benguet

SM Markets

SM Prime also owns several buildings occupied by SM Markets with a total GFA of more than 84,000 sqm. The following table sets forth certain information regarding SM Markets buildings as of December 31, 2025:

SM Markets	Location	GFA (In 000s sq.m.)
Marketmall Dasmariñas	Dasmariñas City, Cavite	30
Savemore Tacloban	Tacloban City, Leyte	15
Savemore Market Malabon	Malabon City	13
Hypermarket Sucat Lopez	Parañaque City	8
Hypermarket Lapu-Lapu	Lapu-lapu City, Cebu	8
Savemore Market Apalit	Apalit, Pampanga	6
Savemore Nagtahan Market	Manila City	5

SM Prime owns the land on which all the retail establishments listed in the table above are situated, except for Marketmall Dasmariñas and Hypermarket Sucat Lopez.

MOA Arena

The MOA Arena is a five-storey, first class multipurpose venue for sporting events, concerts, entertainment shows, and other similar events. The arena has a seating capacity of approximately 16,000 for sporting events, and a full-house capacity of 20,000. It occupies approximately two hectares of land and has a GFA of approximately 68,000 sqm.

Land Bank for Malls Development

SM Prime's existing land bank owned for development of new malls as of December 31, 2025 is 1,846 hectares, 1,781 hectares of which is strategically located outside of Metro Manila in various provinces across the country.

Principal Tenants

SM Prime enjoys a competitive advantage due to its long-standing retail experience in establishing an appropriate mix of tenants including its associated anchor tenants. SM Prime optimizes the tenant mix of each of its malls, which has contributed to the profitability of the malls. The principal anchor tenants in the malls include The SM Stores and SM Markets. Other significant tenants include The Jollibee Group (Jollibee, Chowking, Greenwich, Mang Inasal), Bench and the Suyen Group (Charles & Keith, Aldo, Marugame), and Golden ABC (Penshoppe, OXGN, Memo, Regatta).

SM Prime also hosts global brand flagship stores for Zara, Muji, Mango, Victoria's Secret, Lacoste and Popmart as well as experiential tenants like Fantasy World and exciting mall features such as Game Park, Active Hub, Amusement arcades.

In addition to the anchor tenants associated with SM Prime, other retail operations controlled by or in which the Sy Family has a significant interest, such as Ace Hardware, SM Appliance Center, Watsons, Surplus, Our Home, Toy Kingdom, BDO, Kultura, Uniqlo, and Miniso are also tenants in most of the malls.

During the years ended December 31, 2025, 2024 and 2023, approximately 25%, 25% and 26%, respectively, of the aggregate mall rental revenue received by SM Prime in respect of the malls were from members of the Group and companies affiliated with the Sy Family.

SM Prime believes that all the leases entered between SM Prime and the Group or companies affiliated to the Sy Family have been entered into on an arm's length basis and on commercial terms.

Leasing Policies

The leasing policy of SM Prime in relation to each of the malls is to screen applicants carefully and to secure an appropriate mix of tenants, both in terms of the nature of their businesses and their size. The high demand for tenancies within the malls means that SM Prime generally has a waiting list sufficient to cover any vacancies that may arise in the malls.

It is the policy of SM Prime that all leases, whether with members of the SM Group, companies affiliated with the Sy Family or unrelated third parties, should be entered into on commercial terms, and SM Prime considers that the current rentals payable by tenants of the malls that are operational at present reflect prevailing market rents.

SM Prime's tenancies 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 five years, 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 SM Prime 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.

Management of the Malls

Management and operation of the malls, including the provision of manpower, maintenance and engineering and security, leasing, marketing and other promotional activities, are assumed by the PCPMC. In addition, the PCPMC negotiate and handle major tenant issues for the malls, while reporting to and under the direction of SM Prime. The PCPMC also adjust the tenant mix according to instructions given by SM Prime, which is based on a variety of factors, including the target market, location of the mall, demographics, size of the retail spaces and market positioning, among others. Each of the PCPMC performs specific functions in relation to each of the malls.

The entertainment and leisure facilities within the malls, including cinemas, bowling centers and ice skating rinks, are primarily owned by SM Prime, and the PCPMC manage the operations of the entertainment and leisure facilities within the malls. Certain entertainment facilities, such as amusement rides, are operated by third parties, whereby SM Prime receives a percentage of the amusement fees.

Competition

SM Prime's malls compete with other shopping malls in the geographic areas in which they operate. The other major shopping mall operators in the Philippines are Robinsons Land Corporation and Ayala Land, Inc. SM Prime believes that it is well placed to face increased competition in the shopping mall industry given the competitive advantages it has, including, among others, the location of its existing malls, SM Prime's land bank, its balance sheet strength, a proven successful tenant mix and selection criteria, and the presence of The SM Stores, SM Supermarkets, SM Hypermarkets and specialty stores of the Group within the malls. SM Prime believes that its experience and understanding of the retail industry have also been a contributing factor to its competitive advantage in the industry.

SM Prime is a leading mid- to high-end residential developer in the Philippines, deriving development revenues primarily from the sale of condominium units for both primary residential use ("Primary Residential Business") and leisure purposes ("Secondary Residential Business").

SM Prime's Primary Residential Business typically launches high-rise, mid-rise and single detached housing. Projects are located in Metro Manila and key provincial cities. As of December 31, 2025, the Primary Residential Business unit had 68 residential projects in the market, 47 of which are in Metro Manila and 21 are in key provincial cities outside of Metro Manila.

In the Secondary Residential Business, SM Prime owns and develops leisure and resort developments including properties in the vicinity of the Tagaytay Highlands and Tagaytay Midlands golf clubs in Laguna, Tagaytay City and Batangas. It is also the developer of Pico de Loro Cove residential community within Hamilo Coast, a master planned coastal resort township development in Nasugbu, Batangas encompassing 13 coves and 31 kilometers of coastline.

Primary Residential Business – Completed Residential Projects

The following projects have completed their construction and for which units are being sold by SM Prime as of December 31, 2025:

Condominium Projects	Building Type	Location	Year Completed	No. of Units
(1) Mezza Residences	High-rise	Quezon City	2010	2,332
(2) Chateau Elysee	Mid-rise	Parañaque City	2011	2,820
(3) Berkeley Residences	High-rise	Quezon City	2011	1,276
(4) Sea Residences	High-rise	Pasay City	2012	2,899
(5) Princeton Residences	High-rise	Quezon City	2013	1,096
(6) Grass Residences Phase 1	High-rise	Quezon City	2014	6,003
(7) Sun Residences	High-rise	Quezon City	2014	4,039
(8) Blue Residences	High-rise	Quezon City	2014	1,591
(9) Jazz Residences	High-rise	Makati City	2015	5,367
(10) Light Residences	High-rise	Mandaluyong City	2015	4,227
(11) M Place South Triangle	High-rise	Quezon City	2015	3,437
(12) Mezza II Residences	High-rise	Quezon City	2015	1,324
(13) Shine Residences	High-rise	Pasig City	2015	892
(14) Green Residences	High-rise	Manila City	2015	3,378
(15) Shell Residences	High-rise	Pasay City	2015	3,093
(16) Wind Residences	Mid-rise	Tagaytay City, Cavite	2016	3,524
(17) Breeze Residences	High-rise	Pasay City	2017	2,133
(18) Grace Residences	Mid-rise	Taguig City	2018	3,579
(19) Shore Residences	High-rise	Pasay City	2019	5,691
(20) Grass Residences Phase 2	High-rise	Quezon City	2020	3,914
(21) South Residences	Mid-rise	Las Piñas City	2020	2,010
(22) Air Residences	High-rise	Makati City	2021	3,641
(23) Fame Residences	High-rise	Mandaluyong City	2021	5,098
(24) Shore 2 Residences	High-rise	Pasay City	2021	5,488
(25) Coast Residences	High-rise	Pasay City	2021	2,197
(26) S Residences	High-rise	Pasay City	2021	2,395
(27) Spring Residences	Mid-rise	Parañaque City	2022	1,653
(28) Shore 3 Residences	High-rise	Pasay City	2022	5,382
(29) Vine Residences	Mid-rise	Quezon City	2022	2,056
(30) Hope Residences	Mid-rise	Trece Martires City, Cavite	2022	683
(31) Trees Residences	Mid-rise	Quezon City	2022	6,695
(32) Lush Residences	High-rise	Makati City	2022	674
(33) Cheer Residences	Mid-rise	Marilao City, Bulacan	2024	992
(34) Field Residences	Mid-rise	Parañaque City	2024	4,165

Primary Residential Business – Ongoing Residential Projects

The following projects are ongoing construction and for which units are being sold by SM Prime as of December 31, 2025:

	Condominium Projects	Building Type	Location	Year Launched	No. of Units
(1)	Cool Suites	Mid-rise	Tagaytay City, Cavite	2014	1,446
(2)	Cheerful Homes	House and Lot	Mabalacat City, Pampanga	2017	2,799
(3)	Bloom Residences	Mid-rise	Parañaque City	2017	5,864
(4)	Charm Residences	Mid-rise	Cainta, Rizal	2017	3,024
(5)	Green 2 Residences	Mid-rise	Dasmariñas City, Cavite	2017	3,254
(6)	Red Residences	High-rise	Makati City	2018	1,106
(7)	Park Residences	Mid-rise	Sta. Rosa City, Laguna	2018	1,864
(8)	Leaf Residences	Mid-rise	Muntinlupa City	2018	803
(9)	Lane Residences	Mid-rise	Davao City, Davao Del Sur	2018	1,286
(10)	Hill Residences	Mid-rise	Quezon City	2018	1,717
(11)	Sail Residences	High-rise	Pasay City	2019	2,831
(12)	Glam Residences	High-rise	Quezon City	2019	2,966
(13)	Style Residences	Mid-rise	Iloilo City, Iloilo	2019	2,930
(14)	Light 2 Residences	High-rise	Mandaluyong City	2019	4,190
(15)	Gold Residences	High-rise	Parañaque City	2019	6,790
(16)	Gem Residences	High-rise	Pasig City	2020	1,463
(17)	Smile Residences	Mid-rise	Bacolod City, Negros Occidental	2020	1,191
(18)	Mint Residences	High-rise	Makati City	2020	1,966
(19)	South 2 Residences	Mid-rise	Las Piñas City	2020	1,938
(20)	Sands Residences	High-rise	Manila City	2021	2,367
(21)	Cheerful Homes 2	House and Lot	Mabalacat, Pampanga	2021	1,581
(22)	Ice Tower	High-rise	Pasay City	2021	844
(23)	Twin Residences	High-rise	Las Piñas City	2021	2,406
(24)	Joy Residences	Mid-rise	Baliwag, Bulacan	2021	2,823
(25)	Calm Residences	Mid-rise	Sta. Rosa City, Laguna	2021	2,949
(26)	Gold Residential-Offices	High-rise	Parañaque City	2021	2,050
(27)	Glade Residences	Mid-rise	Jaro, Iloilo	2021	1,929
(28)	Vail Residences	Mid-rise	Cagayan de Oro City, Misamis Oriental	2022	3,095
(29)	Now Residences	Mid-rise	Angeles City, Pampanga	2022	1,741
(30)	Zeal Residences	Mid-rise	General Trias City, Cavite	2022	2,188
(31)	Jade Residences	High-rise	Makati City	2023	1,998
(32)	Turf Residences	Mid-rise	Biñan City, Laguna	2023	998
(33)	Parkville	House and Lot	Bacolod City, Negros Occidental	2023	1,529
(34)	Symphony Homes	House and Lot	Mabalacat City, Pampanga	2025	2,155

Residential – Leisure

SM Prime owns leisure and resort developments including properties located in the Tagaytay Highlands and Tagaytay Midlands 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.

The following are projects under the leisure resorts residences developments as of December 31, 2025:

	Projects	Location	Year Launched	No. of Units
(1)	The Horizon	Talisay, Batangas	2005	108
(2)	Woodridge Place Phase 1	Tagaytay City, Cavite	2006	71
(3)	The Hillside	Calamba, Laguna	2006	156
(4)	Jacana	Nasugbu, Batangas	2007	246
(5)	Myna	Nasugbu, Batangas	2007	246
(6)	Carola	Nasugbu, Batangas	2008	248
(7)	Miranda	Nasugbu, Batangas	2008	248
(8)	Pueblo Real	Talisay, Batangas	2009	86
(9)	Woodridge Place Phase 2	Tagaytay City, Cavite	2010	177
(10)	Sierra Lago	Talisay, Batangas	2010	185
(11)	Aspenhills	Calamba, Laguna	2012	204
(12)	Vireya 1 & 2	Talisay, Batangas	2016-2017	209
(13)	Freia	Nasugbu, Batangas	2017	223
(14)	Horizon Terraces Garden Suites and Villas	Talisay, Batangas	2017-2022	219
(15)	Vireya 3	Talisay, Batangas	2018	92
(16)	The Pines at Aspenhills	Calamba, Laguna	2019	25
(17)	Provence	Talisay, Batangas	2020	119
(18)	The Woodlands Point	Tagaytay City, Cavite	2009	60
(19)	Sola	Nasugbu, Batangas	2021	53
(20)	Primrose Parks	Talisay, Batangas	2022	99
(21)	Trealva	Talisay, Batangas	2023	231
(22)	Highlands Residences 1 & 2	Calamba, Laguna	2023-2024	113
(23)	Ardea	Nasugbu, Batangas	2023	75
(24)	Balea	Nasugbu, Batangas	2023	136
(25)	M Village	Nasugbu, Batangas	2024	174

Land Bank for Residential (Primary) Development

SM Prime's existing land bank owned for development of residential (primary) as of December 31, 2025 is 1,736 hectares, 1,409 of which is strategically located on various provinces across the country.

SM Prime believes this land bank is sufficient to sustain development and sales. Moreover, its residential business unit continually seeks to increase its land bank in various parts of the Philippines for future residential development through direct acquisitions.

Land Bank for Residential (Leisure) Development

SM Prime owns 579 hectares of land located in Tagaytay City, Laguna and Batangas for leisure development as of December 31, 2025.

COMMERCIAL AND INTEGRATED COMMERCIAL DEVELOPMENTS

SM Prime's commercial business unit is engaged in the development and leasing of office buildings in prime locations in Metro Manila and in the provinces, as well as the operations and management of such buildings and other land holdings.

As of December 31, 2025, SM Prime has seven stand-alone offices and 15 mall-adjacent offices, of which 13 are in Metro Manila with a combined GFA of approximately 1.6 million sqm.

	Offices	Year Opened	Location	GFA <i>(In 000s sq. m.)</i>
	Stand-alone Offices			
(1)	SM Cyber One	2008	Makati City	22
(2)	SM Cyber Two	2008	Makati City	15
(3)	Two E-Com Center	2012	Pasay City	103
(4)	Cyber West	2014	Quezon City	38
(5)	Five E-Com Center	2015	Pasay City	138
(6)	Three E-Com Center	2018	Pasay City	121
(7)	Four E-Com Center	2022-2023	Pasay City	174
	Mall-adjacent Offices			
(1)	Mall of Asia Annex (MAAX)	2012	Pasay City	95
(2)	SM Aura Tower	2014	Taguig City	51
(3)	SM City Taytay BPO Towers	2015	Taytay, Rizal	11
(4)	Clark Tech Hub 1 and 2	2016	Angeles City, Pampanga	30
(5)	Clark Tech Hub 3	2016	Angeles City, Pampanga	9
(6)	Clark Tech Hub 4	2016	Angeles City, Pampanga	9
(7)	Clark Tech Hub 5 and 6	2016	Angeles City, Pampanga	39
(8)	Clark Tech Hub 7, 9 and 10	2022-2024	Angeles City, Pampanga	30
(9)	The Core Towers	2017, 2023-2024	Sta. Rosa City, Laguna	68
(10)	Downtown Tower	2018	Cagayan De Oro City, Misamis Oriental	20
(11)	SM Strata	2018, 2024	Iloilo City	53
(12)	SM South Tower	2018	Las Piñas City	69
(13)	Fairview Tower	2019, 2023-2024	Quezon City	154
(14)	North Towers	2020	Quezon City	109
(15)	Mega Tower	2021	Mandaluyong City	191

The SM Stores

SM Prime also owns several buildings occupied by The SM Stores with a total GFA of more than 240,000 sqm. The following table sets forth certain information regarding The SM Stores buildings as of December 31, 2025:

The SM Stores	Location	GFA <i>(In 000s sq. m.)</i>
SM Makati	Makati City	110
SM Araneta City (formerly SM Cubao)	Quezon City	110
SM Delgado	Iloilo City	27

Landbank for Commercial and Integrated Commercial Developments

SM Prime's existing land bank owned for future commercial and integrated commercial development as of December 31, 2025 is 285 hectares.

Competition

SM Prime faces competition from other key industry players listed on the Philippine Stock Exchange, that are likewise engaged in integrated commercial developments. SM Prime believes its commercial and integrated commercial developments business unit competes primarily on the location of the properties (proximity to schools, malls and public transportation) and aggressive pricing.

HOTELS AND CONVENTION CENTERS

As of December 31, 2025, the Hotels and Convention Centers Business unit is composed of 10 hotels with 2,602 saleable rooms, and six convention centers and two trade halls with approximately 42,000 sqm. Of leasable space.

Hotels

	Hotels	Location	Number of Rooms
(1)	Radisson Blu Hotel Cebu	Cebu City, Cebu	400
(2)	Conrad Manila	Pasay City	348
(3)	Park Inn by Radisson Davao	Davao City, Davao Del Sur	204
(4)	Park Inn by Radisson Clark	Mabalacat City, Pampanga	255
(5)	Park Inn by Radisson Iloilo	Iloilo City, Iloilo	200
(6)	Park Inn by Radisson North EDSA	Quezon City	239
(7)	Park Inn by Radisson Bacolod	Bacolod City, Negros Occidental	151
(8)	Lanson Place Mall of Asia	Pasay City	390
(9)	Taal Vista Hotel	Tagaytay City, Cavite	261
(10)	Pico Sands Hotel	Batangas City, Batangas	154

Convention Centers and Trade Halls

	Convention Centers and Trade Halls	Location	Gross Leasable Area (In 000s sq.m.)
(1)	SMX Manila	Pasay City	17
(2)	SMX Davao	Davao City, Davao Del Sur	5
(3)	SMX Aura	Taguig City	3
(4)	SMX Bacolod	Bacolod City, Negros Occidental	4
(5)	Olongapo City Convention Center	Olongapo City, Zambales	2
(6)	SMX Clark	Mabalacat City, Pampanga	4
(7)	Megatrade Hall	Mandaluyong City	4
(8)	Sky Hall SM Seaside	Cebu City, Cebu	2

Competition

The primary competitors of SM Prime's existing hotels are the Marriott for Radisson Blu Cebu; the Anvaya for Pico Sands Hotel in Batangas; the Seda Hotels for Park Inn Davao, Park Inn North EDSA, Park Inn Bacolod, and Park Inn Iloilo; Quest Hotel and Conference Center Clark for Park Inn Clark; Anya, Summit Ridge Tagaytay, and Escala Tagaytay for Taal Vista Hotel. Conrad Manila competes with other luxury properties such as: Shangri-La Makati, Shangri-La Fort, Solaire, City of Dreams, Grand Hyatt BGC and the Sofitel Manila. SM Prime's primary competitors for its convention centers and trade halls in Metro Manila are the PICC Convention Center, World Trade Center and the Marriott hotel in Resorts World and the Trade Halls in Ayala Malls in the provinces. The strong synergy between our growing portfolio of hotels and properties remains one of our key strengths.

DEVELOPMENT

SM Prime has integrated all land banking functions into Landbank Strategy Group (“LSG”), a centralized department. The business units (Malls, Residential, Commercial and Integrated Commercial Developments and Hotels and Convention Centers) coordinate with LSG on the land banking process, particularly on the use of the land. Each business unit still retains a separate engineering and project management group, as the structures and the requirements for each business unit in relation to construction and design side may be different. However, purchasing and selection of pool of contractors and suppliers may be consolidated to leverage on the size and scale of the mixed-use developments.

The Malls business unit is responsible for identifying viable sites for the construction of new malls. They determine the viability of a potential plot of land for a new mall site based on the demographics of the area, including the size of the population, its income levels, local government and the local infrastructure, particularly accessibility by public transport. For malls, once a suitable site is selected, based on the factors described above, the business unit determines the size of the mall to be constructed, which typically may range from a gross floor area of 60,000 to 150,000 sq.m. The construction and development of each mall is overseen by a third-party project management company. The average time for the planning and construction of each mall ranges from sixteen to thirty-one months, depending on the size of the mall.

For residential and commercial properties, once a suitable site is selected, based on the factors described above, the groups determine the type of development to be constructed. The construction and development of each residential condominium and commercial office building is overseen by their respective project development teams and a third-party project management company. The average time for construction is 36 to 48 months, depending on the size of the project.

SM Prime believes it benefits from its significant development experience and focus on immediately developable sites in its construction activities. SM Prime has generally financed land purchases and the construction of its developments from internal funds and borrowings.

CAPITAL EXPENDITURE

Capital expenditure (sum of real estate development cost incurred, additions to property and equipment and investment properties) for the year ended December 31, 2025 was ₱81.9 billion, with 40% for mall, 21% for residential and 39% for commercial, hotels and convention centers. Capital expenditure for the year ended December 31, 2024 was ₱81.3 billion, with 45% for mall, 29% for residential and 26% for commercial, hotels and convention centers. Capital expenditure for the year ended December 31, 2023 was ₱82.4 billion, with 44% for mall, 31% for residential and 25% for commercial, hotels and convention centers. SM Prime plans to fund its capital expenditure plan through recurring income flows and external financing. SM Prime intends to apply global corporate governance standards and risk management best and risk management best practices, as well as embark on integrated sustainability and corporate social responsibility initiatives.

FINANCING

Financing is handled by the Treasury Department, which has the primary responsibility of ensuring that SM Prime has adequate funds on a daily basis for its capital and operational expenditures including land banking, construction, capital acquisitions, interest and debt servicing. Treasury Department also plays active role with respect to fundraising as it service the needs of the other business units.

Sources of funding currently include internally generated funds, borrowings through syndicated loans, notes issuances (private placements), bilateral loans, and bond issuances. At the beginning of each year, Treasury Department coordinates with its Corporate Finance to determine the amount of funding requirements based on the annual projected receipts and disbursements.

Treasury Department is also actively engaged in investment placements, foreign exchange trading and derivative transactions to hedge SM Prime’s loan portfolio for foreign exchange and interest rate risk exposure.

INSURANCE, ENVIRONMENT, HEALTH AND SAFETY

SM Prime has its insurance arrangement effected through BDO Insurance Brokers, Inc. (“BDO Insure”). SM Prime believes that it is adequately insured, both in terms of the insured risks and the amount which is covered. The commercial all risks insurance policies are underwritten by Prudential Guarantee Assurance Company, which is supported by a panel of reinsurers whose minimum rating from Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, is “A.”

SM Prime’s policies cover any potential loss of property. Loss of revenue under the business interruption coverage resulting from fire, water damage and acts of God including earthquake, typhoon and flood is provided. Specialty stores operating inside SM Prime’s malls have their own business interruption insurance cover.

Moreover, in order to protect from losses during the construction period, the companies require their contractors to provide all-risk insurance that covers property damage and third-party bodily injury or damage claims. Losses from possible default of contractors are also covered through performance and guarantee bonds. SM Prime’s principal insurance counterparties are BDO Insure and Prudential Guarantee and Assurance, Inc.

In addition, the comprehensive general liability insurance coverage extends to third-party liability, including loss of life and its corresponding litigation expenses. SM Prime is also insured against terrorism.

SM Prime maintains professional indemnity insurance for its directors and executive officers. SM Prime also maintains other insurance policies including workmen’s compensation and personal accident and group hospitalization and surgical insurance for its employees. SM Prime likewise maintains key personnel insurance for its directors and executive officers.

SM Prime and its subsidiaries are subject to various environmental, health and safety regulations in the course of their operations, including but not limited to the Environmental Impact Statement Law, the Toxic Substances and Nuclear Waste Act of 1990, the Philippine Clean Air Act, the Ecological Solid Waste Management Act of 2000 and the Philippine Clean Water Act of 2004.

SM Prime is, and each of its principal subsidiaries are, in material compliance with all currently applicable national and local environmental, health and safety laws and regulations.

SM Prime aims to reach net zero greenhouse gas (GHG) emissions by 2040, surpassing the global target of achieving net zero by 2050.

EMPLOYEES

As of December 31, 2025, SM Prime had 12,647 regular employees. The employees are classified as follows:

	No. of Employees
Rank and file	4,378
Junior/mid-level managers	7,840
Senior executive officers	429

The employees are not subject to a collective bargaining agreement. Apart from the basic employment compensation package, SM Prime does not and will not have any supplemental benefits or incentive arrangements with its employees.

Enterprise Risk Management

SM Prime's Enterprise Risk Management (ERM) program is guided by a structured framework aligned with ISO 31000:2018 and the 2017 COSO ERM Framework. This framework ensures that risks are identified, assessed, treated, and monitored in a consistent manner that supports value creation and protection. ERM is fully integrated into the Company's core activities, including governance, strategy formulation, and internal control systems to enable a more aligned and informed approach to decision making.

Central to SM Prime's approach is a strong governance structure anchored on the principle of shared responsibility. The Board of Directors, through the Board Risk Oversight Committee, provides strategic direction and active oversight of the enterprise risk management system. The Committee ensures that risk governance, policies, and risk strategy remain aligned with corporate objectives and responsive to emerging challenges. Supporting the Board is the Chief Risk Officer, who leads the ERM Department in driving risk management initiatives, developing risk frameworks and policies, enabling capacity building, and facilitating regular communication and reporting on key enterprise risks.

The Company's governance structure follows the *Three Lines of Defense* model, which promotes accountability and risk ownership throughout the organization. The first line is composed of Business Unit (BU) process owners who manage risks inherent in their daily operations. BU Heads are ultimately accountable for ensuring that risks are properly identified, assessed, and addressed through appropriate controls and treatment plans within their respective units.

The second line is composed of risk and compliance support functions that guide, review, and challenge the risk activities of the first line. Within this layer, the ERM Department together with the designated Business Risk Champions play a critical role by ensuring consistent execution of ERM initiatives, supporting risk identification and assessment, and monitoring the status of risk mitigation plans across their respective units.

The Internal Audit function serves as the third line of defense by providing independent assurance on the adequacy of risk management practices and the overall effectiveness of the control environment. This independent review ensures that the Company's risk management activities remain sound and aligned with established principles and best practices.

A strong risk-conscious culture further underpins the ERM program. Leaders demonstrate commitment by setting the tone for responsible risk-taking and modeling behaviors consistent with the Company's values. Continuous training, awareness programs, and targeted communications reinforce risk concepts and encourage employees to actively participate in managing risks. The Company's risk appetite provides clear boundaries that guide decision making and strengthen accountability, ensuring that risks are taken only at levels that support the achievement of strategic and operational goals.

At the core of the ERM Framework is a structured and continuous risk management process. This begins with establishing the internal and external contexts that define the Company's operating environment. From this foundation, risks are identified, analyzed, and evaluated based on likelihood and impact and then prioritized according to the Company's risk appetite. Appropriate treatment strategies are developed to manage these risks. These may include accepting, mitigating, transferring, or avoiding them to ensure that residual exposure remains within acceptable limits.

Continuous monitoring and review activities help validate the effectiveness of risk treatment plans and detect changes in the risk profile. Clear documentation and structured reporting ensure transparency and support informed decision making at all levels of the organization. Open communication and continuous consultation with stakeholders promote alignment, strengthen risk awareness, and reinforce the Company's overall commitment to sound risk management practices.

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

1. Strategic Risk	Strategic risk arises from external and internal factors that may affect the Company's long-term direction, competitive position, and ability to achieve its strategic objectives. These include macroeconomic shifts, geopolitical instability, regulatory changes, evolving market dynamics, shifts in consumer behavior, competitive pressures, and risks associated with major investments and large-scale developments. Strategic risks are formally taken up at the Board level, where they are reviewed and addressed as part of the organization's overall governance framework. Further, the ERM Department facilitates high-level risk identification and assessment sessions with Business Unit Heads. These discussions ensure that both existing and emerging risks are regularly evaluated, particularly those related to economic volatility, changes in regulations, and industry-wide disruptions. Insights from these assessments allow the Company to calibrate its strategies, investment priorities, and resource allocations.
2. Operational Risk	Operational risk remains one of the Company's most significant exposures given the scale and complexity of its activities. These risks may arise from human error, process or system failures, or external events that can disrupt normal operations. The broad scope of operational risk includes critical areas such as legal and compliance obligations, safety and security, process execution, and business continuity. Ensuring effective management of operational risk is essential to maintaining operational resilience.
2.1. Legal and Compliance Risk	SM Prime is exposed to legal and compliance risks arising from potential gaps in complying with evolving laws, regulations, and contractual obligations. These risks cut across the project development and operational lifecycle and may relate to land use and environmental requirements, construction and safety standards, sales and marketing regulations, anti-money laundering obligations (where applicable), data privacy compliance, among others. The Company manages these risks through an enterprise-wide compliance program and coordinated legal oversight. The Legal Department supports regulatory submissions, reviews contracts, and manages disputes to safeguard the Company's interests. The Compliance Office, under the Chief Compliance Officer, oversees policy monitoring, regulatory impact assessments, and independent reviews, supported by the assessment and monitoring activities of dedicated Compliance groups. Business Units remain accountable for securing and maintaining the permits and accreditations necessary for their operations, while Internal Audit provides an independent assurance on the adequacy and effectiveness of related controls. Through these measures, SM Prime promotes consistent adherence to legal and regulatory requirements and sustains a culture of responsible and compliant operations.
2.2. Safety and Security Risk	Ensuring the safety and security of customers, tenants, employees, and the communities where it operates is a fundamental priority for SM Prime. Safety and security risks are inherent in day-to-day operations, and the Company addresses these through comprehensive programs designed to

	prevent incidents, strengthen preparedness, and support effective emergency response. All Business Units maintain established Emergency Response Procedures and conduct regular drills and training sessions to ensure staff readiness during emergencies. In malls, the Customer Relations Services team conducts internal audits to assess safety and security practices, complemented by periodic evaluations from external security consultants. These assessments cover physical security, communication systems, documentation, personnel safety, equipment adequacy, and overall emergency response capability, helping ensure that any gaps are identified and addressed in a timely manner. Aside from security audits, compliance with occupational safety and health standards is reinforced through the establishment of Safety Committees with designated safety officers, as well as the conduct of tenant safety audits. Training programs include mandatory safety seminars on workplace safety and health hazards, along with the implementation of Hazard Identification, Risk Assessment, and Control, and job hazard analysis to proactively manage risks in the work environment. The Company also promotes workplace health and safety through annual physical examinations, wellness programs, and on-site medical support. The SM Emergency Response Team, composed of trained first aiders, is deployed across properties to assist employees, customers, and the public during emergencies. In addition, SM Prime regularly participates in national simultaneous fire and earthquake drills led by government agencies to further strengthen preparedness and enhance coordination with external responders. These combined measures reinforce SM Prime's commitment to maintaining safe and secure environments across all its developments.
2.3. Process Execution Risk	Process execution risk refers to potential inefficiencies, gaps, or failures in business processes that may disrupt operations, affect service quality, or result in financial losses. To mitigate this risk, the Company conducts regular evaluations of workflows and operating procedures to identify opportunities for improvement and ensure that control points are properly embedded and functioning as intended. As the organization grows, maintaining consistency becomes increasingly important, which is why SM Prime continues to institutionalize standardized processes across Business Units to promote uniformity, minimize errors, and support operational excellence. A dedicated Business Process Management team plays a central role in this effort by guiding process reviews, documenting procedures, and facilitating the adoption of best practices across the organization. The team supports Business Units in redesigning processes, strengthening internal controls, and embedding performance measures that promote consistent and efficient execution. The Company also enhances capability-building initiatives to reinforce delivery standards and operational effectiveness. Continuous digitalization efforts are underway through automation and adoption of digital tools. These initiatives collectively contribute to more efficient operations and help sustain a high level of service across all Business Units.

2.4. Business Continuity Risk	The Company continues to advance its operational resilience framework by addressing business continuity risks that may arise from natural disasters, infrastructure and utility disruptions, technology failures, and other unexpected events that could impair assets or interrupt critical operations. To ensure a consistent level of preparedness across the organization, the Company works with Business Units to maintain updated business continuity plans and crisis management protocols, which are regularly tested through simulation exercises and drills. These activities allow teams to validate response procedures, strengthen coordination, and reinforce organizational readiness. A major component of the Company's business continuity strategy is the systematic rollout of the Business Continuity Management System (BCMS) across its malls. The program establishes a uniform approach to preparedness and recovery and reflects the Company's commitment to meeting the highest standards of business continuity. In 2025, eighty-two (82) malls out of eighty-nine (89) operating malls achieved certification under ISO 22301:2019, which is the international standard for Business Continuity Management Systems. The certification is conducted annually by TÜV SÜD PSB Philippines and provides independent assurance that the malls comply with globally recognized business continuity requirements. The Company expects three (3) additional malls to obtain certification by the end of 2026. In the coming years, the Company also plans to further align other Business Units with the mall's BCMS framework to strengthen enterprise-wide resilience. The Company complements these efforts with preventive maintenance programs, regular safety inspections, and facility enhancements aimed at reducing vulnerabilities that can lead to operational disruptions. With a disaster recovery plan in place, redundancy arrangements and alternative setups for critical systems help ensure that essential operations can continue or resume within acceptable timeframes in the event of a disruption. To mitigate the financial impact of unexpected incidents, the Company maintains comprehensive insurance coverage, including Property All Risk Insurance with business interruption coverage, Comprehensive General Liability Insurance, and Sabotage and Terrorism Insurance, among others. In addition, tenants and contractors are required to maintain their own insurance policies as part of the Company's risk mitigation measures. These programs collectively provide protection against losses arising from fire, natural catastrophes, and other insured events, and support recovery through coverage for repairs, asset replacement, and loss of income during operational downtime.
3. Financial Risk	The Company manages a range of financial risks that may affect its liquidity position, profitability, capital structure, and long-term financial stability. These risks are managed through established policies, prudent capital management practices, and continuous monitoring of market and economic conditions. Treasury policies guide the management of cash flows, investments, and borrowing activities which ensure financing decisions align with projected business needs and market conditions. To manage interest rate and foreign exchange exposures, the Company maintains a mix of fixed and floating rate loans and uses derivative instruments such as cross currency swaps, principal only swaps, non-deliverable forwards, and interest rate swaps. These natural and financial

	hedging strategies help reduce the impact of market volatility and contribute to more stable earnings. Liquidity risk is managed through careful planning and monitoring of actual and projected cash flows. The Company regularly evaluates financial market conditions to identify opportunities to secure funding through bank loans, debt issuances, or potential equity offerings. This proactive approach ensures adequate liquidity for operational requirements, debt servicing, and growth initiatives. Credit risk is managed by continuously monitoring receivables and maintaining clear collection policies across Business Units. As an added safeguard, the Company also requires security deposits from tenants to help mitigate potential defaults. Broader market risks are managed by diversifying across target markets and reducing reliance on a single customer or segment. Active engagement with local and national bodies supports early awareness of policy changes that may affect operations or investments. Inflationary pressures are mitigated through disciplined cost management practices, including weekly construction reviews, exploration of alternative materials and technologies, physical hedging for key materials, and the use of contingency allowances to help absorb cost fluctuations.
4. Reputational Risk	Reputational risk continues to be a key focus, as stakeholder trust underpins the strength of the Company's brand and image. Issues arising from service lapses, negative publicity, or operational setbacks can affect public perception. SM Prime manages this risk through a multi-faceted approach that includes regular stakeholder engagement, consistent customer experience and service delivery, and a comprehensive crisis management plan for reputation related events. The Company also employs structured dispute resolution processes to address concerns in a timely and transparent manner. These efforts are supported by a robust compliance system to ensure adherence to laws, regulations, and internal policies, as well as playbooks for social media management and customer sentiment. Strong customer engagement, coupled with a commitment to ethical business practices, further reinforces the Company's reputation for reliability and integrity.
5. Information Security and Technology Risk	In pursuit of maintaining sustainable growth, competitiveness, and excellent customer experiences, SM Prime continually optimizes its digital infrastructure and positions information technology as central to the design and success of its strategies. The Company continues to execute its security roadmap in alignment with recognized frameworks and its risk management objectives. The SM Prime Information Security Risk Management Framework, anchored to the Company's ERM Framework, is designed to promote information security risk management across the organization. The framework adopts the risk management guidelines under ISO 27001:2022 and references the latest CIS Controls, the NIST Risk Management Framework, and the Data Privacy Act of 2012. To strengthen detection capabilities, the Company embeds centralized monitoring across network, cloud, and endpoint environments. It implements automated triaging and keeps incident response playbooks continuously updated in line with the evolving information technology landscape. The expansion of coverage and the hardening of system configurations support the improvement of endpoint and ransomware protection. Access reviews

	and dormant account cleanup activities are regularly performed to maintain access security. The Company reduces critical vulnerabilities through enhanced remediation tracking that applies risk-based prioritization and accountability. Targeted phishing simulations are run periodically, and high-risk roles are required to participate in strengthened information security awareness training. These efforts lead to increased detection and reporting of suspicious activities. The Company also recognizes data privacy risk as a key information security risk, with widespread regulatory, reputational, third-party, and cybersecurity risk implications. A holistic approach to safeguarding Company data remains crucial to organizational success. Through the Data Privacy Compliance Team, its Officers, and Privacy Champions, privacy impact assessments and treatments are provided for systems and processes handling personally identifiable information. The team works closely at a cross-functional level with risk management and information security teams as part of integrated information security risk management. As risks remain dynamic, the Company continuously enhances its risk maturity and sustains monitoring and layered defenses for residual risks that stem from zero-day vulnerabilities, third-party and supply chain exposures, advanced phishing, identity theft, and incidents involving insider threat.
6. Sustainability and Climate Risk	SM Prime recognizes that long-term growth is heavily tied to sustainability. The inherent effects of climate change and relatively carbon-intensive operations are detrimental to the Company's longevity and continued growth. Managing such risks occurs through the consideration of the impact of its initiatives and strategies on society, the people, and the environment. The Company continuously aims for ethical and sustainable growth, rooted in good corporate governance. This commitment to sustainability is embodied in the Sustainability & Climate Risk Management Framework, aligned with the ERM Framework. The alignment ensures that the identification, assessment, management, and monitoring of sustainability and climate-related risks and opportunities are fully integrated into the enterprise risk management system. The following material sustainability-related and climate-related risks are identified by the Company for 2025: • Challenges in meeting global decarbonization pathway; • Water stress due to decreased quality and availability; and • Supply chain disruption from extreme climate-related weather events.

Competition

The Parent Company and its subsidiaries compete with other companies in the industry segments in which they operate. The Company believes that each of its subsidiaries has strong competitive advantages over the other industry players. In addition, the strong synergy created by the complimenting business of the individual subsidiaries has further reinforced each subsidiary's preparedness to stiff competition in the coming years.

Suppliers

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

Customers/Clients

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

Transactions With and/or Dependence on Related Parties

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

Please refer to Note 18 of the accompanying audited consolidated financial statements of the Company for the description of related party transactions of SM Prime.

Intellectual Property

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

Details of SM Prime’s and its subsidiaries for applicable licenses can be found below.

Registered Logo/Brand	Registration No.
MAISON	4-2016-001325
ESPLANADE SEASIDE TERMINAL	4-2019-006801
WELLNESS SPACE	4-2023-521065
THE FOOD VILLAGE	4-2017-017349
SM CINEMA	4-2019-019971
SINE SINDAK	4-2019-019965
SNACK TIME	4-2018-018200
SM SKY RANCH	4-2015-000811
SM SKY RANCH	4-2015-000813
BOOKNOOK	4-2024-00507749
CYBERZONE	4-2019-017774
CYBERZONE	4-2008-00000538
CYBERZONE	4-2017-00017663
CYBERZONE	4-2017-00017664
SOUTH COAST CITY	4-2020-510778
E-COM CENTER	4-2019-009751
ONE E-COM CENTER	4-2019-009751
TWO E-COM CENTER	4-2019-009752
THREE E-COM CENTER	4-2019-009753
FOUR E-COM CENTER	4-2019-009754
FIVE E-COM CENTER	4-2019-009755
SIX E-COM CENTER	4-2019-009756

Registered Logo/Brand	Registration No.
MEGA TOWER	4-2020-000013
AMANDAVA WITH PARROT HEAD DEVICE	4-2008-002728
CAROLA	4-2008-002730
JACANA	4-2008-002725
MYNA WITH PARROT HEAD MYNA	4-2008-002729
AZUREA	4-2008-002727
PICO DE LORO COVE AND DEVICE PICO DE LORO	4-2007-002244
PARROT HEAD SYMBOL	4-2007-002243
ALIBATA SYMBOL	4-2007-002241
MIRANDA WITH PARROT HEAD MIRANDA	4-2008-009773
SOLA AT PICO DE LORO COVE	4-2021-502240
FREIA AT PICO DE LORO COVE	4-2018-008640
PICO TERRACES	4-2023-515857
PICO DE LORO BEACH AND COUNTRY CLUB	4-2024-500113
BALEA SUITES AT PICO TERRACES	4-2023-532938
CEREA SUITES AT PICO TERRACES	4-2023-532939
ARDEA SUITES AT PICO TERRACES	4-2023-532940
SINTA AT MARINA ESTATES	4-2024-531134
MIRA AT MARINA ESTATES	4-2024-531135
MAIA AT MARINA ESTATES	4-2024-531136
MVILLAGE AT MARINA ESTATES	4-2024-531137
MARINA ESTATES	4-2024-531138
MARINA ESTATES	4-2024-531139
MVILLAGE AT MARINA ESTATES	4-2024-531141
THE HORIZON (STYLIZED) AT TAGAYTAY MIDLANDS SUN AND CLOUD DEVICE	4-2005-012160
PUEBLO REAL TAGAYTAY MIDLANDS	4-2008-015105
THE HILLSIDE AT TAGAYTAY HIGHLANDS	4-2008-015104
MAISON	4-2016-001325
ESPLANADE SEASIDE TERMINAL	4-2019-006801
WELLNESS SPACE	4-2023-521065
THE FOOD VILLAGE	4-2017-017349
SM CINEMA	4-2019-019971
SINE SINDAK	4-2019-019965
SNACK TIME	4-2018-018200
SM SKY RANCH	4-2015-000811
SM SKY RANCH	4-2015-000813
BOOKNOOK	4-2024-00507749
CYBERZONE	4-2019-017774
CYBERZONE	4-2008-00000538
CYBERZONE	4-2017-00017663
CYBERZONE	4-2017-00017664

Registered Logo/Brand	Registration No.
SOUTH COAST CITY	4-2020-510778
E-COM CENTER	4-2019-009751
ONE E-COM CENTER	4-2019-009751
TWO E-COM CENTER	4-2019-009752
THREE E-COM CENTER	4-2019-009753
FOUR E-COM CENTER	4-2019-009754
FIVE E-COM CENTER	4-2019-009755
SIX E-COM CENTER	4-2019-009756
MEGA TOWER	4-2020-000013
AMANDAVA WITH PARROT HEAD DEVICE	4-2008-002728
CAROLA	4-2008-002730
JACANA	4-2008-002725
MYNA WITH PARROT HEAD MYNA	4-2008-002729
AZUREA	4-2008-002727
PICO DE LORO COVE AND DEVICE PICO DE LORO	4-2007-002244
PARROT HEAD SYMBOL	4-2007-002243
ALIBATA SYMBOL	4-2007-002241
MIRANDA WITH PARROT HEAD MIRANDA	4-2008-009773
SOLA AT PICO DE LORO COVE	4-2021-502240
FREIA AT PICO DE LORO COVE	4-2018-008640
PICO TERRACES	4-2023-515857
PICO DE LORO BEACH AND COUNTRY CLUB	4-2024-500113
BALEA SUITES AT PICO TERRACES	4-2023-532938
CEREA SUITES AT PICO TERRACES	4-2023-532939
ARDEA SUITES AT PICO TERRACES	4-2023-532940
SINTA AT MARINA ESTATES	4-2024-531134
MIRA AT MARINA ESTATES	4-2024-531135
MAIA AT MARINA ESTATES	4-2024-531136
MVILLAGE AT MARINA ESTATES	4-2024-531137
MARINA ESTATES	4-2024-531138
MARINA ESTATES	4-2024-531139
MVILLAGE AT MARINA ESTATES	4-2024-531141
THE HORIZON (STYLIZED) AT TAGAYTAY MIDLANDS SUN AND CLOUD DEVICE	4-2005-012160
PUEBLO REAL TAGAYTAY MIDLANDS	4-2008-015105
THE HILLSIDE AT TAGAYTAY HIGHLANDS	4-2008-015104
THE WOODLANDS POINT AT TAGAYTAY HIGHLANDS	4-2008-015103
SIERRA LAGO AT THE MIDLANDS	4-2011-003858
ASPENHILLS AT THE HIGHLANDS	4-2012-006340
THE PINES AT ASPENHILLS	4-2019-015336
VIREYA	4-2015-009640
HORIZON TERRACES	4-2017-010246
PROVENCE AT TAGAYTAY	4-2019-002146
PROVENCE AT TAGAYTAY	4-2019-004491

Registered Logo/Brand	Registration No.
HIGHLANDS RESIDENCES	4-2020-509248
TREALVA	4-2021-520025
TREALVA	4-2021-521799
PRIMROSE PARKS	4-2022-502424
PRIMROSE PARKS	4-2022-506490
HIGHLANDS RESIDENCES	4-2022-506491
THE PATIO AT SARATOGA HILLS	4-2023-518935
TREALVA AT MIDLANDS WEST	4-2025-504513
HIGHLANDS RESIDENCES	4-2025-504514
SMX CONVENTION CENTER	4-2011-011609
ARRIBADA	4-2023-513993
BILLIARDS AND BOWLING	4-2023-521060
LAGOA	4-2023-521071
PICO DE LORO BEACH & COUNTRY CLUB	4-2024-500113
PICO RESTAURANT & BAR	4-2011-014541
PICO SANDS HOTEL	4-2022-502423
RAIN THE SPA	4-2022-506489
REEF BAR	4-2023-521067
SUN CORAL CAFÉ	4-2023-521069
CASA URBAN TABLE	4-2019-014150
DASH	4-2019-005322
TERRAZA ON 7	4-2019-014149
ALTA RIDGE BAR	4-2023-502967
TAZA FRESH TABLE	4-2015-001034
TAAL VISTA HOTEL	4-2013-011824
VERANDA	4-2016-011469
BLK 12 CAFÉ BAR	4-2023-502968
BYTES	4-2023-511290
CYAN MODERN KITCHEN	4-2023-502969
EDGE POOL BAR	4-2023-502970
FOCUS	4-2023-511289
ANI	4-2019-005321
ARIMA	4-2020-515490
FERIA	4-2010-007647
PRIMO	4-2022-00526920
CHINA BLUE	4-2015-007394
FOOD ON FOUR	4-2015-007117
C LOUNGE	4-2015009643
BRU COFFEE BAR WITH DEVICE	4-2016-001896
BRAISSERIE ON 3	4-2015-009644
CASA URBAN TABLE	4-2019-014150
SAILS	4-2017-020035
CULINAIRE SAVOR MATCH EXPERIENCE	4-2017-016751
PARCEL EXCELLENCE	4-2023-504245
RAIN THE SPA	4-2022-506489

Registered Logo/Brand	Registration No.
M PLACE	4-2011-005967
WIND RESIDENCES	4-2011-005969
PRINCETON RESIDENCES AND LOGO	4-2011-005970
BLUE RESIDENCES	4-2011-005971
SEA RESIDENCES AND LOGO	4-2011-005972
GREEN RESIDENCES LOGO	4-2011-005973
BERKELEY RESIDENCES LOGO	4-2011-005974
MEZZA RESIDENCES LOGO	4-2011-005975
SUN RESIDENCES LOGO	4-2011-005976
JAZZ RESIDENCES LOGO	4-2011-005977
LIGHT RESIDENCES LOGO	4-2011-005978
FIELD RESIDENCES LOGO	4-2011-005979
BREEZE RESIDENCES	4-2012-013527
SHORE RESIDENCES MALL OF ASIA COMPLEX	4-2014-002831
TREES RESIDENCES NOVALICHES, QUEZON CITY	4-2014-002833
SHINE RESIDENCES ORTIGAS CENTER	4-2014-002832
AIR RESIDENCES	4-2014-010121
SMDC PREMIER	4-2015-004449
GRACE RESIDENCES	4-2015-006678
S RESIDENCES MALL OF ASIA COMPLEX	4-2015-006679
MEZZA II RESIDENCES ACROSS SM CITY STA. MESA	4-2015-006681
FAME RESIDENCES	4-2015-006683
SOUTH RESIDENCES AT SM SOUTHMALL	4-2015-007535
SMDC FIVE-STAR HOMES IN PRIME LOCATIONS	4-2015-011875
SMDC	4-2015-011668
SMDC THE GOOD GUYS	4-2015-011667
SHORE 2 RESIDENCES	04-2015-014533
SANDS RESIDENCES	04-2016-009547
SPRING RESIDENCES	04-2017-006326
VINE RESIDENCES	04-2017-006327
JOYFUL HOMES	04-2017-006328
COAST RESIDENCES	04-2017-006329
CHARM RESIDENCES	04-2017-006330
CHEERFUL HOMES	04-2017-006331
CHEER RESIDENCES	04-2017-006333
CORE RESIDENCES	4-2017-012908
CALM RESIDENCES	4-2017-00012909
LIFE RESIDENCES	4-2017-00012910
BLOOM RESIDENCES	4-2017-00013634
HILL RESIDENCES	4-2017-00013638
WING RESIDENCES	4-2017-00013639
CLOUD RESIDENCES	4-2017-00013640
FLIGHT RESIDENCES	4-2017-00013641
LOUNGE RESIDENCES	4-2017-00013642
SHELL RESIDENCES	4-2017-00013644

Registered Logo/Brand	Registration No.
PRIME KEY	4-2017-00014858
PRIME KEY	4-2017-00014859
KALE RESIDENCES	4-2017-00014860
FAITH COLUMBARIUM	4-2017-00019554
COOL SUITES AT WIND RESIDENCES	4-2017-00019563
FERN AT GRASS RESIDENCES	4-2017-019564
SM DEVELOPMENT CORPORATION	4-2017-019567
BOND RESIDENCES	4-2018-001683
BELLE RESIDENCES	4-2018-001685
SMDC MINT RESIDENCES	4-2018-005238
JOY RESIDENCES	4-2018-00005246
SMILE RESIDENCES	4-2018-00005258
SMDC DORMITEL	4-2018-012056
LUSH RESIDENCES WITH DEVICE	4-2018-00015022
SHORE 3 RESIDENCES	04-2018-016176
HILL RESIDENCES	04-2018-017449
SOL RESIDENCES	04-2018-018194
RED RESIDENCES	04-2019-012781
GLITZ RESIDENCES	04-2019-015794
GEM RESIDENCES	4-2019-00019591
GLAM RESIDENCES	04-2019-019595
SMDC CITY LIVING	4-2020-000455
GREEN 3	4-2020-002306
SMDC JADE RESIDENCES	4-2020-511746
LIKE RESIDENCES	4-2020-513909
SMDC RESO (RESIDENTIAL-OFFICE)	4-2020-00513911
DAWN RESIDENCES	4-2020-513912
PRIME RESIDENCES	4-2020-513910
SURF RESIDENCES	4-2020-513914
SHEER RESIDENCES	4-2020-513913
LUCK RESIDENCES	4-2020-513917
SAINTS RESIDENCES	4-2020-515707
HIP RESIDENCES	4-2020-517468
HIP CITY	4-2020-00517469
GOLD RESO	4-2020-520879
PRIME RESO	4-2020-520880
ICE RESO	4-2020-520878
GOOD TIMES WITH THE GOOD GUYS	4-2020-520561
GLADE RESIDENCES	4-2021-503052
SMDC CHEERFUL HOMES 2	4-2021-503053
STAR RESIDENCES	4-2021-504762
NOW RESIDENCES	4-2021-504764
SMDC REHO (RESIDENTIAL HOME)	4-2021-504765
SMDC TURF RESIDENCES	4-2021-508021
ICE TOWER	4-2021-515721

Registered Logo/Brand	Registration No.
ALPS RESIDENCES	4-2021-522414
SMDC VAIL RESIDENCES	4-2022-504923
SMDC	4-2022-504928
SMDC HOLIDAYS	4-2022-510604
WEALTH RESIDENCES	4-2022-510605
SMDC FESTIVAL GROUNDS	4-2022-531834
SMDC GREENVILLE	4-2023-509030
PARKVILLE	4-2023-513998
SMDC CRESTVILLE	4-2023-513996
HILL COMMERCIAL CENTER	4-2023-515990
CARMONA INTERNATIONAL CITY	4-2023-518271
Q PLACE	4-2023-525682
PEARL RESIDENCES	4-2023-00525891
VIN RESIDENCES	4-2024-505008
SMDC EXPRESS PAY	4-2024-516537
GRASS RESIDENCES	4-2024-515705
SYMPHONY HOMES	4-2024-523311
SMDC	4-2025-521846
SMDC RESIDENCES: HOME BESIDE THE MALL	4-2017-019565
STYLE RESIDENCES	4-2017-019547
TWIN RESIDENCES	4-2020-508924
SOUTH 2 RESIDENCES	4-2020-517465
HOPE RESIDENCES	4-2020-517467

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

Governmental regulations and environmental laws

SM Prime is committed to sustainable and responsible business practices enterprise-wide and throughout the project development lifecycle. This encompasses the various stages in the development and operations of all its business units.

As a publicly listed corporation, the Company adheres to the Revised Corporation Code (Republic Act No. 11232) and the Securities Regulation Code. It maintains compliance with the national and local government regulations and requirements including the Local Government Code, Philippine Competition Act, Data Privacy Act of 2012, Anti-Money Laundering Act (AMLA), and labor and employment laws, among others.

All mall establishments comply with the local government units where it operates. Through SM Supermalls, the Company ensures consistent acquisition of local permits and licenses before its operation. This includes compliance with the Fire Code (Republic Act No. 9514), occupational safety and health, sanitary permits for restaurants and food establishments, environmental permits, and other annual recurring permits.

Hotel properties also comply with relevant regulations by the Department of Tourism (DOT), pursuant to the Tourism Act of 2009. Adherence to DOT requirements, including all local and national

requirements, ensure continued validity of accreditation. Furthermore, the hotels and convention centers operate in accordance with the standards established in the Hotel Code of 1987 and the Hotel, Resort, Restaurant & Tourism Establishment Code (HRRTE). Recognizing the critical importance of food safety and hygiene in the hospitality industry, HCC ensures each property has a dedicated Food Safety Officer to maintain the highest standards of food safety and quality.

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

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

ITEM 2. Properties

Properties Owned

The Company's principally owned properties consist of commercial spaces or properties held for rental and/or capital appreciation, right-of-use assets, and land held for future development.

Please refer to the details of the properties under "ITEM 1. Business".

Leased Properties

As at 31 December 2025, the SM Prime had thirty (30) leased properties with the details set forth below.

Leased Properties	Annual Lease (in ₱ millions)	Expiration Date	Renewal Option
SM Center Valenzuela	₱34	July 2043	No provision
SM City Baguio	127	October 2053	No provision
SM Center Muntinlupa	25	March 2055	No provision
SM Center Pasig	73	August 2026	No provision
SM City Bacoor	11	December 2043; December 2044	Automatically renewed for another 25 years
SM City San Lazaro	9	July 2028	Renewable for another 25 years
SM City Calamba	39	February 2054; April 2060	No provision
SM City San Pablo	33	November 2054	Automatically renewed for another 25 years

Leased Properties	Annual Lease (in ₱ millions)	Expiration Date	Renewal Option
SM City Tarlac	13	April 2054	No provision
SM City Naga	21	August 2055	No provision
SM City Taytay	39	January 2055; August 2059	No provision
SM Aura Premier	152	November 2032; July 2033	No provision
SM City Consolacion	45	September 2060	Automatically renewed for another 25 years
SM City Olongapo	8	December 2059	Automatically renewed for another 25 years
SM City Clark	194	June 2053; May 2059	Renewable; No provision
SM By the Bay	134	April 2031	No provision
SM Center Molino	45	May 2056	Automatically renewed for another 25 years
SM City Manila	35	April 2025	Automatically renewed for another 25 years
SM San Mateo	29	July 2037	No provision; Renewable
SM City Dasmariñas	14	June 2050	No provision
SM Savemore Nagtahan	8	December 2034	No provision
SM Hypermarket Sucat-Lopez	9	July 2035	Renewable for another 25 years
SM Marketmall Dasmariñas	10	March 2060	No provision
SM City Daet	28	December 2068	No provision
SM City Pampanga	15	October 2053	No provision
SM City Masinag	2	April 2035	No provision
SM Cubao	115	January 2039	No provision
SM Makati	207	January 2039	No provision
SM Delgado	52	August 2031	No provision
SM Savemore Jaro	9	July 2039	No provision
Total Lease Payments	₱1,535		

ITEM 3. Legal Proceedings

SM Prime may be subject to various legal proceedings and claims that arise in the ordinary course of business. Legal proceedings that are considered to be material by SM Prime are those involving amounts equivalent to at least 5% of SM Prime's earnings before income tax. There is no known direct or contingent financial obligation that is material to SM Prime, including any default or acceleration of an obligation.

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

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

A. Principal Market where the Registrant’s Common equity is traded.

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

	2025		2024	
Stock Prices	High	Low	High	Low
First Quarter	₱26.05	₱21.85	₱35.40	₱31.20
Second Quarter	25.55	21.70	33.50	25.70
Third Quarter	25.30	22.25	33.45	27.65
Fourth Quarter	23.80	18.84	33.35	24.25

As of December 31, 2025, the closing price of the Company’s shares of stock is ₱22.75/share.

B. Holders

The number of shareholders of record as of December 31, 2025 was 2,310. Capital stock issued and outstanding as of December 31, 2025 was 28,798,039,018, net of shares held by a subsidiary.

The top 20 stockholders of the Company as of December 31, 2025 are as follows:

	Name	No. of Shares Held	% to Total
1.	SM Investments Corporation	14,353,464,952	49.8023
2.	PCD Nominee Corp. (Non-Filipino)	6,415,940,764	22.2614
3.	PCD Nominee Corp. (Filipino)	3,530,029,741	12.2482
4.	Harley T. Sy	695,936,131	2.4147
5.	Hans T. Sy	682,414,201	2.3678
6.	Teresita T. Sy	667,272,021	2.3152
7.	Elizabeth T. Sy	667,166,537	2.3149
8.	Herbert T. Sy	666,953,011	2.3141
9.	Syntrix Holdings, Inc.	317,827,673	1.1028
10.	Sysmart Corporation	317,775,948	1.1026
11.	Henry T. Sy, Jr.	291,611,915	1.0118
12.	Belle Corporation	61,795,413	0.2144
13.	Tansy Holdings Inc.	52,734,818	0.1830
14.	Sybase Equity Investments Corp.	52,365,504	0.1817
15.	SM Development Corporation	22,820,276	0.0792
16.	Cutad, Inc.	19,694,544	0.0683
17.	HSBB, Inc.	19,694,400	0.0683
18.	William T. Gabaldon	1,000,000	0.0035
19.	Henry III Tamesis Sy	912,575	0.0032
20.	Lucky Securities, Inc.	910,000	0.0032

C. Dividends

CASH DIVIDEND PER SHARE – ₱0.480 in 2025, ₱0.346 in 2024 and ₱0.237 in 2023.

As of the date of this report, cash dividends for 2026 have not yet been declared. This will be discussed in a Board meeting prior to the annual stockholders’ meeting.

In 2025, the Board approved the declaration of cash dividend of ₱0.480 per share or amounting to ₱13.9 billion to stockholders of record as of May 14, 2025, ₱11 million of which was received by SMDC. This was paid on May 28, 2025. In 2024, the Board approved the declaration of

cash dividend of ₱0.346 per share or amounting to ₱10.0 billion to stockholders of record as of May 8, 2024, ₱8 million of which was received by SMDC. This was paid on May 22, 2024.

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, 2025, and 2024, there are no restrictions that would limit the ability of the Company to pay dividends to the common stockholders, except with respect to Note 17 of the audited consolidated financial statements.

D. Recent Sales of Unregistered Securities

The Company registered with the SEC the ₱17.00 billion fixed rate bonds issued on November 17, 2025. The issue consists of the 5-year or Series AB Bonds amounting to ₱6.00 billion with a fixed interest equivalent to 5.9096% per annum due on 2030, the 7-year or Series AC Bonds amounting to ₱5.00 billion with a fixed interest equivalent to 6.0858% per annum due on 2032 and the 10-year or Series AD Bonds amounting to ₱6.00 billion with a fixed interest equivalent to 6.2855% per annum due on 2035.

The Company registered with the SEC the ₱25.00 billion fixed rate bonds issued on February 25, 2025. The issue consists of the 3-year or Series Y Bonds amounting to ₱7.13 billion with a fixed interest equivalent to 6.0282% per annum due on 2028, the 6-year or Series Z Bonds amounting to ₱8.81 billion with a fixed interest equivalent to 6.2113% per annum due on 2031 and the 10-year or Series AA Bonds amounting to ₱9.06 billion with a fixed interest equivalent to 6.4784% per annum due on 2035.

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

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

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

Income Statements

Years Ended December 31				
(in ₱ thousands, except for percentages)	2025	2024	Increase (Decrease)	
	(Audited)		in ₱	in %
REVENUE				
Rent	₱83,566,635	₱78,673,921	₱4,892,714	6%
Real estate sales	40,632,813	45,904,595	(5,271,782)	(11%)
Others	16,907,567	15,812,356	1,095,211	7%
	141,107,015	140,390,872	716,143	1%
COSTS AND EXPENSES	69,376,249	72,353,754	(2,977,505)	(4%)
INCOME FROM OPERATIONS	71,730,766	68,037,118	3,693,648	5%
OTHER INCOME (CHARGES)				
Interest expense	(13,076,365)	(13,934,024)	857,659	(6%)
Interest and dividend income	2,392,172	2,228,723	163,449	7%
Others – net	(48,632)	510,648	(559,280)	(110%)
	(10,732,825)	(11,194,653)	461,828	(4%)
INCOME BEFORE INCOME TAX	60,997,941	56,842,465	4,155,476	7%
PROVISION FOR INCOME TAX				
Current	9,706,871	9,034,395	672,476	7%
Deferred	1,564,537	1,268,634	295,903	23%
	11,271,408	10,303,029	968,379	9%
NET INCOME	₱49,726,533	₱46,539,436	₱3,187,097	7%
Attributable to				
Equity holders of the Parent	₱48,847,730	₱45,631,764	₱3,215,966	7%
Non-controlling interests	878,803	907,672	(28,869)	(3%)
	₱49,726,533	₱46,539,436	₱3,187,097	7%

Revenues

SM Prime recorded consolidated revenues of ₱141.11 billion in 2025, increased by 1% from ₱140.39 billion in 2024, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of ₱83.57 billion in 2025, a 6% increase from ₱78.67 billion. 86% is contributed by the malls while 14% is from offices and hotels and convention centers.

Real Estate Sales

SM Prime's real estate sales is at ₱40.63 billion in 2025 coming from sales take-up and construction accomplishment of ongoing projects, including Gold Towers Residential-Offices and Ice Tower in Parañaque, Calm Residences in Laguna, Joy Residences in Bulacan, and Jade Residences in Makati.

Other Revenues

SM Prime's other revenues is at ₱16.91 billion in 2025, an increase of 7% from P15.81 billion. Other revenues include ice skating, bowling, amusement and recreation operations, sale of food and beverages in hotels, sponsorships and advertising revenues, and cinema and event ticket sales. Cinema movies shown during the year includes Final Destination: Bloodlines, The Conjuring: Last Rites, Demon Slayer-Kimetsu no Yaiba-Infinity Castle, Avatar: Fire and Ash and Wicked: For Good.

Costs and Expenses

SM Prime recorded consolidated costs and expenses of ₱69.38 billion in 2025, a decrease of 4% from ₱72.35 billion, mainly from operating expenses which includes depreciation and amortization, taxes and licenses, marketing and selling expenses, utilities and manpower costs. Gross profit margin on real estate is 57% in 2025.

Other Income (Charges)

Interest Expense

SM Prime's consolidated interest expense is at ₱13.08 billion in 2025. This is related to the interest-bearing debt used for various capital expenditure requirements and to refinance existing debt, net of capitalized interest on proceeds used for construction and development of investment properties.

Interest, Dividend and Others - net

Interest, dividend and others - net is at ₱2.34 billion in 2025 compared to ₱2.74 billion. This consists of interest income from cash and cash equivalents, dividend income from equity instruments, equity in net earnings from associates and joint ventures and foreign exchange gains and losses.

Provision for income tax - net

SM Prime's consolidated provision for income tax is at ₱11.27 billion in 2025 compared to ₱10.30 billion.

Net income attributable to Parent

SM Prime's net income attributable to Parent increased by 7% to ₱48.85 billion in 2025 compared to ₱45.63 billion.

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

Revenues

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

Rent

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

Real Estate Sales

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

Other Revenues

SM Prime's other revenues increased by 13% to ₱15.81 billion in 2024 from ₱13.94 billion. Other revenues include ice skating, bowling, amusement and recreation operations, sale of food and beverages

in hotels, sponsorships and advertising revenues, and cinema and event ticket sales. Cinema improved due to high ticket sales from movies shown during the year, including Hello, Love, Again, Inside Out 2, Moana 2, Rewind, and Deadpool & Wolverine.

Costs and Expenses

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

Other Income (Charges)

Interest, Dividend and Others – net

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

Provision for income tax

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

Net income attributable to Parent

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

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

Revenues

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

Rent

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

Real Estate Sales

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

Other Revenues

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

Costs and Expenses

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

Other Income (Charges)

Interest Expense

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

Interest, Dividend and Others – net

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

Provision for income tax

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

Net income attributable to non-controlling interests

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

Net income attributable to Parent

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

Balance Sheet

(in ₱ thousands, except for percentages)	December 31, 2025	December 31, 2024	Increase (Decrease)	
	(Audited)		in ₱	in %
ASSETS				
Current Assets				
Cash and cash equivalents	₱27,645,144	₱31,246,171	(₱3,601,027)	(12%)
Receivables and contract assets	86,190,422	92,506,904	(6,316,482)	(7%)
Real estate inventories	74,107,710	76,927,527	(2,819,817)	(4%)
Equity instruments at fair value through other comprehensive income (FVOCI)	717,171	794,433	(77,262)	(10%)
Derivative assets	3,298,744	780,087	2,518,657	323%
Prepaid expenses and other current assets	19,242,478	28,426,708	(9,184,230)	(32%)
Total Current Assets	211,201,669	230,681,830	(19,480,161)	(8%)
Noncurrent Assets				
Derivative assets - net of current portion	287,182	3,990,740	(3,703,558)	(93%)
Equity instruments at FVOCI - net of current portion	18,290,879	20,392,800	(2,101,921)	(10%)
Investment properties	665,641,251	601,339,921	64,301,330	11%
Investments in associates and joint ventures	35,534,519	33,108,359	2,426,160	7%
Property and equipment	1,666,905	1,493,295	173,610	12%
Deferred tax assets - net	1,905,912	1,634,307	271,605	17%
Other noncurrent assets	159,350,348	126,789,478	32,560,870	26%
Total Noncurrent Assets	882,676,996	788,748,900	93,928,096	12%
	₱1,093,878,665	₱1,019,430,730	₱74,447,935	7%
LIABILITIES AND EQUITY				
Current Liabilities				
Loans payable	₱13,762,649	₱17,312,356	(₱3,549,707)	(21%)
Accounts payable and other current liabilities	104,777,023	103,788,961	988,062	1%
Current portion of long-term debt	85,531,993	89,287,442	(3,755,449)	(4%)
Current portion of derivative liabilities	39,354	—	39,354	0%
Income tax payable	943,694	1,606,324	(662,630)	(41%)
Total Current Liabilities	205,054,713	211,995,083	(6,940,370)	(3%)
Noncurrent Liabilities				
Long-term debt - net of current portion	323,459,597	283,320,341	40,139,256	14%
Tenants' and customers' deposits - net of current portion	31,420,483	30,528,879	891,604	3%
Deferred tax liabilities - net	15,709,068	13,923,287	1,785,781	13%
Derivative liabilities - net of current portion	286,564	50,447	236,117	468%
Other noncurrent liabilities	48,869,553	43,372,203	5,497,350	13%
Total Noncurrent Liabilities	419,745,265	371,195,157	48,550,108	13%
Total Liabilities	₱624,799,978	₱583,190,240	₱41,609,738	7%

Equity Attributable to Equity Holders of the Parent				
Capital stock	₱33,166,300	₱33,166,300	₱–	0%
Additional paid-in capital - net	38,068,655	38,164,173	(95,518)	0%
Cumulative translation adjustment	5,368,753	3,135,756	2,232,997	71%
Net fair value changes of equity instruments at FVOCI	15,628,583	17,807,766	(2,179,183)	(12%)
Net fair value changes on cash flow hedges	(586,197)	604,031	(1,190,228)	(197%)
Remeasurement loss on defined benefit obligation	(852,161)	(792,229)	(59,932)	8%
Retained earnings:				
Appropriated	170,000,000	100,000,000	70,000,000	70%
Unappropriated	208,990,805	243,991,970	(35,001,165)	(14%)
Treasury stock	(4,227,113)	(2,984,695)	(1,242,418)	42%
Total Equity Attributable to Equity Holders of the Parent	465,557,625	433,093,072	32,464,553	7%
Non-controlling Interests	3,521,062	3,147,418	373,644	12%
Total Equity	469,078,687	436,240,490	32,838,197	8%
	₱1,093,878,665	₱1,019,430,730	₱74,447,935	7%

SM Prime's total assets increased by 7% to ₱1,093.88 billion from ₱1,019.43 billion as of December 31, 2025 and December 31, 2024, respectively.

Cash and cash equivalents decreased to ₱27.65 billion from ₱31.25 billion as of December 31, 2025 and December 31, 2024, respectively, mainly due to various capital expenditures and payments of dividends and maturing debts, net of collections from operations.

Receivables and contract assets decreased to ₱86.19 billion from ₱92.51 billion as of December 31, 2025 and December 31, 2024, respectively, mainly due to collections made for the year.

Equity instruments at FVOCI decreased to ₱19.01 billion from ₱21.19 billion as of December 31, 2025 and December 31, 2024, with equivalent decrease of 12% in net fair value changes of equity instruments at FVOCI to ₱15.63 billion from ₱17.81 billion as of December 31, 2025 and December 31, 2024, respectively, due to changes in fair values under this portfolio.

Derivatives - net decreased to ₱3.26 billion from ₱4.72 billion as of December 31, 2025 and December 31, 2024, respectively, mainly due to net fair value changes on interest rate and foreign exchange swap transactions and maturities during the year. Net fair value changes on cash flow hedges decreased to ₱0.59 billion unrealized loss from ₱0.60 billion unrealized gain as of December 31, 2025 and December 31, 2024, respectively.

Prepaid expenses and other current assets decreased to ₱19.24 billion from ₱28.43 billion as of December 31, 2025 and December 31, 2024, respectively. This consist of advances to contractors and suppliers, and current portion of input and creditable withholding taxes. In 2025, input and creditable withholding taxes, carried over from December 31, 2024, amounting to ₱11.31 billion are classified as other noncurrent assets.

Investment properties increased to ₱665.64 billion from ₱601.34 billion as of December 31, 2025 and December 31, 2024, respectively, primarily due to ongoing integrated commercial developments, construction of new malls and hotels and convention centers and redevelopment of existing malls, net of depreciation expense for the year.

Investments in associates and joint ventures increased to ₱35.53 billion from ₱33.11 billion as of December 31, 2025 and December 31, 2024, respectively, due to equity in net earnings of associates and joint ventures, net of dividends received.

Property and equipment increased by 12% to ₱1.67 billion from ₱1.49 billion as of December 31, 2025 and December 31, 2024, respectively, primarily due to additions, net of depreciation during the year.

Deferred tax asset - net increased to ₱1.91 billion from ₱1.63 billion as of December 31, 2025 and December 31, 2024, respectively. Deferred tax liabilities - net increased to ₱15.71 billion from ₱13.92 billion as of December 31, 2025 and December 31, 2024, respectively, mainly due to unrealized gross profit on sale of real estate for income tax purposes.

Other noncurrent assets increased to ₱159.35 billion from ₱126.79 billion as of December 31, 2025 and December 31, 2024, respectively. This account includes noncurrent portion of receivables from sale of real estate, bonds and deposits for real estate acquisition and noncurrent portion of input and creditable withholding taxes.

Income tax payable decreased to ₱0.94 billion from ₱1.61 billion as of December 31, 2025 and December 31, 2024, respectively, mainly due to payments, net of provisions for the year.

Long-term debt and loans payable increased to ₱422.75 billion from ₱389.92 billion as of December 31, 2025 and December 31, 2024, respectively, mainly due to new loan availments, net of payments of matured loans during the year.

Other noncurrent liabilities increased to ₱48.87 billion from ₱43.37 billion as of December 31, 2025 and December 31, 2024, respectively, due to increase in retention payable related to ongoing integrated commercial developments and deferred output VAT related to sale of residential projects.

Cumulative translation adjustment increased to ₱5.37 billion from ₱3.14 billion as of December 31, 2025 and December 31, 2024, respectively, as a result of foreign exchange movement between periods. While, remeasurement loss on defined benefit obligation increased by 8% to ₱0.85 billion from ₱0.79 billion as of December 31, 2025 and December 31, 2024, respectively, due to actuarial loss for the year.

Treasury stock increased to ₱4.23 billion from ₱2.98 billion as of December 31, 2025 and December 31, 2024, respectively, due to buy back of shares for the year.

Non-controlling interests increased to ₱3.52 billion from ₱3.15 billion as of December 31, 2025 and December 31, 2024, respectively, due to increase in net income attributable to non-controlling interests, net of dividends declared 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, 2025, the retained earnings appropriated amounted to ₱170 billion to fund the capital expenditures of the planned construction projects and land banking activities from 2026 to 2029.

<i>(in ₱ thousands, except for percentages)</i>	December 31, 2024	December 31, 2023	Increase (Decrease)	
			in ₱	in %
	(Audited)			

ASSETS

Current Assets

Cash and cash equivalents	₱31,246,171	₱31,816,802	(₱570,631)	(2%)
Receivables and contract assets	92,506,904	76,952,202	15,554,702	20%
Real estate inventories	76,927,527	77,886,781	(959,254)	(1%)
Equity instruments at fair value through other comprehensive income (FVOCI)	794,433	747,840	46,593	6%
Derivative assets	780,087	2,247,073	(1,466,986)	(65%)
Prepaid expenses and other current assets	28,426,708	27,804,930	621,778	2%
Total Current Assets	230,681,830	217,455,628	13,226,202	6%

Noncurrent Assets

Equity instruments at FVOCI - net of current portion	20,392,800	19,570,212	822,588	4%
Investment properties	601,339,921	545,074,746	56,265,175	10%
Investments in associates and joint ventures	33,108,359	32,431,195	677,164	2%
Property and equipment	1,493,295	1,554,990	(61,695)	(4%)
Deferred tax assets - net	1,634,307	1,492,359	141,948	10%
Derivative assets - net of current portion	3,990,740	3,276,971	713,769	22%
Other noncurrent assets	126,789,478	122,471,474	4,318,004	4%
Total Noncurrent Assets	788,748,900	725,871,947	62,876,953	9%

	₱1,019,430,730	₱943,327,575	₱76,103,155	8%

LIABILITIES AND EQUITY

Current Liabilities

Loans payable	₱17,312,356	₱4,288,964	₱13,023,392	304%
Accounts payable and other current liabilities	103,788,961	99,084,851	4,704,110	5%
Current portion of long-term debt	89,287,442	67,746,351	21,541,091	32%
Income tax payable	1,606,324	1,295,842	310,482	24%
Total Current Liabilities	211,995,083	172,416,008	39,579,075	23%

Noncurrent Liabilities

Long-term debt - net of current portion	283,320,341	294,622,256	(11,301,915)	(4%)
Tenants' and customers' deposits - net of current portion	30,528,879	25,301,504	5,227,375	21%
Deferred tax liabilities - net	13,923,287	12,458,096	1,465,191	12%
Derivative liabilities - net of current portion	50,447	265,013	(214,566)	(81%)
Other noncurrent liabilities	43,372,203	39,377,662	3,994,541	10%
Total Noncurrent Liabilities	371,195,157	372,024,531	(829,374)	(0%)
Total Liabilities	₱583,190,240	₱544,440,539	₱38,749,701	7%

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As at December 31, 2024, the retained earnings appropriated for the capital expenditures on planned construction projects and land banking activities amounted to ₱100 billion. The appropriation is expected to be utilized within 2025.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Key performance indicators

The following are the major financial ratios of the Company as at and for the years ended December 31, 2025, 2024, and 2023:

	Year ended December 31		
	2025	2024	2023
Current ratio ⁽¹⁾	2.00	2.19	2.17
Acid test ratio ⁽²⁾	1.08	1.18	1.09
Solvency ratio ⁽³⁾	1.75	1.75	1.73
Debt-to-equity ratio ⁽⁴⁾	48:52	47:53	48:52
Net-debt-to-equity ratio ⁽⁵⁾	46:54	45:55	46:54
Return on equity ⁽⁶⁾	11%	11%	11%
Net income margin ⁽⁷⁾	35%	33%	31%
Asset to equity ratio ⁽⁸⁾	2.35	2.35	2.38
Interest coverage ratio ⁽⁹⁾	6.61	5.90	5.31
Debt to EBITDA ⁽¹⁰⁾	4.89	4.75	4.95

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

- (1) Current ratio which measures the ratio of total current assets to total current liabilities excluding loans payable and current portion of long-term debt due for refinancing;
- (2) Acid test ratio which measures the ratio of quick assets, which includes cash and cash equivalents, receivables and contract assets, and current portion of equity instruments at FVOCI to total current liabilities excluding loans payable and current portion of long-term debt due for refinancing;
- (3) Solvency ratio which measures the ratio of total assets to total liabilities;
- (4) Debt-to-equity ratio which measures the ratio of interest-bearing liabilities (sum of loans payable and long-term debt (current and noncurrent)) to equity attributable to equity holders of the Parent;
- (5) Net debt to equity which measures the ratio of interest-bearing liabilities (sum of loans payable and long-term debt (current and noncurrent)) 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 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;

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 11 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, 2025, 2024 and 2023:

	2025	2024	2023
SMDC	8%	23%	19%
FARDC	6%	6%	7%

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, 2025, 2024 and 2023 are as follows:

	SMDC			FARDC		
	2025	2024	2023	2025	2024	2023
Current ratio	3.10	3.36	3.30	2.85	2.88	2.33
Debt-to-equity	47:53	48:52	50:50	2.98	6:94	7:93
Net debt-to-equity	47:53	48:52	49:51	-140:240	-95:195	-64:164
Return on equity	3%	8%	7%	27%	31%	35%
Net income margin	13%	25%	23%	57%	56%	55%

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.

ITEM 7. Financial Statements

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

ITEM 8. Information on Independent Accountant and Other Related Matters

- (a.) SGV & Co., the external auditor of the Company for the current year, is subject to re-appointment as the Company's external auditor for 2026 with the endorsement of the Audit Committee and approval of the Board of Directors. SGV & Co.'s appointment for 2026 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.
- (b.) 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. The Company's External Auditor, is also subject to the oversight and accreditation of the SEC. SGV & Co. is accredited under the Group A category with details as follows:

1. Name of the audit engagement partner: Juan Miguel P. Machuca
2. Accreditation number: 116998-SEC
3. Date accredited: May 11, 2021
4. Expiry date of accreditation: 2025 (Audit Period End)
5. Name, address, contact number of the audit firm:

Sycip Gorres Velayo & Co.
6760 Ayala Avenue, Makati City, Metro Manila, 1226
(632) 8891-0307

6. Date it was subjected to SEC Oversight Assurance Review inspection, if subjected:
August 4-22, 2025

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, SMPH 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.

(c.) 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.

(d.) Fee-Related Information of External Auditors

The fees to SGV & Co. and Ernst & Young (EY) for the years ended December 31, 2025 and 2024 are presented as follows:

Year	Audit Fees	Non-audit Services	
		Other assurance service fees <i>In Php Millions</i>	Tax fees
2025	₱16	₱11	₱3
2024	17	3	1

Other assurance services include the following, among others:

- Independent validation of votes during the Annual Stockholders' Meeting
- Services related to securities filings
- Agreed upon procedures on sustainability reporting

(e.) Tax fees

Tax fees pertains to Tax advisory services (including examinations).

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. Directors and Executive Officers of the Registrant

DIRECTORS AND EXECUTIVE OFFICERS

Office	Name	Citizenship	Age
Chairman	Henry T. Sy, Jr.	Filipino	72
Vice Chairman and Lead Independent Director	Amando M Tetangco, Jr.	Filipino	73
Independent Director	J. Carlitos G. Cruz	Filipino	65
Independent Director	Estela M. Perlas - Bernabe	Filipino	73
Director and President	Jeffrey C. Lim	Filipino	64
Director	Hans T. Sy	Filipino	70
Director	Herbert T. Sy	Filipino	69
Director	Jorge T. Mendiola	Filipino	66
Chief Finance Officer/Corporate Information Officer/Chief Compliance Officer	John Nai Peng C. Ong	Filipino	56
Chief Audit Executive	Marvin Perrin L. Pe	Filipino	47
Chief Risk Officer	Joana B. Tiangco	Filipino	41
Corporate Secretary/Alternate Compliance Officer	Elmer B. Serrano	Filipino	58
Assistant Corporate Secretary and Alternate Corporate Information Officer	Arthur A. Sy	Filipino	56

Board of Directors

Henry T. Sy, Jr. has been a director of SM Prime since 1994. He was appointed as Chairman of the Board in 2014. He is responsible for the real estate acquisitions and development activities of SM Group, which include the identification, evaluation and negotiation for potential sites, as well as the input of design ideas. He is currently the Vice Chairman of SM Investments Corporation, 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., BigBoss Cement, Inc., and Data Lake, 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, an Independent Director of Converge ICT Solutions, Inc. and Shell Pilipinas Corporation. He also currently holds directorships in Manila Hotel and Toyota Motor Philippines. He is also a trustee of St. Luke's Medical Center, Tan Yan Kee Foundation and Foundation for Liberty and Prosperity. He is also a member of the international advisory board of the Graduate Institute for Policy Studies in Tokyo, Japan and the Asia School of Business in Kuala Lumpur, Malaysia.

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

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

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

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

J. Carlitos G. Cruz* was elected as an Independent Director of the Board of Directors of SM Prime in April 2021. He is concurrently an independent director of Transnational Diversified Group, Inc., Federal Land, Inc., Asialink Finance Corporation and related companies namely Global Dominion Financing Incorporated, South Asialink Finance Corporation, Global Cebuana Finance Inc., Cebuana Cycle Financing, Inc., AFC SME Finance Inc., Global SME Loans, Inc., Wisefund Finance Corp., Cycle Financing Corp., Surecycle Financing Corp., Cepat Kredit Financing, Inc., Forbes Lending Solutions Corporation and Annapolis Finance, Inc. and MarcoPay and its subsidiaries such as MCP Finance, Inc. and MCP Insurance Management and Agency, Inc., and an independent trustee of the MPIC Beneficial Trust Fund. He is also an independent director of Vivant Corporation which is a listed company. He is also a member of the Makati Business Club, Inc. and Management Association of the Philippines.

Mr. Cruz joined SGV 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. In 2025, Mr. Cruz was awarded the St. Francis of Assisi Peace Fellow Award by the Lourdes School of Quezon City to selected alumni who have exhibited exemplary leadership and outstanding service in their respective fields.

Estela M. Perlas-Bernabe* was former Senior Associate Justice of the Supreme Court of the Philippines. She is a member of the Panel of Arbitrators of the Singapore International Arbitration Centre since February 2025. She is also an independent director of BDO Unibank, Inc., BDO Private Bank, Aboitiz Power Corporation, San Miguel Food & Beverage, Inc., Converge Information and Communications Technology Solutions, Inc., and Petrogen Insurance Corporation. She is also a director of PHILJA (Philippine Judicial Academy) Development Center, Inc. and a trustee of the Foundation for Liberty and Prosperity.

Justice Perlas-Bernabe served the Philippine Judiciary in various capacities. She was appointed as Associate Justice of the Supreme Court in 2011 and was Division Chairperson of the Second Division from 2019 until her retirement in 2022. She was also the Bar Examinations Chairperson in 2019. Prior to her appointment to the Supreme Court, she was Associate Justice of the Court of Appeals from 2004 to 2011; Regional Trial Court Judge of Makati City from 2000 to 2004; and Metropolitan Trial Court Judge of the same city from 1996 to 2000. After passing the bar in 1977, she served as Technical Assistant in the Supreme Court under the Office of Court Administrator Lorenzo Relova.

In addition to her solid background in the Philippine Judiciary, she was also a law professor at the Ateneo Law School from 2009 to 2011 and engaged in private legal practice under Bernabe Perlas Morte & Associates as Senior Partner from 1993 to 1996. She also worked in various private and public offices from 1978 to 1993 namely, China Banking Corporation, Paramount Finance Corporation, and National Home Mortgage Finance Corporation.

Justice Perlas-Bernabe completed her Bachelor of Science in Commerce Banking and Finance at St. Paul College of Manila and graduated Magna Cum Laude in 1972. She earned her law degree in Ateneo College of Law, graduating as Class Salutatorian in 1976 and passed the bar in 1977 with a rating of 85.15%.

In recognition of her exemplary service and track record, the Supreme Court created an award in her name called “The Senior Associate Justice Estela Perlas-Bernabe Exemplary Career Jurist Award” an award bestowed to a distinct set of Justices of the Supreme Court who have served the Judiciary in all court levels, particularly from a trial court to a lower collegiate court and finally up to the Supreme Court, and have achieved a zero backlog or zero docket upon every promotion to the next-level court until their retirement from the Supreme Court. She also received various awards and distinctions namely, “Judicial Medal of Distinction” in 2022 (Supreme Court of the Philippines), “Distinguished Alumni Award for the Judiciary” in 2018 (Ateneo de Manila Alumni Association, Inc.), “Gawad Dangal ng Lipi” in 2012 (Provincial Government of Bulacan), Gawad Parangal 2008 as Outstanding Alumna for Dedicated Service to Country and People (St. Paul University Manila), Court of Appeals Award for Exemplary Performance in 2007 (CA Award of Recognition for Outstanding Performance in Case Disposition), and Natatanging Babaeng Hukom in 2003 (Municipality of Plaridel, Bulacan), among others.

** Independent director – The Independent Directors of the Company are **Messrs. Amando M. Tetangco, Jr. and J. Carlitos G. Cruz, and Ms. Estela M. Perlas-Bernabe.** 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 Company's subsidiaries. He is also a director of Concrete Aggregates Corporation. He was recognized as Asia's Best CEO in the 15th Asian Excellence Award by Corporate Governance Asia, and Eminent Leader in Asia (2024) by Asia Corporate Excellence and Sustainability Awards (ACES). He is also recipient of Asian Institute Management Alumni Achievement Award. In 2019, he was conferred

Global Management Accounting Hall of Fame Award by Institute of Certified Management Accountants. From 2017 to 2022, he was awarded Asia's Best CEO (Investor Relations) by Corporate Governance Asia.

Mr. Lim also served as the Chief Finance Officer and Executive Vice President (EVP) of SM Prime, leading the overall strategic planning, finance, and treasury functions as well as Business Development, Investor Relations, and Information Technology. During this time, he also received various awards such as Asia's Best CFO (Investor Relations) for years 2015-2016 by Corporate Governance Asia; Chief Finance Officer of the Year Award in 2012 by ING Bank and Financial Executives Institute of the Philippines, and Best CFO in the Philippines Award in 2012 by Finance Asia. Prior to joining the Company in 1994, he worked for a multi-national company and for SGV & Co.

Mr. Lim earned his Bachelor of Science Degree in Accounting from the University of the East in Manila. He is a Certified Public Accountant and also holds a Management Development Program Diploma from Asian Institute of Management.

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

In recognition of his commitment to environmental stewardship, social inclusion, good governance, and resilience and his people-centered leadership and diversity, Mr. Sy was awarded the Management Person of the Year in 2025 by the Management Association of the Philippines. Mr. Sy is also a recipient of various awards and recognitions such as the "Adopted Son and Honorary mayor of Bacolod City (2025), the "Tambala Lifetime Achievement Award (2024), Honorary Fellow of the Institute of Corporate Directors (2024), Outstanding Filipino Retailers President Award (2024), Dangal ng Pilipino as Pag-agapay sa Ligtas an Sambayanan (2023), and the Ten Outstanding Filipino (TOFIL) Award.

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 Alamar Trading Philippines Inc. and China Bank. He also sits in the Board of several companies within the SM Group and has worked with SM companies engaged in food retail for more than 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, a position he held for four (4) years. He is also currently one of the Directors of the Philippine Retailers Association. He received his Master's degree in Business Management from the Asian Institute of Management. He holds an A.B. Economics degree from Ateneo de Manila University.

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.

In 2025, the Company and its finance team was honored with the Best Corporate Bond (USD) award at the Asset Triple A Awards, while Mr. Ong was named Asia's Best CFO (Investor Relations) at the 15th Asian Excellence Award and Best CFO in the Philippines (Gold) at the Finance Asia Asia's Best Companies.

In 2024, he was cited as Asia's Best CFO (Investor Relations) at the 14th Asian Excellence Award, and the Company's finance team received the Best Corporate Finance Team – Corporate's distinction at the Finance Asia Achievement Awards.

In 2023, he earned his Asia's Best CFO (Investor Relations) recognition at the 13th Asian Excellence Award and was named Best CFO in the Philippines (Gold) at the Finance Asia Asia's Best Companies. That same year, the Company received the Best Corporate Bond (Local) award at The Asset Triple A Awards.

In 2022, Mr. Ong was recognized as Asia's Best CFO (Investor Relations) at the 12th Asian Excellence Award, underscoring a sustained track record of excellence in financial stewardship, capital markets engagement, and investor relations leadership across Asia.

Mr. Ong was recently conferred the distinction of Atenean of the Year during the 2025 Grand Alumni Homecoming of Ateneo de Zamboanga University, recognizing his outstanding accomplishments and exemplary leadership in the field of finance.

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. Ms. Tiangco is a Certified Compliance Officer. 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.

Atty. Elmer B. Serrano is the Corporate Secretary of SM Prime Holdings, Inc. since November 2014. Mr. Serrano is a practicing lawyer specializing in corporate law, banking and finance and securities law. He is the founder and Managing Partner of the law firm SERRANO LAW. Mr. Serrano has been awarded "Asia Best Lawyer" in Banking & Finance, Merger & Acquisition and Capital Markets by the International Financial Law Review (IFLR) consistently since 2019 and "Leading Lawyer-Highly Regarded" by IFLR 1000. Mr. Serrano has also been inducted to the Legal 500's "Hall of Fame" as among the lawyers who received constant praise from clients for continued excellence.

Mr. Serrano is also the Corporate Secretary of the biggest and most respected public companies, such as, SM Investments Corporation, SM Prime Holdings, Inc., Atlas Consolidated Mining and Development Corporation, DFNN, Inc., as well private companies that are leaders in their respective industries, Premium Leisure Corp. and 2GO Group, Inc. He is also the Corporate Information Officer of BDO Unibank, Inc. and Corporate Secretary of BDO's subsidiaries and affiliates. Mr. Serrano also sits as a director of several public companies. He is the Chairman of Dominion Holdings, Inc., an Independent Director of Philippine Telegraph & Telephone Corporation and Benguet Corporation, and regular director of EEI Corporation, DFNN, Inc. and 2GO Group, Inc. Mr. Serrano is counsel to

prominent associations in the financial industry, Bankers Association of the Philippines, the Philippine Payments Management, Inc. and the PDS Group of Companies.

Mr. Serrano is a Certified Associate Treasury Professional and was among the top graduates of the Trust Institute of the Philippines in 2001. Mr. Serrano holds a Juris Doctor degree from the Ateneo de Manila University and a BS Legal Management degree from the same university.

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

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

Procedure for Nomination of Directors:

- Any stockholder of record, including a minority stockholder, as of Record Date may nominate and be nominated for election to the Board of Directors of SMPH.
- The Corporate Governance and Sustainability 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 and Sustainability 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 and Sustainability 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 and Sustainability Committee. Otherwise, the vacancy shall be filled by stockholders in a regular or special meeting called for that purpose. The director so elected to fill a vacancy shall serve only for the unexpired term of his or her predecessor in office.

All new directors shall undergo an orientation program soon after election. This is intended to familiarize the new directors on their statutory/fiduciary roles and responsibilities in the Board and its Committees, SMPH's strategic plans, enterprise risks, group structures, business activities, compliance programs, and other Company policies such as, but not limited to, Code of Business Conduct and Ethics, Insider Trading Policy, and Corporate Governance Manual. For 2025, the Company's newly-appointed director, Ms. Estela M. Perlas-Bernabe, attended the Director Onboarding Program on September 8, 2025.

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

All directors are also required to participate in continuing education programs to promote relevance and effectiveness and to keep them abreast of the latest developments in corporate directorship and good governance.

For Year 2025, all directors, board advisers and key officers have attended the Annual Corporate Governance Training Programs conducted by BDO Unibank, Inc. (BDO), China Banking Corp. (Chinabank), and SM Investments Corp. (SMIC) through the Institute of Corporate Directors (ICD) on July 25, September 3 and October 3, respectively. Each director and key officer has attended at least one training session. The 4-hour annual CG training conducted by the aforementioned providers covered the following topics with the corresponding attendance matrix:

- Artificial Intelligence and its Impact on Business
- Changing Consumer Behavior as it Applies to Business and Banking
- Stewardship as the Guiding Principle for your Board and People Agenda
- AI in Philippine Banking: Adoption, Governance & the Road to Responsible Innovation
- Investing in People: Empowering Human Capital in Banking's AI era
- Corporate Governance Briefing: Climate Risks and its Systematic Cascade to Financial Risk and Opportunity
- Harnessing Future Technologies to Transform Businesses Today

Annual Corporate Governance Training Programs	<i>July 25, 2025</i>	<i>September 3, 2025</i>	<i>October 3, 2025</i>
	2025 Corporate Governance Seminar	Advanced Corporate Governance Training	2025 Corporate Governance Seminar
	BDO	Chinabank	SMIC/ICD
Directors and Board Advisers			
Henry T. Sy, Jr.			✓
Amando M. Tetangco, Jr.			✓
Estela M. Perlas-Bernabe	✓		✓
J. Carlitos G. Cruz			✓
Hans T. Sy		✓	
Herbert T. Sy		✓	
Jorge T. Mendiola			✓
Jeffrey C. Lim		✓	
Teresita Sy-Coson	✓		
Elizabeth T. Sy			✓
Edward K. Lee			✓

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

Succession Planning Policy:

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

This policy is guided by the following principles:

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

Policy Guidelines

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

Monitoring and Review

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

A testament of SM Prime's succession framework is its President, Mr. Jeffrey Lim. Mr. Lim joined the Company in 1994 and was primed to become a member of the Board and was appointed as President in October 2016.

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

Board Evaluation:

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

Self-evaluation forms are provided to the directors which consists of quantitative and qualitative questions. The evaluation covered the following criteria:

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

Further, performance assessment is also conducted for SM Prime's Management Team composed of the President, CFO/CCO, Corporate Secretary, Assistant Corporate Secretary, CRO and CAE.

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

Every three years, the assessment is supported by an independent external facilitator in compliance with SEC's Code of Corporate Governance for Publicly-Listed Companies. In 2025, SMPH engaged the services of Institute of Corporate Directors (ICD) to assess the Board's structure and composition, responsibilities and duties, board processes, dynamics and

relationships, and corporate governance practices. This was done through questionnaires with quantitative and qualitative questions accomplished by each member of the Board.

The following are the results of the evaluation conducted by ICD:

- The diversity within the board brings unique perspectives and expertise combined with active participation of directors during discussions enhance the decision-making process, thus, creating robust and comprehensive strategies.
- The board atmosphere is conducive to productive exchange and discussion. The positive dynamics between the Chairman, President, directors, and committees foster a collaborative and respectful environment.
- The leadership by the Chairman and President is particularly commendable, as they are open to feedback, respected for their good personality, openness, ability to lead and provide clear vision and direction.
- The board demonstrates a strong understanding of real estate trends and consumer preferences crucial for navigating the dynamic market environment.
- Board's focus on Business Intelligence, Data Science, and Long-Term Strategy reflects forward-thinking and proactive governance approach.

The results of the assessment including the recommendations to further strengthen the Board's function were presented by the Corporate Governance and Sustainability (CGS) Committee in its meeting last April 29, 2025. The CGS Committee took the lead to address the action items and monitored its progress. Presently, the Board evaluation for performance year 2025 is completed and the results of the evaluation shall be presented to the Board thru the CGS Committee in its next regular meeting.

As espoused in the Company's Manual on Corporate Governance, all SMPH directors are expected to exercise due discretion in accepting and holding directorships outside of the Company. The directors notify the Board in writing, through the Corporate Secretary, prior to accepting directorship in another organization. The following are directorships held by SMPH Directors and Executive Officers in other reporting companies, in the last five years:

Henry T. Sy, Jr.

<i>Name of Corporation</i>	<i>Position</i>
Synergy Grid & Development Phils., Inc.	Chairman of the Board
SM Investments Corporation	Vice Chairman

Amando M. Tetangco, Jr.

<i>Name of Corporation</i>	<i>Position</i>
SM Investments Corporation	Chairman/Independent Director
Belle Corporation (<i>until May 2024 only</i>)	Independent Director
Converge ICT Solutions, Inc.	Independent Director
Shell Pilipinas Corporation	Independent Director

J. Carlitos G. Cruz

<i>Name of Corporation</i>	<i>Position</i>
Vivant Corporation	Independent Director
SP New Energy Corporation (<i>until December 2023 only</i>)	Independent Director

Estela M. Perlas-Bernabe

Name of Corporation

Aboitiz Power Corporation
Converge ICT Solutions, Inc.
San Miguel Food and Beverage, Inc.
BDO Unibank, Inc.

Position

Independent Director
Independent Director
Independent Director
Independent Director

Hans T. Sy

Name of Corporation

China Banking Corporation
SM Investments Corporation

Position

Chairman
Adviser to the Board

Herbert T. Sy

Name of Corporation

China Banking Corporation
SM Investments Corporation

Position

Director
Adviser to the Board

Jeffrey C. Lim

Name of Corporation

Concrete Aggregates Corporation

Position

Director

Elmer B. Serrano

Name of Corporation

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

Position

Chairman

Director
Independent Director
Independent Director
Director

Board Meetings and Attendance

Below are the meetings held and attended by each director for Year 2025.

Board of Directors	February 17	April 29	April 29 (ASM)	April 29 (Organizational)	August 4	August 15	November 10	December 1	Percentage
Henry T. Sy, Jr.	✓	✓	✓	✓	✓	✓	✓	✓	100%
Amando M. Tetangco, Jr.	✓	✓	✓	✓	✓	✓	✓	✓	100%
Atty. Darlene Marie B. Berberabe ¹	✓	✓	✓	✓					100%
Estela M. Perlas - Bernabe ²							✓	✓	100%
J. Carlitos G. Cruz	✓	✓	✓	✓	✓	✓	✓	✓	100%
Hans T. Sy	✓	✓	✓	✓	✓	✓	✓	✓	100%
Herbert T. Sy	✓	✓	✓	✓	✓	✓	✓	✓	100%
Jorge T. Mendiola	✓	✓	✓	✓	✓	✓	✓	✓	100%
Jeffrey C. Lim	✓	✓	✓	✓	✓	✓	✓	✓	100%

Board Committees and Attendance

Audit Committee

Members	Designation	February 17	April 29	August 4	November 11	Percentage
Amando M. Tetangco, Jr.	Chairman (Independent Director)	✓	✓	✓	✓	100%
J. Carlitos G. Cruz	Member (Independent Director)	✓	✓	✓	✓	100%
Atty. Darlene Marie B. Berberabe ³	Member (Independent Director)	✓	✓			100%
Estela M. Perlas-Bernabe ⁴	Member (Independent Director)				✓	100%
Jorge T. Mendiola ⁵	Member	✓	✓			100%
Jose T. Sio	Adviser	✓	✓	✓	✓	100%

¹ Term as Director ended on May 2025, following her appointment as Solicitor General

² Ret. Justice Estela M. Perlas Bernabe was appointed to the Board on August 15, 2025 to serve the unexpired term of Atty. Berberabe

³ Term as Director ended on May 2025, following her appointment as Solicitor General

⁴ Ret. Justice Estela M. Perlas Bernabe was appointed to the Board on August 15, 2025 to serve the unexpired term of Atty. Berberabe

⁵ Mr. Mendiola was a member of the Audit Committee until April 29, 2025.

Corporate Governance and Sustainability Committee

Members	Designation	February 17	April 29	August 4	August 14	November 11	Percentage
Atty. Darlene Marie B. Berberabe ⁶	Chairman (Independent Director)	✓	✓				100%
Estela M. Perlas-Bernabe ⁷	Chairman (Independent Director)					✓	100%
Amando M. Tetangco, Jr.	Member (Independent Director)	✓	✓	✓	✓	✓	100%
J. Carlitos G. Cruz	Member (Independent Director)	✓	✓	✓	✓	✓	100%

Risk Oversight Committee

Members	Designation	February 17	April 29	August 4	November 11	Percentage
J. Carlitos G. Cruz	Chairman (Independent Director)	✓	✓	✓	✓	100%
Amando M. Tetangco, Jr.	Member (Independent Director)	✓	✓	✓	✓	100%
Jorge T. Mendiola	Member	✓	✓	✓	✓	100%
Jose T. Sio	Adviser	✓	✓	✓	✓	100%

Related Party Transactions Committee

Members	Designation	February 17	Percentage
Atty. Darlene Marie B. Berberabe	Chairman (Independent Director)	✓	100%
Estela M. Perlas-Bernabe ⁸	Member (Independent Director)		
Amando M. Tetangco, Jr.	Member (Independent Director)	✓	100%
Jorge T. Mendiola	Member	✓	100%

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

⁶ Term as Director ended on May 2025, following her appointment as Solicitor General

⁷ Ret. Justice Estela M. Perlas Bernabe was appointed to the Board on August 15, 2025 to serve the unexpired term of Atty. Berberabe

⁸ Ret. Justice Estela M. Perlas Bernabe was appointed to the Board on August 15, 2025 to serve the unexpired term of Atty. Berberabe

Directors and Officers for 2026-2027

The Corporate Governance and Sustainability Committee, confirmed by the Board, pre-qualified the following nominees for election as directors for 2026-2027 at the forthcoming Annual Stockholders' Meeting:

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

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

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

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

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

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

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

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

violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

ITEM 10. Compensation of Directors and Executive Officers

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

Name and Position

Jeffrey C. Lim
President, SM Prime

Steven T. Tan
President, Malls

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

Grace Evangeline M. Sta. Ana
Executive Vice President, SMDC

John Nai Peng C. Ong
Chief Finance Officer, SM Prime

Summary Compensation Table (In Million Pesos)

	Year	Salary	Bonus
President & 4 Most Highly Compensated Executive Officers	2026 (estimate)	216	36
	2025 (actual)	204	34
	2024 (actual)	185	30
All other officers as a group unnamed*	2026 (estimate)	2,132	317
	2025 (actual)	2,012	299
	2024 (actual)	1,817	273

* Executive officers of the Company

In 2025, 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)	₱ 6,180,000
J. Carlitos G. Cruz (Independent Director)	₱ 5,090,000
Darlene Marie B. Berberabe (Independent Director) ⁹	₱ 440,000
Estela M. Perlas – Bernabe (Independent Director) ¹⁰	₱ 3,571,667
Henry T. Sy, Jr.	₱ 100,000
Hans T. Sy	₱ 50,000
Herbert T. Sy	₱ 50,000
Jorge T. Mendiola	₱ 90,000
Jeffrey C. Lim	₱ 50,000

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

⁹ Term as Director ended following her appointment as Solicitor General.

¹⁰ Ret. Justice Estela M. Perlas Bernabe was appointed to the Board on August 15, 2025 to serve the unexpired term of Atty. Berberabe

The total amount of fees for 2025 allocated among directors does not exceed 10% of the total income of the Company before tax for 2025 in accordance with the Company's By-laws and relevant laws and regulations.

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

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

ITEM 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners as of December 31, 2025

The following are the stockholders owning more than 5% of total outstanding common shares of stock of the Company as of December 31, 2025:

Title of Securities	Name and Address of Record Owner and Relationship with the Company	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Amount and Nature of Direct Record/ Beneficial Ownership ("r" or "b")	Percent of Class (%)
Common	SMIC ¹ One Ecom Center, Harbor Drive, Mall of Asia Complex, CBP- 1A, Pasay City	SMIC ²	Filipino	14,353,464,952 (b)	49.8023
-do-	PCD Nominee Corporation ³ (PCNC) ³ 37F Tower 1, The Enterprise Center, Ayala Ave., Makati City	PCD Participants ⁴	Filipino – 12.25% Non-Filipino – 22.26%	9,946,826,112 (r)	34.5126

¹ The following are the individuals holding the direct beneficial ownership of SMIC: Hans T. Sy - 8.34%, Herbert T. Sy - 8.34%, Harley T. Sy - 7.42%, Teresita T. Sy - 7.26%, Henry T. Sy, Jr. - 6.52%, Elizabeth T. Sy - 6.06%. The PCD participants have the power to decide how their shares are to be voted. There are no other individual shareholders which own more than 5% of the Company.

² Amando M. Tetangco, Jr. is the Chairman of SMIC and Teresita T. Sy and Henry Sy, Jr. are the Vice Chairpersons of SMIC.

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.

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

The persons authorized to vote the shares of SMIC are Ms. Teresita T. Sy and/or Mr. Henry T. Sy, Jr. and/or Mr. Hans T. Sy.

Security Ownership of Management as of December 31, 2025

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	1.0118
-do-	Hans T. Sy	F	682,414,201 (D&I)	V	2.3679
-do-	Teresita T. Sy	F	667,272,021 (D)	V	2.3152
-do-	Elizabeth T. Sy	F	667,166,537 (D)	V	2.3149
-do-	Herbert T. Sy	F	666,953,011 (D)	V	2.3141
-do-	Jorge T. Mendiola	F	863,320 (D)	V	0.0030
-do-	Jeffrey C. Lim	F	350,000 (D)	V	0.0012
-do-	Amando M. Tetangco, Jr.	F	1,000 (D)	V	0.0000
-do-	J Carlitos G. Cruz	F	100 (D)	V	0.0000
-do-	Estela M. Perlas-Bernabe	F	5,000 (D)	V	0.0000
-do-	Joana B. Tiangco	F	3,600 (D)	V	0.0000
	All directors and executive officers as a group		2,976,640,705		10.3281

(a) Voting Trust Holders of 5% or More

There are no persons holding more than 5% of a class under a voting trust or any similar agreements as of December 31, 2025.

(b) Warrants and Options

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

ITEM 12. Certain Relationships and Related Transactions

The Company, in the regular course of trade or business, enters into transactions with affiliates/ related companies principally consisting of leasing agreements, management fees and cash placements. Generally, leasing and management agreements are renewed on an annual basis and are made at normal market prices. Outstanding balances at year-end are unsecured, noninterest-bearing and generally settled within 30 to 90 days. In addition, the Company also has outstanding borrowings/ placements from/ to related banks. There have been no guarantees/collaterals provided or received for any related party receivables or payables. For the year ended December 31, 2025, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

Please refer to Note 18 of the attached 2025 audited consolidated financial statements of the Company for the description of related party transactions of SMPH. These are non-material transactions and arrangements in the ordinary course of business and include lease agreements for office and commercial spaces with related companies such as SM Retail, BDO Unibank and China Bank, among others, the provision of manpower and other services to affiliates, as well as treasury transactions (e.g. maintenance of depository accounts, cash placements and loan availments in the ordinary course of business with BDO Unibank and China Bank) which are all on an arms' length basis in accordance with the Company's *Revised Related Party Transactions Policy* and priced based on prevailing market rates.

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

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

PART IV - CORPORATE GOVERNANCE

ITEM 13. Corporate Governance

A significant contributor to the Company's continued success is the commitment of its directors, officers and employees to foster a culture of fairness, integrity, accountability and transparency at all levels within the organization. There have been no deviations from the Manual since it was adopted. The Company certifies that its directors, officers and employees have adopted and fully complied with all leading practices and principles of good corporate governance as provided by the Manual. The Company is fully compliant with the Manual and thus, does not have any deviation from the said Manual.

In the recent update of the Manual approved by the Board on November 10, 2025, new provisions were incorporated such as engagement of Board Advisers and providing structure to the role; disclosure of summary of trading transactions by directors and officers; process and timeline relevant to Board vacancies; and review of sustainability issues and engaging third party assurance on the Company's sustainability report. Further to this, several provisions were also revised such as updating the name of the Corporate Governance Committee to the Corporate Governance and Sustainability Committee; guidelines for Directors on accepting nominations and offers to serve in other organizations; emphasize communicating relevant Company information to stakeholders beyond the Annual Stockholders' Meeting (ASM); guidelines and requirements on ASM Minutes in line with SEC MC No. 11 s. 2024; and update the mode of dissemination of the Manual to employees and stockholders, among others.

The Manual institutionalizes the principles of good corporate governance. It recognizes that adherence with the principles of good corporate governance should emanate from the Board of Directors. To this end, a director must act in a manner characterized by transparency, accountability and fairness. The Manual describes the general responsibilities and specific duties and functions of the Board, as well as those of the Board Committees, President, Corporate Secretary, Compliance Officer, Chief Audit Executive, Chief Risk Officer, and external and internal auditors. To effectively perform the Board's duties, the Company ensures that board meetings are scheduled before the start of the financial year and board papers for board of directors' meetings are provided at least five working days in advance of the board meeting, provided such matter does not require approval or consent of stockholders. In compliance with the Manual, Mr. John Nai Peng C. Ong and Atty. Elmer B. Serrano who are the Company's Compliance Officer and Corporate Secretary respectively, are not part of the Board of Directors.

There have been no deviations from the Manual since it was adopted. The Company certifies that its directors, officers and employees have adopted and fully complied with all leading practices and principles of good corporate governance as provided by the Manual. The Company is fully compliant with the Manual and thus, does not have any deviation from the said Manual.

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

Further, the Company's By-laws states the Board of Directors corporate powers in the conduct of all businesses and control of the corporation's properties. This includes, among others, (1) to make or change rules and regulations not inconsistent with the Company By-Laws for the management of the corporation, (2) to incur indebtedness as the Board may deem necessary, and (3) to implement the By-laws and to act on any matter not covered by these By-laws, provided such matter does not require

approval or consent of stockholders. The Company's revised By-laws also states that at least two-thirds of number of directors specified in the Articles of Incorporation shall constitute a quorum for the transaction of business at any meeting, and the act of the directors at any meeting where there is a quorum shall be valid as a corporate act.

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

Rights of Shareholders

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

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

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

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

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

SM Prime is also committed to providing its stockholders and the public, timely and accurate information about the Company and its business. In accordance with this, SM Prime regularly updates its website and practices full and prompt disclosure of all material information. The Company has also

identified its key stakeholder groups and engagement channels to provide interactive communication regarding material and non-material matters relevant to its business objectives such as sustainability, social, and economic, among others.

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

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

Alexander Pomento

Vice President, Investor Relations

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

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

T: (632) 8831-1000

E: info@smprime.com

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

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

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

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

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

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

the principles and best practices in the promotion of good work ethics. Relative to this, the HRD, on an annual basis, requires all employees to take the 3-part Corporate Governance program. This specifically includes the following:

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

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

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

Joana B. Tiangco

Assistant Vice President – Enterprise Risk Management and Corporate Governance

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

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

T: (632) 8831-1000

E: corpgovernance@smprime.com

PART V - EXHIBITS AND SCHEDULES

ITEM 14. Exhibits and Schedules

(a) Exhibits - See accompanying Index to Exhibits

(b) Reports on SEC Form 17-C

Reports on Form 17-C (Current Report) have been filed during 2025.

(c.) Integrated Report - See accompanying Report

INDEX TO EXHIBITS

Form 17-A

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(5)	Instruments Defining the Rights of Security Holders, Including Indentures	*
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(9)	Material Contracts	*
(10)	Annual Report to Security Holders, Form 11-Q or Quarterly Report to Security Holders	*
(13)	Letter re Change in Certifying Accountant	*
(16)	Report Furnished to Security Holders	*
(18)	Subsidiaries of the Registrant <i>(Please refer to Note 2 of the accompanying Notes to the Audited Consolidated Financial Statements for details)</i>	
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	*
(20)	Consent of Experts and Independent Counsel	*
(21)	Power of Attorney	*
(22)	Additional Exhibits	*

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

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

SM PRIME HOLDINGS, INC.
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Statement of Management's Responsibility for Financial Statements

The management of SM Prime Holdings, Inc. and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, 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.

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Henry T. Sy, Jr.
Chairman

A stylized, handwritten signature in black ink, featuring a prominent 'J' and 'L'.

Jeffrey C. Lim
President

A stylized, handwritten signature in black ink, with a long horizontal stroke and a small 'C' at the end.

John Nai Peng C. Ong
Chief Finance Officer

Signed this 16th of February, 2026

SUBSCRIBED AND SWORN to before me this FEB 16 2026 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. 49 ;
Page No. II ;
Book No. VII ;
Series of 2026



FEB 16 2026


ATTY. RONHEL VINN A. PAPA

Notary Public for Pasay City
Unti December 31, 2026. Commission No. 25-19
IBP OR No. 563343 12/05/2025 / Roll No. 73157
PTR OR No. 9232351 01/08/2026 / TIN# 743-448-049
MCLE Compliance No. VIII-0017246 valid until April 14, 2028

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, 1300 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, 2025 and 2024, 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, 2025, 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, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of financial statements of public interest entities 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) application of the output method as the measure of progress in determining revenue from sale of real estate; (3) determination of the costs incurred as cost of real estate sold; and (4) 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 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 costs incurred to be recognized as cost of real estate sold, the Company accumulates materials, labor and overhead costs, including costs that were incurred but not yet billed by the contractor.

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

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

Audit Response

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



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

For the determination of the costs incurred as cost of real estate sold, we selected projects and traced the costs accumulated during the year, including those incurred but not yet billed costs, to supporting documents such as contractors billing invoices, certificates of progress acceptance, POC reports, official receipts and accomplishment reports, among others.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, 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, 2025 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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



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

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

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

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

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

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

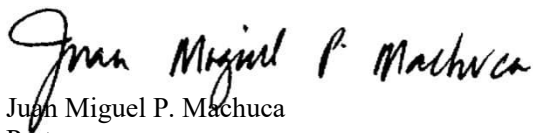


We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Machuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

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

SEC Partner Accreditation No. 116998-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements,
with extension up to audit of 2025 financial statements

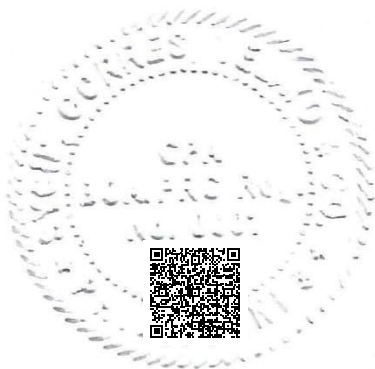
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

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

PTR No. 10765073, January 2, 2026, Makati City

February 16, 2026



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

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 18, 25 and 26)	₱27,645,144	₱31,246,171
Receivables and contract assets (Notes 6, 18, 25 and 26)	86,190,422	92,506,904
Real estate inventories (Note 7)	74,107,710	76,927,527
Equity instruments at fair value through other comprehensive income (FVOCI) (Notes 8, 25 and 26)	717,171	794,433
Derivative assets (Notes 25 and 26)	3,298,744	780,087
Prepaid expenses and other current assets (Note 9)	19,242,478	28,426,708
Total Current Assets	211,201,669	230,681,830
Noncurrent Assets		
Derivative assets - net of current portion (Notes 25 and 26)	287,182	3,990,740
Equity instruments at FVOCI - net of current portion (Notes 8, 18, 25 and 26)	18,290,879	20,392,800
Investment properties (Notes 11, 16, 24 and 26)	665,641,251	601,339,921
Investments in associates and joint ventures (Note 12)	35,534,519	33,108,359
Property and equipment (Note 10)	1,666,905	1,493,295
Deferred tax assets - net (Note 23)	1,905,912	1,634,307
Other noncurrent assets (Notes 6, 9, 13, 18, 22, 25 and 26)	159,350,348	126,789,478
Total Noncurrent Assets	882,676,996	788,748,900
	₱1,093,878,665	₱1,019,430,730
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Notes 14, 18, 25 and 26)	₱13,762,649	₱17,312,356
Accounts payable and other current liabilities (Notes 15, 18, 25 and 26)	104,777,023	103,788,961
Current portion of long-term debt (Notes 16, 18, 25 and 26)	85,531,993	89,287,442
Current portion of derivative liabilities (Notes 25 and 26)	39,354	—
Income tax payable	943,694	1,606,324
Total Current Liabilities	205,054,713	211,995,083
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 16, 18, 25 and 26)	323,459,597	283,320,341
Tenants' and customers' deposits - net of current portion (Notes 15, 24, 25 and 26)	31,420,483	30,528,879
Deferred tax liabilities - net (Note 23)	15,709,068	13,923,287
Derivative liabilities - net of current portion (Notes 25 and 26)	286,564	50,447
Other noncurrent liabilities (Notes 15, 22, 25 and 26)	48,869,553	43,372,203
Total Noncurrent Liabilities	419,745,265	371,195,157
Total Liabilities	624,799,978	583,190,240

(Forward)



	December 31	
	2025	2024
Equity Attributable to Equity Holders of the Parent		
Capital stock (Notes 17 and 27)	₱33,166,300	₱33,166,300
Additional paid-in capital - net (Note 17)	38,068,655	38,164,173
Cumulative translation adjustment	5,368,753	3,135,756
Net fair value changes of equity instruments at FVOCI (Note 8)	15,628,583	17,807,766
Net fair value changes on cash flow hedges	(586,197)	604,031
Remeasurement loss on defined benefit obligation - net (Note 22)	(852,161)	(792,229)
Retained earnings (Note 17):		
Appropriated	170,000,000	100,000,000
Unappropriated	208,990,805	243,991,970
Treasury stock (Notes 17 and 27)	(4,227,113)	(2,984,695)
Total Equity Attributable to Equity Holders of the Parent	465,557,625	433,093,072
Non-controlling Interests	3,521,062	3,147,418
Total Equity	469,078,687	436,240,490
	₱1,093,878,665	₱1,019,430,730

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		
	2025	2024	2023
REVENUE			
Rent (Notes 11, 18 and 24)	₱83,566,635	₱78,673,921	₱72,113,957
Real estate sales (Note 7)	40,632,813	45,904,595	42,040,409
Others (Notes 18 and 19)	16,907,567	15,812,356	13,943,175
	141,107,015	140,390,872	128,097,541
COSTS AND EXPENSES (Notes 18, 20 and 22)	69,376,249	72,353,754	66,818,300
INCOME FROM OPERATIONS	71,730,766	68,037,118	61,279,241
OTHER INCOME (CHARGES)			
Interest expense (Notes 6, 14, 16, 18 and 21)	(13,076,365)	(13,934,024)	(13,963,271)
Interest and dividend income (Notes 5, 6, 8, 13, 18 and 21)	2,392,172	2,228,723	2,185,156
Others - net (Notes 7, 10, 11, 12, 15 and 16)	(48,632)	510,648	338,693
	(10,732,825)	(11,194,653)	(11,439,422)
INCOME BEFORE INCOME TAX	60,997,941	56,842,465	49,839,819
PROVISION FOR INCOME TAX (Note 23)			
Current	9,706,871	9,034,395	8,211,259
Deferred	1,564,537	1,268,634	764,715
	11,271,408	10,303,029	8,975,974
NET INCOME	₱49,726,533	₱46,539,436	₱40,863,845
Attributable to:			
Equity holders of the Parent (Notes 17 and 27)	₱48,847,730	₱45,631,764	₱40,010,501
Non-controlling interests (Note 17)	878,803	907,672	853,344
	₱49,726,533	₱46,539,436	₱40,863,845
Basic/Diluted earnings per share (Note 27)	₱1.694	₱1.581	₱1.387
Dividend per share (Note 17)	₱0.480	₱0.346	₱0.237

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		
	2025	2024	2023
NET INCOME	₱49,726,533	₱46,539,436	₱40,863,845
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 FVOCI (Note 8)	(2,179,183)	869,974	2,705,989
Remeasurement gain (loss) on defined benefit obligation (Note 22) - net of tax	(61,551)	272,552	(134,611)
	(2,240,734)	1,142,526	2,571,378
Items that may be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustment	2,232,997	579,617	(879,032)
Net fair value changes on cash flow hedges	(1,190,228)	(475,063)	(1,905,511)
	(1,197,965)	1,247,080	(213,165)
TOTAL COMPREHENSIVE INCOME	₱48,528,568	₱47,786,516	₱40,650,680
Attributable to:			
Equity holders of the Parent (Note 17)	₱47,651,384	₱46,876,500	₱39,798,392
Non-controlling interests	877,184	910,016	852,288
	₱48,528,568	₱47,786,516	₱40,650,680

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, 2025, 2024 AND 2023
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent											
	Capital Stock (Notes 17 and 27)	Additional Paid-in Capital - Net (Note 17)	Cumulative Translation Adjustment	Net Fair Value Changes of Equity Instruments at FVOCI (Note 8)	Net Fair Value Changes on Cash Flow Hedges	Remeasurement Loss on Defined Benefit Obligation - Net (Note 22)	Retained Earnings (Note 17)		Treasury Stock (Notes 17 and 27)	Non-controlling Interests	Total Equity	
							Appropriated	Unappropriated		Total		
At January 1, 2025	₱33,166,300	₱38,164,173	₱3,135,756	₱17,807,766	₱604,031	(₱792,229)	₱100,000,000	₱243,991,970	(₱2,984,695)	₱433,093,072	₱3,147,418	₱436,240,490
Net income for the year	—	—	—	—	—	—	—	48,847,730	—	48,847,730	878,803	49,726,533
Other comprehensive income (loss)	—	—	2,232,997	(2,179,183)	(1,190,228)	(59,932)	—	—	—	(1,196,346)	(1,619)	(1,197,965)
Total comprehensive income (loss) for the year	—	—	2,232,997	(2,179,183)	(1,190,228)	(59,932)	—	48,847,730	—	47,651,384	877,184	48,528,568
Cash dividends (Note 17)	—	—	—	—	—	—	—	(13,859,849)	—	(13,859,849)	—	(13,859,849)
Cash dividends received by a subsidiary (Note 17)	—	—	—	—	—	—	—	10,954	—	10,954	—	10,954
Cash dividends received by non-controlling interests	—	—	—	—	—	—	—	—	—	—	(529,580)	(529,580)
Reversal of appropriation (Note 17)	—	—	—	—	—	—	(100,000,000)	100,000,000	—	—	—	—
Appropriation during the year (Note 17)	—	—	—	—	—	—	170,000,000	(170,000,000)	—	—	—	—
Sale of non-controlling interest (Note 17)	—	458	—	—	—	—	—	—	—	458	142	600
Equity reserve from common control acquisition of asset (Note 2)	—	(95,976)	—	—	—	—	—	—	—	(95,976)	25,898	(70,078)
Acquisition of treasury shares (Note 17)	—	—	—	—	—	—	—	—	(1,242,418)	(1,242,418)	—	(1,242,418)
At December 31, 2025	₱33,166,300	₱38,068,655	₱5,368,753	₱15,628,583	(₱586,197)	(₱852,161)	₱170,000,000	₱208,990,805	(₱4,227,113)	₱465,557,625	₱3,521,062	₱469,078,687
At January 1, 2024	₱33,166,300	₱38,159,900	₱2,556,139	₱16,938,503	₱1,079,094	(₱1,062,437)	₱42,200,000	₱266,143,815	(₱2,984,695)	₱396,196,619	₱2,690,417	₱398,887,036
Net income for the year	—	—	—	—	—	—	—	45,631,764	—	45,631,764	907,672	46,539,436
Other comprehensive income (loss)	—	—	579,617	869,974	(475,063)	270,208	—	—	—	1,244,736	2,344	1,247,080
Total comprehensive income (loss) for the year	—	—	579,617	869,974	(475,063)	270,208	—	45,631,764	—	46,876,500	910,016	47,786,516
Cash dividends (Note 17)	—	—	—	—	—	—	—	(9,992,214)	—	(9,992,214)	—	(9,992,214)
Cash dividends received by a subsidiary (Note 17)	—	—	—	—	—	—	—	7,894	—	7,894	—	7,894
Cash dividends received by non-controlling interests	—	—	—	—	—	—	—	—	—	—	(454,430)	(454,430)
Net fair value changes of equity instruments at FVOCI reclassified to retained earnings	—	—	—	(711)	—	—	—	711	—	—	—	—
Reversal of appropriation (Note 17)	—	—	—	—	—	—	(42,200,000)	42,200,000	—	—	—	—
Appropriation during the year (Note 17)	—	—	—	—	—	—	100,000,000	(100,000,000)	—	—	—	—
Sale of non-controlling interest (Note 17)	—	4,273	—	—	—	—	—	—	—	4,273	1,415	5,688
At December 31, 2024	₱33,166,300	₱38,164,173	₱3,135,756	₱17,807,766	₱604,031	(₱792,229)	₱100,000,000	₱243,991,970	(₱2,984,695)	₱433,093,072	₱3,147,418	₱436,240,490



	Equity Attributable to Equity Holders of the Parent										Non-controlling Interests	Total Equity
	Capital Stock (Notes 17 and 27)	Additional Paid-in Capital - Net (Note 17)	Cumulative Translation Adjustment	Net Fair Value Changes of Equity Instruments at FVOCI (Note 8)	Net Fair Value Changes on Cash Flow Hedges	Remeasurement Loss on Defined Benefit Obligation - net (Note 22)	Retained Earnings (Note 17)		Treasury Stock (Notes 17 and 27)	Total		
							Appropriated	Unappropriated				
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 17)	—	—	—	—	—	—	—	(6,844,378)	—	(6,844,378)	—	(6,844,378)
Cash dividends received by a subsidiary (Note 17)	—	—	—	—	—	—	—	5,408	—	5,408	—	5,408
Cash dividends received by non-controlling interests	—	—	—	—	—	—	—	—	—	—	(324,450)	(324,450)
Additional investment of non-controlling interest	—	—	—	—	—	—	—	—	—	—	201,000	201,000
Sale of non-controlling interest (Note 17)	—	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

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		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱60,997,941	₱56,842,465	₱49,839,819
Adjustments for:			
Depreciation and amortization (Notes 10, 11, 20 and 24)	15,536,382	15,037,788	13,656,773
Interest expense (Notes 6, 14, 16, 18 and 21)	13,076,365	13,934,024	13,963,271
Interest and dividend income (Notes 5, 6, 8, 13, 18 and 21)	(2,392,172)	(2,228,723)	(2,185,156)
Equity in net earnings of associates and joint ventures (Note 12)	(2,785,499)	(2,043,010)	(2,162,611)
Loss (gain) on:			
Disposals and derecognition of investment properties and property and equipment (Notes 10, 11 and 15)	(32,264)	(24,556)	148,140
Unrealized foreign exchange and fair value changes on derivatives - net	(69,966)	417,027	76,370
Operating income before working capital changes	84,330,787	81,935,015	73,336,606
Decrease (increase) in:			
Receivables and contract assets	(9,299,693)	(23,886,248)	(16,337,056)
Real estate inventories	3,569,906	1,117,977	(5,437,721)
Prepaid expenses and other current assets (Note 9)	(2,045,436)	(1,684,842)	(2,068,144)
Increase in:			
Accounts payable and other liabilities	7,980,960	13,338,858	19,253,318
Tenants' and customers' deposits - net of current portion	758,343	5,194,630	1,573,478
Cash generated from operations	85,294,867	76,015,390	70,320,481
Income tax paid	(10,383,734)	(8,726,437)	(7,665,012)
Net cash provided by operating activities	74,911,133	67,288,953	62,655,469
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,866,622	1,595,754	1,922,233
Dividends received from investments at FVOCI and in associates and joint ventures	989,295	1,960,828	724,446
Proceeds from disposals of investment properties and property and equipment (Note 11)	12,347	464,443	90,067
Additions to:			
Investment properties (Note 11)	(76,221,138)	(69,571,345)	(63,772,055)
Property and equipment (Note 10)	(425,208)	(154,288)	(341,106)
Acquisition of a subsidiary (Note 2)	(50,000)	—	—
Decrease (increase) in other noncurrent assets (Notes 9 and 13)	(6,115,813)	1,150,456	(5,338,058)
Net cash used in investing activities	(79,943,895)	(64,554,152)	(66,714,473)

(Forward)



	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of bank loans and long-term debt (Notes 14 and 16)	₱197,104,510	₱165,601,237	₱111,562,913
Payments of:			
Long-term debt (Note 16)	(85,571,225)	(72,198,246)	(66,701,374)
Loans payable (Note 14)	(80,967,352)	(73,673,067)	(29,563,823)
Dividends to stockholders and non-controlling interests (Note 17)	(14,378,475)	(10,438,750)	(7,163,420)
Interest	(12,765,016)	(14,086,273)	(13,782,271)
Lease liabilities	(896,042)	(897,760)	(874,140)
Acquisition of treasury shares (Note 17)	(1,242,418)	—	—
Proceeds from matured derivatives - net	130,950	2,396,042	294,800
Net cash provided by (used in) financing activities	1,414,932	(3,296,817)	(6,227,315)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	16,803	(8,615)	43,039
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,601,027)	(570,631)	(10,243,280)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	31,246,171	31,816,802	42,060,082
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱27,645,144	₱31,246,171	₱31,816,802

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, 1300 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 16, 2026.

2. Basis of Preparation

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

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



Statement of Compliance

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

Basis of Consolidation

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

Company	Place of Incorporation	Percentage of Ownership	
		2025	2024
Malls			
A. Canicosa Holdings, Inc.	Philippines	100.0	100.0
AD Canicosa Properties, Inc.	- do -	100.0	100.0
Britannia Trading Corp. and Subsidiaries	- do -	100.0	100.0
CHAS Realty and Development Corporation and Subsidiaries	- do -	100.0	100.0
Cherry Realty Development Corporation	- do -	100.0	100.0
Consolidated Prime Dev. Corp.	- do -	100.0	100.0
MOA Esplanade Port, Inc.	- do -	100.0	100.0
Premier Central, Inc. and Subsidiary	- do -	100.0	100.0
Premier Clark Complex, Inc.	- do -	100.0	100.0
Premier Southern Corp.	- do -	100.0	100.0
Prime_Commercial Property Management Corp. and Subsidiaries	- do -	100.0	100.0
Rushmore Holdings, Inc.	- do -	100.0	100.0
San Lazaro Holdings Corporation	- do -	100.0	100.0
Simply Prestige Limited and Subsidiaries	British Virgin Islands (BVI)	100.0	100.0
SM Arena Complex Corporation	Philippines	100.0	100.0
SM Land (China) Limited and Subsidiaries	Hong Kong	100.0	100.0
SMPHI SG Holdings Pte. Ltd.**	Singapore	100.0	100.0
Southernpoint Properties Corp.	Philippines	100.0	100.0
Springfield Global Enterprises Limited	BVI	100.0	100.0
Supermalls Transport Services, Inc.	Philippines	100.0	100.0
Nagtahan Property Holdings, Inc.*	- do -	99.7	—
First Asia Realty Development Corporation	- do -	74.2	74.2
Mindpro, Incorporated	- do -	70.0	70.0
SM GUUN ENVIRONMENTAL COMPANY, INC.***	Philippines	70.0	70.0
First Leisure Ventures Group Inc. (FLVGI)	- do -	50.0	50.0
Residential			
SM Development Corporation and Subsidiaries	- 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
Hotels and Convention Centers			
SM Hotels and Conventions Corp. and Subsidiaries	- do -	100.0	100.0
Commercial, Integrated Commercial Developments			
Associated Development Corporation	- do -	100.0	100.0
Magenta Legacy, Inc.	- do -	100.0	100.0
Prime Metroestate, Inc. and Subsidiary	- 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

*In 2025, Nagtahan Property Holdings, Inc., a landholding company, was acquired by the Parent Company from SMIC. This was accounted for as common control asset acquisition with recognized equity reserve amounting to P96 million.

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

***In 2024, SM GUUN ENVIRONMENTAL COMPANY, INC. was incorporated to be engaged in recycling and repurposing waste of any kind.



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

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

Material Accounting Judgments, Estimates and Assumptions

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

Judgments

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

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

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

Revenue Recognition Method and Measure of Progress. The Company concluded that revenue from sale of completed real estate projects is to be recognized at a point in time upon meeting the threshold of buyer's equity whereas revenue from sale of real estate projects under pre-completion stage 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 Company identifies sales commissions after contract inception as cost of obtaining a contract. For contracts which qualified for revenue recognition, the related sales commissions are amortized consistent with the revenue recognition.

The 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.

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.

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

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

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

Estimates and Assumptions

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

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

Revenue from sale of real estate amounted to ₱40,633 million, ₱45,905 million and ₱42,040 million for the years ended December 31, 2025, 2024 and 2023, respectively, while the cost of real estate sold amounted to ₱17,619 million, ₱19,141 million and ₱16,661 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 20).



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 ₱74,108 million and ₱76,928 million as at December 31, 2025 and 2024, respectively (see Note 7).

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

Deferred tax assets recognized in the consolidated balance sheets amounted to ₱6,132 million and ₱6,047 million as at December 31, 2025 and 2024, respectively (see Note 23).

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 26.

3. Material Accounting Policy Information

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted amendments to Philippine Accounting Standards (PAS) 21, *Lack of Exchangeability* starting January 1, 2025. Adoption of this pronouncement did not have any material impact on the Company's financial position or performance.

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, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*



- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
- Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*, the standard replaces PAS 1, *Presentation of Financial Statements*, and responds to investors' demand for better information about companies' financial performance. The new requirements include:
 - Required totals, subtotals and new categories in the statement of profit or loss
 - Disclosure of management-defined performance measures
 - Guidance on aggregation and disaggregation

The Company is ongoing assessment on the impact of PFRS 18 on its consolidated financial statements.

- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its 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 financial assets 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.

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

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

Financial assets at amortized cost are subsequently measured using the effective interest rate (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 ₱5,081 million and ₱3,803 million as at December 31, 2025 and 2024, respectively (see Note 26).

- *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.

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.

As at December 31, 2025 and 2024, the Company has no financial assets classified 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 ₱19,008 million and ₱21,187 million as at December 31, 2025 and 2024, respectively (see Note 26).

As at December 31, 2025 and 2024, the Company has no financial assets classified at FVOCI (*debt instruments*).

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 expected credit loss (ECL) 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 ECLs 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, gross domestic product and unemployment 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 Republic Act No. 6552 or the *Realty Installment Buyer Protection Act* (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. As at December 31, 2025 and 2024, the Company has no financial liabilities classified at FVTPL.

- *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 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 ₱371,089 million and ₱323,283 million as at December 31, 2025 and 2024, respectively (see Note 26).

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. 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. 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.

Real estate sales cancellations are accounted for as modification of the contract (i.e., from non-cancellable to being cancellable). Revenue from sale of real estate and cost of real estate sold previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. Income from forfeitures, except accounts covered by Maceda Law, is presented under "Others - net" in the consolidated statements of income.

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. The amounts are non-interest bearing and 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 and equipment. 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	

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

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

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

Buildings, land and leasehold improvements	5-40 years or term of the lease, whichever is shorter
Building equipment, furniture and others	3-15 years or term of the lease, whichever is shorter
ROUA	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 which is upon launching of the real estate project subsequent to undertaking of necessary activities such as obtaining appropriate permits (i.e., license to sell) and technical due diligence (i.e., topography studies), and is supported by an approved plan to construct and develop condominium and residential units for sale. Transfers are made from inventories to investment property when, and only when, there is change in use, as evidenced by commencement of an operating lease to a third party or change in the originally approved plan. The cost of property for subsequent accounting is its carrying value at the date of change in use.

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



Investments in Associates and Joint Ventures

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

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

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

Other Noncurrent Assets

Other noncurrent assets consist of bonds and deposits, receivables from sale of real estate - net of current portion, land use rights, escrow and time deposits, input and creditable withholding taxes - net of current portion and others.

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.

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.

Revenue 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 completed real estate projects are recognized at a point in time upon meeting the threshold of buyer's equity whereas revenue from the sale of 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 the output method. The Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to



date/milestones reached/time elapsed. This method measures progress of work based on physical proportion of the work done, including the impact of customized uninstalled materials, on the real estate project which requires technical determination by the Company's project engineers. This is based on the monthly project accomplishment report prepared by the third-party project managers as approved by the construction managers.

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

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

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

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

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

Cost of Real Estate Sold. In determining the costs incurred to be recognized as cost of real estate sold, the Company accumulates costs on materials, labor and overhead which include costs that were incurred but not yet billed by the contractor. The Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of development and construction costs, contract fulfillment assets and cost to obtain contract. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of real estate sold while the portion allocable to the unsold area being recognized as part of real estate inventories. In addition, the Company recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances

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

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



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

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

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

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

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

Amortization, derecognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract. The Company amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion 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.



Sale of Cinema, Event and Amusement Tickets and Merchandise. Revenue is recognized upon receipt of payment from the customer which coincides with the rendering of services or the delivery of merchandise. Revenue from sale of cinema, event and 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, Sale of Food and Beverage, and Others. Revenue from room rentals is recognized as part of “Rent” revenue based on actual occupancy, food and beverage sales when orders are served, and other operated departments when the services are rendered. Revenue from other operated departments include, among others, business center, laundry service, and telephone service. Revenue from food and beverage sales and other hotel revenue are included under the “Revenue - Others” account in the consolidated statement of income.

Pension Benefits

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

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

Defined benefit pension costs comprise the following:

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

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

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



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

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

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

Foreign Currency-denominated Transactions

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

Foreign Currency Translation

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

Leases

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

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

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



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

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

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

The Company also recognized ROUA in investment properties (land lease 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 or "Other noncurrent assets" account in the consolidated balance sheets to the extent of the recoverable amount.

Basic/Diluted Earnings Per Common Share (EPS)

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

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

Contingencies

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

Events after the Reporting Period

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



4. Segment Information

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

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

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

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

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

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

In 2025, the Company revised its business segment information to reflect changes on how the Executive Committee monitors business units' performance. The change affects only the inter-segment presentation and has no impact on the Company's consolidated profit, assets, liabilities and equity.

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

	2025					
	Malls	Residential	Hotels and Convention Centers	Commercial and Integrated Commercial Developments	Eliminations	Consolidated Balances
	<i>(In Thousands)</i>					
Revenue:						
External customers	₱84,923,460	₱42,520,171	₱8,455,767	₱5,207,617	₱-	₱141,107,015
Inter-segment	131,560	-	-	146,184	(277,744)	-
	₱85,055,020	₱42,520,171	₱8,455,767	₱5,353,801	(₱277,744)	₱141,107,015
Segment results:						
Income before income tax	₱43,720,657	₱11,685,206	₱1,757,973	₱3,834,105	₱-	₱60,997,941
Provision for income tax	(7,684,906)	(2,683,328)	(301,164)	(602,010)	-	(11,271,408)
Net income	₱36,035,751	₱9,001,878	₱1,456,809	₱3,232,095	₱-	₱49,726,533
Net income attributable to:						
Equity holders of the Parent	₱35,167,788	₱8,991,038	₱1,456,809	₱3,232,095	₱-	₱48,847,730
Non-controlling interests	867,963	10,840	-	-	-	878,803
Segment assets	₱535,061,956	₱379,985,226	₱28,008,229	₱152,341,419	(₱1,518,165)	₱1,093,878,665
Segment liabilities	₱331,067,175	₱210,461,843	₱2,495,994	₱82,293,131	(₱1,518,165)	₱624,799,978
Other information:						
Capital expenditures*	₱32,662,637	₱16,934,360	₱2,265,824	₱30,008,050	₱-	₱81,870,871
Depreciation and amortization	13,525,373	303,259	835,735	872,015	-	15,536,382

*Excludes capitalized interest



2024						
	Malls	Residential	Hotels and Convention Centers	Commercial and Integrated Commercial Developments	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Revenue:						
External customers	P79,521,978	P47,759,281	P7,783,329	P5,326,284	P-	P140,390,872
Inter-segment	130,866	4,583	-	123,667	(259,116)	-
	P79,652,844	P47,763,864	P7,783,329	P5,449,951	(P259,116)	P140,390,872
Segment results:						
Income before income tax	P35,241,414	P16,124,881	P1,556,405	P3,919,765	P-	P56,842,465
Provision for income tax	(6,548,954)	(2,868,184)	(296,160)	(589,731)	-	(10,303,029)
Net income	P28,692,460	P13,256,697	P1,260,245	P3,330,034	P-	P46,539,436
Net income attributable to:						
Equity holders of the Parent	P27,796,667	P13,244,818	P1,260,245	P3,330,034	P-	P45,631,764
Non-controlling interests	895,793	11,879	-	-	-	907,672
Segment assets	P504,464,466	P372,076,920	P24,508,688	P119,893,646	(P1,512,990)	P1,019,430,730
Segment liabilities	P324,128,201	P209,997,490	P1,944,473	P48,633,066	(P1,512,990)	P583,190,240
Other information:						
Capital expenditures*	P36,627,203	P23,135,556	P1,936,888	P19,551,738	P-	P81,251,385
Depreciation and amortization	13,038,409	268,253	793,659	937,467	-	15,037,788

*Excludes capitalized interest

2023						
	Malls	Residential	Hotels and Convention Centers	Commercial and Integrated Commercial Developments	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Revenue:						
External customers	P72,451,429	P43,730,565	P6,678,914	P5,236,633	P-	P128,097,541
Inter-segment	114,757	-	-	111,865	(226,622)	-
	P72,566,186	P43,730,565	P6,678,914	P5,348,498	(P226,622)	P128,097,541
Segment results:						
Income before income tax	P29,919,542	P14,595,764	P1,256,699	P4,067,814	P-	P49,839,819
Provision for income tax	(5,592,288)	(2,441,863)	(293,913)	(647,910)	-	(8,975,974)
Net income	P24,327,254	P12,153,901	P962,786	P3,419,904	P-	P40,863,845
Net income attributable to:						
Equity holders of the Parent	P23,488,102	P12,139,709	P962,786	P3,419,904	P-	P40,010,501
Non-controlling interests	839,152	14,192	-	-	-	853,344
Segment assets	P483,546,404	P347,430,470	P20,919,522	P92,959,630	(P1,528,451)	P943,327,575
Segment liabilities	P326,494,585	P195,717,997	P1,376,358	P22,380,050	(P1,528,451)	P544,440,539
Other information:						
Capital expenditures*	P36,548,758	P25,489,383	P1,779,226	P18,567,551	P-	P82,384,918
Depreciation and amortization	11,947,192	242,802	674,242	792,537	-	13,656,773

*Excludes capitalized interest

For the years ended December 31, 2025, 2024 and 2023, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers. The 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. The disaggregation of revenues based on nature (type of goods or service) is presented in the consolidated statement of income (i.e., rent and real estate sales). Nature of other revenues is further disaggregated in Note 19 to the consolidated financial statements. The timing of material revenue is disclosed in Notes 3 and 7 to the consolidated financial statements.



Seasonality

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

5. Cash and Cash Equivalents

This account consists of:

	2025	2024
	<i>(In Thousands)</i>	
Cash on hand and in banks (see Note 18)	₱4,464,410	₱4,396,389
Temporary investments (see Note 18)	23,180,734	26,849,782
	₱27,645,144	₱31,246,171

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 ₱1,355 million, ₱1,418 million and ₱1,450 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).

6. Receivables and Contract Assets

This account consists of:

	2025	2024
	<i>(In Thousands)</i>	
Trade:		
Sale of real estate (billed and unbilled)*	₱163,713,207	₱152,492,378
Rent:		
Third parties	10,204,432	10,745,461
Related parties (see Note 18)	3,734,393	3,704,992
Accrued interest (see Note 18)	302,141	370,865
Nontrade and others (see Note 18)	3,274,337	5,031,479
	181,228,510	172,345,175
Less allowance for ECLs	735,876	774,250
	180,492,634	171,570,925
Less noncurrent portion of trade receivables from sale of real estate (see Note 13)	94,302,212	79,064,021
	₱86,190,422	₱92,506,904

*Includes unbilled revenue from sale of real estate amounting to ₱137,787 million and ₱133,475 million as at December 31, 2025 and 2024, respectively.



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

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

The Company assigned billed and unbilled receivables from sale of real estate on a without recourse basis to local banks amounting to ₱13,188 million and ₱6,967 million for the years ended December 31, 2025 and 2024, respectively (see Note 18).

The discount on sale of receivable amounted to ₱336 million, ₱78 million and ₱717 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).

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

Interest income earned from receivables totaled ₱301 million, ₱171 million and ₱232 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).

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 receivables from sale of real estate (billed and unbilled) and other receivables as of December 31, 2025 and 2024 (see Note 25). The movements in the allowance for ECLs related to receivables from rent are as follows:

	2025	2024
	<i>(In Thousands)</i>	
At beginning of year	₱774,250	₱777,378
Reversals - net of provision	(38,374)	(3,128)
At end of year	₱735,876	₱774,250

The aging analysis as at December 31 are as follows:

	2025	2024
	<i>(In Thousands)</i>	
Neither past due nor impaired	₱151,410,257	₱152,472,997
Past due:		
Less than 30 days	6,257,983	4,696,082
31–90 days	9,059,567	4,941,344
91–120 days	4,814,065	3,363,747
Over 120 days	8,950,762	6,096,755
Impaired	735,876	774,250
	₱181,228,510	₱172,345,175

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 ₱46,281 million and ₱41,525 million as at December 31, 2025 and 2024, respectively, are expected to be recognized over the construction period ranging from one to five years.

7. Real Estate Inventories

The movements in this account are as follows:

	Land and Development	Condominium, Residential Units and Subdivision Lots for Sale	Total
	<i>(In Thousands)</i>		
Balance as at December 31, 2023	₱52,758,337	₱25,128,444	₱77,886,781
Development cost incurred	17,918,601	103,947	18,022,548
Cost of real estate sold (see Note 20)	(11,962,498)	(7,178,027)	(19,140,525)
Transfers	(3,074,344)	3,074,344	—
Reclassifications from investment properties (see Note 11)	142,699	—	142,699
Translation adjustment and others	—	16,024	16,024
Balance as at December 31, 2024	55,782,795	21,144,732	76,927,527
Development cost incurred	14,049,487	—	14,049,487
Cost of real estate sold (see Note 20)	(10,734,523)	(6,884,870)	(17,619,393)
Transfers	(2,043,328)	2,043,328	—
Reclassifications from investment properties (see Note 11)	297,595	—	297,595
Translation adjustment and others	239,032	213,462	452,494
Balance as at December 31, 2025	₱57,591,058	₱16,516,652	₱74,107,710

Land and development pertain to the Company's on-going residential units and condominium projects. Estimated cost to complete the projects amounted to ₱96,122 million and ₱107,880 million as at December 31, 2025 and 2024, respectively.

Condominium and residential units for sale pertain to completed projects. These are stated at cost as at December 31, 2025 and 2024.

Contract fulfillment assets, included under land and development pertain to unamortized portion of land cost totaling ₱2,406 million and ₱2,031 million as at December 31, 2025 and 2024, respectively.

Real estate sales amounted to ₱40,633 million, ₱45,905 million and ₱42,040 million in December 31, 2025, 2024 and 2023, respectively, of which ₱15,186 million, ₱19,617 million and ₱9,262 million pertains to sale of completed projects.

Income from forfeitures, except accounts covered by Maceda Law, amounted to ₱1,636 million, ₱2,061 million and ₱2,149 million for the years ended December 31, 2025, 2024 and 2023, respectively, presented under "Others - net" account in the consolidated statements of income.



8. Equity Instruments at FVOCI

This account consists of investments in:

	2025	2024
	<i>(In Thousands)</i>	
Shares of stock:		
Listed (see Note 18)	₱18,998,972	₱21,181,916
Unlisted	9,078	5,317
	19,008,050	21,187,233
Less noncurrent portion	18,290,879	20,392,800
	₱717,171	₱794,433

- 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 ₱594 million, ₱527 million and ₱440 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 18).

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

	2025	2024
	<i>(In Thousands)</i>	
At beginning of the year	₱17,807,766	₱16,938,503
Unrealized gain (loss) due to changes in fair value - net of transfers	(2,179,183)	869,263
At end of the year	₱15,628,583	₱17,807,766

9. Prepaid Expenses and Other Current Assets

This account consists of:

	2025	2024
	<i>(In Thousands)</i>	
Input and creditable withholding taxes	₱19,841,629	₱14,646,268
Advances and deposits	9,384,252	8,797,734
Prepaid taxes and other prepayments	4,719,955	4,565,703
Supplies and inventories	418,409	433,328
Others	269,545	590,625
	34,633,790	29,033,658
Less noncurrent portion of input and creditable withholding taxes (see Note 13)	15,391,312	606,950
	₱19,242,478	₱28,426,708

In 2025, input and creditable withholding taxes, carried over from December 31, 2024, amounting to ₱11,306 million are classified as other noncurrent assets as these were not expected to be utilized within 12 months from December 31, 2025 (see Note 13).



10. Property and Equipment

The movements in this account are as follows:

	Buildings, Land and Leasehold Improvements	Furniture, Fixtures and Other Equipment	Construction in Progress	Total
	<i>(In Thousands)</i>			
Cost				
Balance at December 31, 2023	₱2,595,796	₱1,543,091	₱—	₱4,138,887
Additions	50,837	103,451	—	154,288
Disposals	(30,173)	(8,188)	—	(38,361)
Balance at December 31, 2024	2,616,460	1,638,354	—	4,254,814
Additions	152,325	248,803	24,080	425,208
Disposals	(1,122)	(3,794)	—	(4,916)
Balance at December 31, 2025	₱2,767,663	₱1,883,363	₱24,080	₱4,675,106
Accumulated Depreciation and Amortization				
Balance at December 31, 2023	₱1,329,394	₱1,254,503	₱—	₱2,583,897
Depreciation and amortization (see Note 20)	103,007	105,102	—	208,109
Disposals	(22,331)	(8,156)	—	(30,487)
Balance at December 31, 2024	1,410,070	1,351,449	—	2,761,519
Depreciation and amortization (see Note 20)	121,944	128,586	—	250,530
Disposals	(1,103)	(2,745)	—	(3,848)
Balance at December 31, 2025	₱1,530,911	₱1,477,290	₱—	₱3,008,201
Net Book Value				
As at December 31, 2024	₱1,206,390	₱286,905	₱—	₱1,493,295
As at December 31, 2025	₱1,236,752	₱406,073	₱24,080	₱1,666,905

The Company disposed certain properties and equipment in 2025 and 2024. The gain on disposals is recognized under “Others - net” account in the consolidated statements of income.



11. Investment Properties

The movements in this account are as follows:

	Land, Building and Leasehold Improvements	Building Equipment, Furniture and Others	ROUA	Construction in Progress	Total
	<i>(In Thousands)</i>				
Cost					
Balance as at December 31, 2023	₱501,242,440	₱61,093,358	₱33,416,089	₱82,002,808	₱677,754,695
Additions	9,244,408	3,621,649	98,291	54,569,894	67,534,242
Reclassifications (see Notes 7 and 13)	16,286,673	2,788,243	—	(16,231,352)	2,843,564
Translation adjustment	917,995	77,636	295,751	124,704	1,416,086
Disposals	(690,721)	(222,151)	—	—	(912,872)
Balance as at December 31, 2024	527,000,795	67,358,735	33,810,131	120,466,054	748,635,715
Additions	7,525,174	3,008,172	18,498	65,260,923	75,812,767
Reclassifications (see Notes 7 and 13)	21,452,484	3,715,702	—	(25,235,797)	(67,611)
Translation adjustment	3,762,613	339,975	1,152,443	502,787	5,757,818
Disposals/Derecognition	(543,478)	(78,106)	(547,223)	—	(1,168,807)
Balance as at December 31, 2025	₱559,197,588	₱74,344,478	₱34,433,849	₱160,993,967	₱828,969,882
Accumulated Depreciation and Amortization					
Balance as at December 31, 2023	₱90,506,475	₱38,908,252	₱3,265,222	₱—	₱132,679,949
Depreciation and amortization (see Note 20)	9,753,913	4,245,234	830,532	—	14,829,679
Translation adjustment	212,105	45,221	11,907	—	269,233
Disposals	(282,864)	(200,203)	—	—	(483,067)
Balance as at December 31, 2024	100,189,629	42,998,504	4,107,661	—	147,295,794
Depreciation and amortization (see Note 20)	9,985,846	4,482,113	817,893	—	15,285,852
Translation adjustment	1,049,753	182,711	81,404	—	1,313,868
Disposals/Derecognition	(392,943)	(70,821)	(103,119)	—	(566,883)
Balance as at December 31, 2025	₱110,832,285	₱47,592,507	₱4,903,839	₱—	₱163,328,631
Net Book Value					
As at December 31, 2024	₱426,811,166	₱24,360,231	₱29,702,470	₱120,466,054	₱601,339,921
As at December 31, 2025	₱448,365,303	₱26,751,971	₱29,530,010	₱160,993,967	₱665,641,251



In 2025 and 2024, the Company disposed certain investment properties. In 2025, the Company acquired certain leased properties, hence, the related ROUA and lease liabilities were derecognized (see Note 15). The gain on disposals and derecognition is recognized under “Others - net” account in the consolidated statements of income.

Portions of investment properties located in China with total carrying value of P1,543 million and P1,539 million as at December 31, 2025 and 2024, respectively are mortgaged as collaterals to secure domestic borrowings (see Note 16).

Consolidated rent income from investment properties amounted to P83,567 million, P78,674 million and P72,114 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Consolidated costs and expenses from investment properties amounted to P40,601 million, P42,263 million and P40,120 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 20).

Construction in progress includes commercial and integrated commercial development cost, construction of new malls, hotels and convention centers and redevelopment of existing malls amounting to P160,944 million and P120,466 million as at December 31, 2025 and 2024, respectively.

The outstanding contracts with various contractors related to the construction of on-going projects are valued at P39,120 million and P63,362 million as at December 31, 2025 and 2024, respectively, inclusive of overhead, cost of labor and materials and all other costs necessary for the proper execution of the works.

Additions include interest capitalized to the construction of investment properties amounting to P10,176 million, P7,446 million and P5,791 million for the years ended December 31, 2025, 2024 and 2023, respectively. Capitalization rates used range from 1.93% to 6.59%, from 1.71% to 5.76%, and from 2.27% to 5.38% for the years ended December 31, 2025, 2024 and 2023, respectively.

The most recent fair value of investment properties is determined by an independent appraiser who holds a recognized and relevant professional qualification. The fair values of investment properties were 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 (see Note 26).

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



12. Investments in Associates and Joint Ventures

This account mainly consists of the following:

Company	Country of Incorporation	Percentage of Ownership	
		2025	2024
Associates			
Feihua Real Estate (Chongqing) Company Ltd. (FHREC)	People's Republic of China	50.00	50.00
Ortigas Land Corporation (OLC)	Philippines	39.96	39.96
Joint Ventures*			
Winsome Development Corporation**	Philippines	51.00	51.00
Willin Sales, Inc.**	- do -	51.00	51.00
Willimson, Inc. **	- do -	51.00	51.00
Walmart 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

*the contractual arrangement between the Company and other shareholders establishes joint control

**collectively, Waltermart

The movements in this account are as follows:

	Associates	Joint Ventures	Total
		(In Thousands)	
Balance as at December 31, 2023	₱21,983,446	₱10,447,749	₱32,431,195
Equity in net earnings	1,118,823	924,187	2,043,010
Dividends	(1,284,813)	(151,468)	(1,436,281)
Translation	22,104	48,331	70,435
Balance as at December 31, 2024	21,839,560	11,268,799	33,108,359
Equity in net earnings	1,823,191	962,308	2,785,499
Dividends	(227,900)	(170,339)	(398,239)
Translation and others	18,187	20,713	38,900
Balance as at December 31, 2025	₱23,453,038	₱12,081,481	₱35,534,519

The carrying value of investment in FHREC amounted to ₱313 million and ₱295 million as at December 31, 2025 and 2024, respectively. The dividend received from FHREC amounted to nil and ₱1,095 million as at December 31, 2025 and 2024, respectively.

The carrying value of investment in OLC amounted to ₱23,140 million and ₱21,544 million as at December 31, 2025 and 2024, 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 ₱1,596 million, ₱929 million and ₱1,142 million for the years ended December 31, 2025, 2024 and 2023, respectively.

The carrying values of investments in Waltermart amounted to ₱9,329 million and ₱8,710 million as at December 31, 2025 and 2024, respectively. The aggregate share in profit and total comprehensive income, net of dividends received amounted to ₱619 million, ₱558 million and ₱513 million for the years ended December 31, 2025, 2024 and 2023, respectively.



The carrying value of investment in STRC amounted to ₱2,753 million and ₱2,559 million as at December 31, 2025 and 2024, respectively. The aggregate share in profit and total comprehensive income amounted to ₱194 million, ₱263 million and ₱248 million for the years ended December 31, 2025, 2024 and 2023, respectively.

13. Other Noncurrent Assets

This account consists of:

	2025	2024
	<i>(In Thousands)</i>	
Receivables from sale of real estate - net of current portion* (see Note 6)	₱94,302,212	₱79,064,021
Bonds and deposits	44,044,928	42,946,111
Input and creditable withholding taxes - net of current portion (see Note 9)	15,391,312	606,950
Escrow and time deposits (see Note 18)	5,080,646	3,803,029
Others (see Note 22)	531,250	369,367
	₱159,350,348	₱126,789,478

**Pertains to noncurrent portion of unbilled revenue from sale of real estate.*

- Bonds and deposits consist of deposits to contractors and suppliers to be applied throughout construction and advances, deposits paid for leased properties to be applied at the last term of the lease and advance payments for land acquisitions which will be applied against the purchase price of the properties upon fulfillment by both parties of certain undertakings and conditions. Bonds and deposits related to land acquisitions amounting to ₱230 million and ₱2,986 million were reclassified to investment properties as at December 31, 2025 and 2024, respectively (see Note 11).
- Cash in escrow amounting to ₱903 million and ₱690 million as at December 31, 2025 and 2024, 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 ₱39 million, ₱40 million and ₱25 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).
- Time deposits amounting to ₱4,178 million and ₱3,113 million as at December 31, 2025 and 2024, respectively, were used as collateral for use of credit lines obtained by the Company (see Note 14). Interest income earned amounted to ₱103 million, ₱71 million and ₱38 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).



14. Loans Payable

This account consists of:

	2025	2024
	<i>(In Thousands)</i>	
Philippine peso-denominated loans (see Note 18)	₱11,450,000	₱16,030,000
China yuan renminbi-denominated loans*	2,312,649	1,282,356
	₱13,762,649	₱17,312,356

*secured by time deposits (see Note 13)

These loans have maturities of less than one year, with weighted average interest rates of 4.49% and 5.35% in 2025 and 2024, respectively.

Interest expense incurred from loans payable amounted to ₱723 million, ₱662 million and ₱258 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).

15. Accounts Payable and Other Current Liabilities

This account consists of:

	2025	2024
	<i>(In Thousands)</i>	
Trade:		
Third parties	₱57,902,383	₱58,241,655
Related parties (see Note 18)	144,372	129,449
Tenants' and customers' deposits* (see Note 24)	45,425,847	43,023,059
Deferred output VAT	18,904,128	17,410,460
Accrued operating expenses	16,602,410	17,868,320
Retention payable	15,436,120	11,084,821
Lease liabilities	12,353,909	13,150,290
Accrued interest (see Note 18)	2,986,200	2,674,852
Liability for purchased land	2,591,507	3,005,332
Payable to government agencies	1,979,996	1,049,077
Nontrade	501,252	432,467
Others	2,121,114	2,319,562
	176,949,238	170,389,344
Less noncurrent portion	72,172,215	66,600,383
	₱104,777,023	₱103,788,961

* Includes unearned revenue from sale of real estate amounting to ₱6,998 million and ₱9,023 million as at December 31, 2025 and 2024, respectively, out of which ₱5,324 million and ₱2,095 million were recognized as revenue in 2025 and 2024, 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.



- Deferred output VAT represents output VAT on unpaid portion of recognized receivable from sale of real estate. This amount is reported as output VAT upon collection of the receivables. Deferred output VAT included in "Other noncurrent liabilities" amounted to ₱18,182 million and ₱16,588 million as at December 31, 2025 and 2024, respectively.
- Accrued operating expenses are normally settled throughout the financial period. Accrued operating expenses consist of:

	2025	2024
	<i>(In Thousands)</i>	
Payable to contractors	₱9,007,616	₱11,406,989
Utilities	1,703,443	2,375,023
Marketing, advertising and others	5,891,351	4,086,308
	₱16,602,410	₱17,868,320

- 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. Retention payable included in "Other noncurrent liabilities" amounted to ₱10,350 million and ₱6,491 million as at December 31, 2025 and 2024, respectively.
- Lease liabilities included in "Other noncurrent liabilities" amounted to ₱12,219 million and ₱12,991 million as at December 31, 2025 and 2024, respectively. Interest on lease liabilities included under "Others - net" in the consolidated statements of income amounted to ₱261 million, ₱336 million and ₱366 million for the years ended December 31, 2025, 2024 and 2023, respectively. Lease liabilities amounting to ₱614 million were derecognized in 2025 (see Note 11).
- Liability for purchased land, payable to government agencies, accrued interest and other payables are normally settled throughout the financial period.



16. Long-term Debt

This account consists of:

	Availment Date	Maturity Date	Weighted Average Interest Rate	Outstanding Balance	
				2025	2024
				(In Thousands)	
Philippine peso-denominated loans	November 25, 2015 - December 26, 2025	January 30, 2025 - November 17, 2035	Floating BVAL + margin; Fixed - 5.83%	₱313,861,730	₱287,331,190
U.S. dollar-denominated loans*	January 29, 2021 - September 16, 2025	March 21, 2025 - September 16, 2030	SOFR + spread; quarterly; Fixed - 4.75%	86,208,413	76,161,303
China yuan renminbi-denominated loans**	May 6, 2021 - December 30, 2025	April 20, 2026 - June 24, 2037	LPR, SOFR; annually; Fixed - 3.65%	10,834,128	10,830,711
				410,904,271	374,323,204
Less debt issue cost				1,912,681	1,715,421
				408,991,590	372,607,783
Less current portion				85,531,993	89,287,442
				₱323,459,597	₱283,320,341

BVAL – Bloomberg Valuation Service

SOFR – Secured Overnight Financing Rate

LPR – Loan Prime Rate

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

*** Hedged against foreign exchange and interest rate risks using derivative instruments and secured by portions of investment properties located in China (see Note 11)*



Debt Issue Cost

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

	2025	2024
	<i>(In Thousands)</i>	
Balance at beginning of the year	₱1,715,421	₱1,885,738
Additions	990,223	655,334
Amortization	(792,963)	(825,651)
Balance at end of the year	₱1,912,681	₱1,715,421

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	₱86,061,111	₱529,118	₱85,531,993
More than 1 year to 5 years	229,235,033	1,258,320	227,976,713
More than 5 years	95,608,127	125,243	95,482,884
	₱410,904,271	₱1,912,681	₱408,991,590

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, 2025 and 2024, the Company is in compliance with the terms of its loan covenants.

Interest expense incurred from long-term debt amounted to ₱12,017 million, ₱13,194 million and ₱12,989 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).

17. Equity

Capital Stock

As at December 31, 2025 and 2024, 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.

As at December 31, 2025 and 2024, the Company has 28,798 million and 28,856 million outstanding shares, respectively.

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 2,310 and 2,313 as at December 31, 2025 and 2024, respectively.

Additional Paid-in Capital - Net

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

	2025	2024
	<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 (see Note 2)	9,258,084	9,354,060
Arising from acquisition of non-controlling interests	(4,739,237)	(4,739,695)
As presented in the consolidated balance sheets	₱38,068,655	₱38,164,173

Retained Earnings

On April 29, 2025, the BOD approved the declaration of cash dividend of ₱0.480 per share or ₱13,860 million to stockholders of record as of May 14, 2025, ₱11 million of which was received by SM Development Corporation (SMDC). This was paid on May 28, 2025.

On April 23, 2024, the BOD approved the declaration of cash dividend of ₱0.346 per share or ₱9,992 million to stockholders of record as of May 8, 2024, ₱8 million of which was received by SMDC. This was paid on May 22, 2024.

On April 25, 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.

On December 1, 2025, the BOD approved the appropriation of retained earnings amounting to ₱170,000 million to fund the capital expenditures of the planned construction projects and land banking activities from 2026 to 2029. On the same date, the BOD approved the reversal of appropriated retained earnings amounting to ₱100,000 million.

On December 9, 2024, the BOD approved the appropriation of retained earnings amounting to ₱100,000 million for planned construction projects and land banking activities in 2025. On the same date, the BOD approved the reversal of appropriated retained earnings amounting to ₱42,200 million.

Approval of expansions and new projects is delegated by the BOD to the Executive Committee of the Company.

The unappropriated retained earnings account is restricted for the payment of dividends to the extent of the accumulated equity in net earnings of subsidiaries, associates and joint ventures and the balance of treasury stock until such time that the Parent Company receives the dividends from its subsidiaries, associates and joint ventures. The retained earnings of the Parent Company available for dividend declaration amounted to ₱35,213 million and ₱77,131 million as at December 31, 2025 and 2024, respectively.



Treasury Stock

On December 9, 2024, the BOD approved a share buyback program ranging from ₱5 billion to ₱10 billion. As of December 31, 2025, the Company has purchased a total of 58 million shares at an average price of ₱21.28 for a total consideration of ₱1,242 million under its share buyback program.

As at December 31, 2025 and December 31, 2024, the Company has 4,368 million and 4,310 million shares of treasury stock, respectively. This includes reacquired capital stock and shares held by a subsidiary, stated at acquisition cost of ₱4,227 million and ₱2,985 million as at December 31, 2025 and 2024, respectively.

18. 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, 2025 and 2024, 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
	2025	2024	2023	2025	2024		
(In Thousands)							
Ultimate Parent							
Rent income	₱82,199	₱75,287	₱69,449	₱–	₱–		
Rent receivable	–	–	–	14,149	9,752	Non-interest bearing	Unsecured; not impaired
Other revenue	27,737	36,504	36,414	–	–		
Other receivable	–	–	–	2,924	3,832	Non-interest bearing	Unsecured; not impaired
Rent expense	71,247	67,362	86,787	–	–		
Trade payable	–	–	–	(67,323)	(72,330)	Non-interest bearing	Unsecured
Dividend income	1,899	1,315	1,096	–	–		
Equity instruments at FVOCI	–	–	–	102,201	131,348		
Banking and Retail Group							
Cash and cash equivalents	145,338,909	166,265,094	123,293,354	26,197,964	28,105,695	Interest bearing based on prevailing rates	Unsecured; not impaired
Rent income	19,449,257	18,656,542	17,707,839	–	–		
Rent receivable	–	–	–	3,644,386	3,612,659	Non-interest bearing	Unsecured; not impaired
Other revenue	86,815	76,379	90	–	–		
Other receivable	–	–	–	31,746	41,002	Non-interest bearing	Unsecured; not impaired



	Amount of Transactions			Outstanding Amount [Asset (Liability)]		Terms	Conditions
	2025	2024	2023	2025	2024		
	(In Thousands)						
Interest income	₱1,390,732	₱1,208,452	₱1,231,347	₱-	₱-		
Accrued interest receivable	-	-	-	58,543	204,768	Non-interest bearing	Unsecured; not impaired
Dividend income	467,808	405,110	324,088	-	-		
Equity instruments at FVOCI	-	-	-	14,517,071	15,556,215		
Escrow and time deposits	215,932	355,967	373,065	1,567,882	1,351,950	Interest bearing and based on prevailing rates	Unsecured; not impaired
Receivable financed	13,187,971	6,966,786	4,130,907	-	-	Without recourse	Unsecured
Loans payable and long-term debt	47,803,498	20,500,000	4,496,888	(26,688,411)	(28,065,587)	Interest bearing	Unsecured
Interest expense	1,682,786	1,436,293	1,716,133	-	-		
Accrued interest payable	-	-	-	(158,790)	(211,032)	Non-interest bearing	Unsecured
Other expense	265,250	225,640	220,182	-	-		
Trade payable	-	-	-	(65,727)	(47,253)	Non-interest bearing	Unsecured
Other Related Parties							
Rent income	467,577	437,784	392,116	-	-		
Rent receivable	-	-	-	75,858	82,581	Non-interest bearing	Unsecured; not impaired
Other revenue	16,009	15,660	90,652	-	-		
Other receivable	-	-	-	13,242	13,613	Non-interest bearing	Unsecured; not impaired
Rent expense	557	565	663	-	-		
Trade payable	-	-	-	(11,322)	(9,866)	Non-interest bearing	Unsecured

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

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

Rent

The Company has existing lease agreements for office and commercial spaces with related companies.

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 5).

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 14 and 16).

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 2025 and 2024.

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, 2025, 2024 and 2023 consist of short-term employee benefits amounting to ₱1,696 million, ₱1,531 million and ₱1,495 million, respectively, and post-employment benefits (pension benefits) amounting to ₱224 million, ₱222 million and ₱298 million, respectively.

19. Other Revenues

Details of other revenues follows:

	2025	2024	2023
	<i>(In Thousands)</i>		
Cinema and event ticket sales	₱4,361,412	₱4,773,138	₱4,020,155
Merchandise sales	3,711,571	3,641,275	3,263,194
Food and beverages	2,877,275	2,661,034	2,339,039
Amusement income	1,390,752	1,328,655	1,337,200
Bowling and ice skating fees	534,855	546,470	471,316
Others	4,031,702	2,861,784	2,512,271
	₱16,907,567	₱15,812,356	₱13,943,175

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

20. Costs and Expenses

This account consists of:

	2025	2024	2023
	<i>(In Thousands)</i>		
Cost of real estate sold (see Note 7)	₱17,619,393	₱19,140,525	₱16,660,910
Depreciation and amortization (see Notes 10, 11 and 24)	15,536,382	15,037,788	13,656,773
Administrative (see Note 22)	15,473,739	17,720,115	17,450,432
Marketing and selling	6,910,007	6,568,920	7,056,076
Business taxes and licenses	6,448,539	6,126,914	5,303,596
Film rentals	2,233,569	2,538,310	2,036,632
Rent (see Notes 18 and 24)	1,558,722	1,414,534	1,324,430
Insurance	387,878	470,513	634,148
Others (see Note 18)	3,208,020	3,336,135	2,695,303
	₱69,376,249	₱72,353,754	₱66,818,300

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.



21. Interest Income and Interest Expense

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

	2025	2024	2023
	<i>(In Thousands)</i>		
Interest income on:			
Cash and cash equivalents (see Note 5)	₱1,354,722	₱1,418,363	₱1,450,318
Escrow and time deposits (see Note 13)	142,320	111,485	62,574
Others (see Note 6)	300,856	171,400	232,335
	₱1,797,898	₱1,701,248	₱1,745,227
	2025	2024	2023
	<i>(In Thousands)</i>		
Interest expense on:			
Long-term debt (see Note 16)	₱12,017,254	₱13,194,308	₱12,988,734
Loans payable (see Note 14)	722,923	661,599	257,559
Others (see Note 6)	336,188	78,117	716,978
	₱13,076,365	₱13,934,024	₱13,963,271

22. 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, 2025.

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")

	2025	2024	2023
	<i>(In Thousands)</i>		
Current service cost	₱463,650	₱475,599	₱427,647
Past service cost	—	—	8,897
Interest - net	25,631	55,459	59,301
	₱489,281	₱531,058	₱495,845

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

	2025	2024
	<i>(In Thousands)</i>	
Balance at beginning of the year	₱4,852,645	₱4,759,511
Interest cost	295,390	293,221
Current service cost	463,650	475,599
Actuarial loss (gain) on:		
Changes in financial assumptions	89,078	(819,782)
Changes in demographic assumptions	6,580	29,477
Experience adjustments	(114,277)	337,380
Benefits paid	(237,883)	(226,213)
Transfers	3,049	3,452
Balance at end of the year	₱5,358,232	₱4,852,645



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

	2025	2024
	<i>(In Thousands)</i>	
Balance at beginning of year	₱4,274,088	₱3,635,359
Contributions	590,383	694,616
Interest income	270,952	238,934
Transfers	3,049	3,452
Benefits paid	(237,883)	(226,213)
Remeasurement loss	(92,600)	(72,060)
Balance at end of year	₱4,807,989	₱4,274,088

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

	2025	2024
	<i>(In Thousands)</i>	
Balance at beginning of year	₱19,792	₱19,166
Interest cost	1,193	1,172
Remeasurement loss (gain)	3,629	(546)
Balance at end of year	₱24,614	₱19,792

The net pension asset (liability) are presented in the consolidated balance sheets as follows:

	2025	2024
	<i>(In Thousands)</i>	
Net pension asset (included under “Other noncurrent assets” account)	₱108,121	₱55,817
Net pension liability (included under “Other noncurrent liabilities” account)	(₱682,978)	(₱654,166)

The carrying amounts of the plan assets below equal to its fair values as at December 31, 2025 and 2024.

	2025	2024
	<i>(In Thousands)</i>	
Cash and cash equivalents	₱238,916	₱134,865
Investments in:		
Government securities	2,516,739	2,217,294
Common trust funds	1,758,015	1,591,698
Debt and other securities	257,204	297,279
Other financial assets	37,115	32,952
	₱4,807,989	₱4,274,088

- Cash and cash equivalents include regular savings and time deposits;
- Investments in government securities consist of retail treasury bonds which earn interest based on the prevailing market rates and have maturities ranging from 2026 to 2034;
- Investments in common trust funds pertain to unit investment trust fund;



- Investments in debt and other securities consist of short-term and long-term corporate loans, notes and bonds which earn interest based on the prevailing market rates and have maturities ranging from 2025 to 2029; and
- Other financial assets include accrued interest income on cash deposits held by the Retirement Plan.

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

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

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

	2025	2024
	<i>(In Thousands)</i>	
Cash and cash equivalents	₱238,916	₱134,865
Interest income from cash and cash equivalents	8,419	2,962
Investments in common trust funds	1,758,015	1,591,698
Gain from investments in common trust funds	25,471	50,467

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

	2025	2024
Discount rate	5.9%–6.6%	6.0%–6.1%
Future salary increases	3.0%–8.0%	3.0%–6.0%

Remeasurement effects recognized in OCI at December 31 follow:

	2025	2024	2023
	<i>(In Thousands)</i>		
Actuarial loss (gain)	₱73,981	(₱380,865)	₱165,783
Remeasurement loss (gain) - excluding amounts recognized in net interest cost	3,629	(546)	(13,330)
	₱77,610	(₱381,411)	₱152,453



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, 2025 and 2024, respectively, assuming all other assumptions were held constant:

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation <i>(In Thousands)</i>
2025		
Discount rates	100	(₱336,525)
	(100)	385,705
Future salary increases	100	384,017
	(100)	(341,240)
2024		
Discount rates	100	(₱297,165)
	(100)	340,850
Future salary increases	100	338,292
	(100)	(301,410)

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, 2025 and 2024, respectively:

Year 2025	Amount
	<i>(In Thousands)</i>
2026	₱1,600,209
2027	430,371
2028–2029	962,461
2030–2035	3,721,429
Year 2024	Amount
	<i>(In Thousands)</i>
2025	₱1,443,278
2026	450,807
2027–2028	906,840
2029–2034	3,486,189

The Company expects to contribute about ₱633 million to its defined benefit pension plan in 2026.

The weighted average duration of the defined benefit obligation is 7.5 years and 7.7 years as of December 31, 2025 and 2024, respectively.



23. Income Tax

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

	2025	2024
	<i>(In Thousands)</i>	
Deferred tax assets:		
Lease liabilities	₱1,978,880	₱2,096,231
NOLCO	2,242,572	2,153,337
Excess of fair value over cost of investment properties	476,753	500,095
Unrealized foreign exchange losses	408,340	409,533
Excess MCIT over RCIT	593,421	504,076
Unamortized past service cost	192,711	180,293
Provision for ECLs on receivables	21,569	21,875
Others	217,345	181,624
	6,131,591	6,047,064
Deferred tax liabilities:		
Unrealized gross profit on sale of real estate	(15,195,017)	(13,397,984)
Undepreciated capitalized interest	(3,056,241)	(3,161,656)
ROUA	(1,367,017)	(1,479,025)
Pension asset	(13,184)	(24,414)
Others	(303,288)	(272,965)
	(19,934,747)	(18,336,044)
Net deferred tax liabilities	(₱13,803,156)	(₱12,288,980)

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

	2025	2024
	<i>(In Thousands)</i>	
Deferred tax assets - net	₱1,905,912	₱1,634,307
Deferred tax liabilities - net	(15,709,068)	(13,923,287)
	(₱13,803,156)	(₱12,288,980)

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

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:

	2025	2024	2023
Statutory tax rate	25.00%	25.00%	25.00%
Income tax effects of:			
Equity in net earnings of associates and joint ventures	(1.14)	(0.90)	(1.08)
Interest income subjected to final tax and dividend income exempt from income tax	(0.98)	(0.98)	(0.84)
Others - net	(4.40)	(4.99)	(5.07)
Effective tax rates	18.48%	18.13%	18.01%



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

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

Pillar Two Model Rules

The Organization for Economic Co-operation and Development (OECD) has issued the Global Anti-Base Erosion (GLoBE) Model Rules (Pillar Two), which establish a 15% minimum effective tax rate on a jurisdictional basis. The rules apply to Multinational Enterprise (MNE) groups with consolidated annual revenues of at least €750 million in at least two (2) of the four (4) fiscal years immediately preceding the tested fiscal year. The Company is within the scope of the Pillar Two.

Pillar Two legislation has been enacted in certain jurisdictions where certain subsidiaries of the Company operate and is effective for financial years beginning on or after January 1, 2025. Based on the Company's assessment using 2025 financial information of its subsidiaries, the effective tax rates exceed 15%, and the Company qualifies for applicable safe harbour relief. Accordingly, no additional provision for income tax is recognized.

The Company applies the temporary exception under PAS 12, *Income Taxes* from recognizing and disclosing deferred taxes related to Pillar Two income taxes. The Company continues to monitor legislative developments to assess potential future impacts on its consolidated financial statements.

24. 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:

	2025	2024
	<i>(In Thousands)</i>	
Within one year	₱6,956,218	₱6,169,363
After one year but not more than five years	11,551,062	10,138,289
After more than five years	1,374,556	6,517,536
	₱19,881,836	₱22,825,188

Consolidated rent income amounted to ₱83,567 million, ₱78,674 million and ₱72,114 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Company as Lessee

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

Amounts recognized in the consolidated statements of income follow:

	2025	2024	2023
	<i>(In Thousands)</i>		
Rent expense (see Note 20)	₱1,558,722	₱1,414,534	₱1,324,430
Depreciation on ROUA (see Notes 10, 11 and 20)	817,893	830,532	759,413
Interest expense on lease liabilities (see Note 15)	261,043	335,730	365,867
	₱2,637,658	₱2,580,796	₱2,449,710

The maturity analysis of the undiscounted lease payments as at December 31, 2025 and 2024, respectively, are presented in Note 25 to the consolidated financial statements.

25. 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.



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, 2025 and 2024, after considering the effect of interest rate swaps, approximately 54% and 70%, respectively, of its long-term borrowings, are at a fixed rate of interest.



The following tables set out the carrying amount, by maturity, of the Company's long-term debt that are exposed to interest rate risk as at December 31, 2025 and 2024:

		2025					Total
	Interest Rate	1-<2 Years	2-<3 Years	3-<4 Years	4-<5 Years	=>5 Years	
Philippine peso-denominated loans	BVAL+margin%	₱11,635,000	₱12,923,750	₱24,095,000	₱10,717,500	₱76,612,000	₱135,983,250
U.S. dollar-denominated loans	SOFR + spread	\$370,000	\$50,000	–	\$280,000	–	42,115,912
China yuan renminbi-denominated loans	LPR	¥322,658	¥169,796	¥34,653	¥47,910	¥585,967	9,767,360
							187,866,522
Less debt issue cost							652,431
							₱187,214,091

		2024					Total
	Interest Rate	1-<2 Years	2-<3 Years	3-<4 Years	4-<5 Years	=>5 Years	
Philippine peso-denominated loans	BVAL+margin%	₱5,740,000	₱11,635,000	₱13,623,750	₱23,490,000	₱10,467,500	₱64,956,250
U.S. dollar-denominated loans	SOFR + spread	\$100,000	\$200,000	\$50,000	–	\$280,000	37,405,183
China yuan renminbi-denominated loans	LPR	¥248,957	¥368,623	¥163,283	¥21,102	¥413,556	9,632,512
							111,993,945
Less debt issue cost							632,035
							₱111,361,910



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

	Increase (Decrease) in Basis Points	Effect on Income Before Income Tax (In Thousands)
2025	100	(P58,135)
	50	(29,067)
	(100)	58,135
	(50)	29,067
2024	100	(P55,016)
	50	(27,508)
	(100)	55,016
	(50)	27,508

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

Foreign Currency Risk

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

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

The Company's foreign currency-denominated monetary net assets amounted to US\$5 million (P299 million) as at December 31, 2025 and US\$15 million (P849 million) as at December 31, 2024.

In translating the foreign currency-denominated monetary assets and liabilities to peso amounts, the exchange rates used were P58.79 to US\$1.00 and P57.85 to US\$1.00, the Philippine peso to U.S. dollar exchange rate as at December 31, 2025 and 2024, respectively.

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

	Appreciation (Depreciation) of \$	Effect on Income Before Tax (In Thousands)
2025	1.50	P7,618
	1.00	5,078
	(1.50)	(P7,618)
	(1.00)	(5,078)



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

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 ₱27,645 million and ₱717 million, respectively, as at December 31, 2025 and ₱31,246 million and ₱794 million, respectively, as at December 31, 2024 (see Notes 5 and 8). 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:

	2025			
	Within 1 Year	More than 1 Year to 5 Years	More than 5 Years	Total
	<i>(In Thousands)</i>			
Loans payable (including interest)	₱13,836,279	₱-	₱-	₱13,836,279
Accounts payable and other current liabilities*	88,400,985	-	-	88,400,985
Long-term debt (including current portion and interest)	99,779,189	230,010,390	142,602,135	472,391,714
Derivative liabilities	39,354	-	286,564	325,918
Tenants' deposits - net of current portion**	-	5,270,259	24,573,900	29,844,159
Lease liabilities	873,684	3,401,235	25,080,056	29,354,975
Other noncurrent liabilities***	-	12,977,164	4,808,473	17,785,637
	₱202,929,491	₱251,659,048	₱197,351,128	₱651,939,667



	2024			Total
	Within 1 Year	More than 1 Year to 5 Years	More than 5 Years	
	(In Thousands)			
Loans payable (including interest)	₱17,363,627	₱—	₱—	₱17,363,627
Accounts payable and other current liabilities*	89,692,528	—	—	89,692,528
Long-term debt (including current portion and interest)	104,984,257	267,950,576	52,683,137	425,617,970
Derivative liabilities	—	50,447	—	50,447
Tenants' deposits - net of current portion**	—	5,703,091	21,120,824	26,823,915
Lease liabilities	889,112	3,547,030	26,976,527	31,412,669
Other noncurrent liabilities***	—	11,052,060	2,086,718	13,138,778
	₱212,929,524	₱288,303,204	₱102,867,206	₱604,099,934

* Excluding nonfinancial liabilities and lease liabilities amounting to ₱16,376 million and ₱14,097 million as at December 31, 2025 and 2024, respectively.

** Excluding residential customers' deposits amounting to ₱1,576 million and ₱3,705 million as at December 31, 2025 and 2024, respectively.

*** Excluding nonfinancial liabilities and lease liabilities amounting to ₱31,084 million and ₱30,233 million as at December 31, 2025 and 2024, 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 5, 6, 8, 9 and 13).

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 26. For receivables from real estate sale (billed and unbilled), 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 (see Note 6). 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, 2025 and 2024, the financial assets, except for certain receivables, are generally viewed by management as good and collectible considering the credit history of the counterparties. The aging analysis of receivables and unbilled revenue from sale of real estate is presented in Note 6 to the consolidated financial statements. 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, 2025 and 2024, the credit quality of the Company's financial assets is as follows:

	2025			
	Neither Past Due nor Impaired			Total
	High Quality	Standard Quality	Past Due	
(In Thousands)				
Financial assets at amortized cost				
Cash and cash equivalents*	₱27,528,628	₱—	₱—	₱27,528,628
Receivables**	302,141	13,321,275	29,082,377	42,705,793
Escrow and time deposits (included under “Other noncurrent assets”)	5,080,646	—	—	5,080,646
Derivative assets	3,585,926	—	—	3,585,926
Financial assets at FVOCI				
Equity instruments	18,998,972	9,078	—	19,008,050
	₱55,496,313	₱13,330,353	₱29,082,377	₱97,909,043

* Excluding cash on hand amounting to ₱117 million

** Excluding unbilled revenue from sale of real estate (see Note 6)

	2024			Total
	Neither Past Due nor Impaired		Past Due but not Impaired	
	High Quality	Standard Quality		
(In Thousands)				
Financial assets at amortized cost				
Cash and cash equivalents*	₱31,135,445	₱—	₱—	₱31,135,445
Receivables**	232,934	18,764,699	19,097,928	38,095,561
Cash in escrow (included under “Other noncurrent assets”)	3,803,029	—	—	3,803,029
Derivative assets	4,770,827	—	—	4,770,827
Financial assets at FVOCI				
Equity instruments	21,181,916	5,317	—	21,187,233
	₱61,124,151	₱18,770,016	₱19,097,928	₱98,992,095

* Excluding cash on hand amounting to ₱111 million

** Excluding unbilled revenue from sale of real estate (see Note 6)

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, 2025 and 2024) due to a possible change in equity indices, based on historical trend of PSE index, with all other variables held constant is as follows:

2025		
	Change in Equity Price	Effect on Equity
		<i>(In Millions)</i>
Equity instruments at FVOCI	+1.28%	₱252
	-1.28%	(252)
2024		
	Change in Equity Price	Effect on Equity
		<i>(In Millions)</i>
Equity instruments at FVOCI	+1.09%	₱242
	-1.09%	(242)

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:

	2025	2024
	<i>(In Thousands)</i>	
Loans payable	₱13,762,649	₱17,312,356
Current portion of long-term debt	85,531,993	89,287,442
Long-term debt - net of current portion	323,459,597	283,320,341
Less cash and cash equivalents	(27,645,144)	(31,246,171)
Total net interest-bearing debt (a)	395,109,095	358,673,968
Total equity attributable to equity holders of the parent	465,557,625	433,093,072
Total net interest-bearing debt and equity attributable to equity holders of the parent (b)	₱860,666,720	₱791,767,040
Gearing ratio (a/b)	46%	45%



26. 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, 2025					
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
(In Thousands)					
Financial Assets					
Derivative assets	₱3,585,926	₱3,585,926	₱—	₱3,585,926	₱—
Financial assets at amortized cost:					
Escrow and time deposits (included under "Other noncurrent assets")	5,080,646	5,134,182	—	5,134,182	—
Financial assets at FVOCI:					
Equity instruments	19,008,050	19,008,050	18,998,972	—	9,078
Nonfinancial Assets* (see Note 11)	665,641,251	2,505,428,940	—	—	2,505,428,940
	₱693,315,873	₱2,533,157,098	₱18,998,972	₱8,720,108	₱2,505,438,018
Financial Liabilities					
Derivative liabilities	₱325,918	₱325,918	₱—	₱325,918	₱—
Loans and borrowings:					
Long-term debt - net of current portion	323,459,597	316,880,465	—	—	316,880,465
Tenants' deposits - net of current portion**	29,844,159	30,189,754	—	—	30,189,754
Other noncurrent liabilities***	17,785,636	17,669,853	—	—	17,669,853
	₱371,415,310	₱365,065,990	₱—	₱325,918	₱364,740,072

*Consists of investment properties

**Excluding residential customers' deposits amounting to ₱1,576 million as at December 31, 2025.

***Excluding lease liabilities and nonfinancial liabilities amounting to ₱31,084 million as at December 31, 2025.

December 31, 2024					
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
(In Thousands)					
Financial Assets					
Derivative assets	₱4,770,827	₱4,770,827	₱—	₱4,770,827	₱—
Financial assets at amortized cost:					
Escrow and time deposits (included under "Other noncurrent assets")	3,803,029	3,886,915	—	3,886,915	—
Financial assets at FVOCI:					
Equity instruments	21,187,233	21,187,233	21,181,916	—	5,317
Nonfinancial Assets* (see Note 11)	601,339,921	2,419,846,377	—	—	2,419,846,377
	₱631,101,010	₱2,449,691,352	₱21,181,916	₱8,657,742	₱2,419,851,694
Financial Liabilities					
Derivative liabilities	₱50,447	₱50,447	₱—	₱50,447	₱—
Loans and borrowings:					
Long-term debt - net of current portion	283,320,341	274,954,185	—	—	274,954,185
Tenants' deposits - net of current portion**	26,823,915	26,464,167	—	—	26,464,167
Other noncurrent liabilities***	13,138,778	13,064,037	—	—	13,064,037
	₱323,333,481	₱314,532,836	₱—	₱50,447	₱314,482,389

*Consists of investment properties

**Excluding residential customers' deposits amounting to ₱3,705 million as at December 31, 2024.

***Excluding lease liabilities and nonfinancial liabilities amounting to ₱30,233 million as at December 31, 2024.

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, 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements and no significant 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.

Nonfinancial Assets. For fair values based on income approach, the significant assumptions used in the most recent valuation as at December 31, 2024 are discount rates of 9% to 10% and average growth rate of 5.00%, respectively. Fair values based on market approach were assessed using sales comparison of similar asset with adjustments ranging ($\pm$)5% to ($\pm$)30%. As at December 31, 2025, management believes that the carrying values of additions to investment properties subsequent to the most recent valuation date would approximate their fair values.

Long-term Debt. Fair value is based on the following:

Debt Type	Fair Value Assumptions
Fixed Rate Loans	Estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Discount rates used is based on the prevailing market rate as at December 31, 2025 and 2024.
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, 2025 and 2024 up to the next repricing date. Discount rates used is based on the prevailing market rate.

Tenants' Deposits and Other Noncurrent Liabilities. The estimated fair value is based on the discounted value of future cash flows using the applicable rates. The discount rates used range from 1.34% to 6.85% and 1.08% to 7.03% as at December 31, 2025 and 2024, 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.



Derivative Instruments Accounted for as Cash Flow Hedges

Details of outstanding arrangements to hedge both foreign currency and interest rate exposure on its foreign currency denominated debts follow:

December 31, 2025						
	Notional Amount	Agreed Equivalent	Fair Value	Swap Rate	Interest Rate	Maturity
<i>(In Thousands)</i>						
Foreign Exchange Forward Swaps	\$948,000	₱53,717,220	₱2,198,617	₱55.10-₱60.39	—	2026
Principal Only Swaps	\$220,000	¥1,434,535	745,889	¥6.47-¥6.68	—	2026-2027
Interest Rate Swaps	\$570,000	₱—	370,111	₱—	2.29%-2.66%	2026
Cross Currency Swaps	\$280,000	¥1,991,925	(54,609)	¥7.09-¥7.13	3.39%-3.46%	2029
			₱3,260,008			

December 31, 2024						
	Notional Amount	Agreed Equivalent	Fair Value	Swap Rate	Interest Rate	Maturity
<i>(In Thousands)</i>						
Interest Rate Swaps	\$670,000	₱—	₱1,629,075	₱—	2.29%-2.66%	2025-2026
Foreign Exchange Forward Swaps	\$800,000	₱45,118,895	1,622,679	₱55.28-₱60.39	—	2025-2026
Principal Only Swaps	\$220,000	¥1,434,535	821,749	¥6.47-¥6.68	—	2026-2027
Cross Currency Swaps	\$280,000	¥1,991,925	646,877	¥7.09-¥7.13	3.39%-3.46%	2029
			₱4,720,380			

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, 2025	December 31, 2024
<i>(In Thousands)</i>		
Balance at beginning of period	₱4,720,380	₱5,251,608
Net changes in fair value during the period	(680,285)	1,803,201
Fair value of settled derivatives	(780,087)	(2,334,429)
Balance at end of year	₱3,260,008	₱4,720,380

27. EPS Computation

Basic/diluted EPS is computed as follows:

	2025	2024	2023
<i>(In Thousands, Except Per Share Data)</i>			
Net income attributable to equity holders of the parent (a)	₱48,847,730	₱45,631,764	₱40,010,501
Common shares issued (see Note 17)	33,166,300	33,166,300	33,166,300
Less weighted average number of treasury stock	4,322,657	4,309,888	4,309,888
Weighted average number of common shares outstanding (b)	28,843,643	28,856,412	28,856,412
Earnings per share (a/b)	₱1.694	₱1.581	₱1.387



28. Change in Liabilities Arising from Financing Activities

Movements in loans payable, long-term debt and lease liabilities accounts are as follows (see Notes 14, 15 and 16):

	2025			2024			2023		
	Loans Payable	Long-term Debt	Lease Liabilities	Loans Payable	Long-term Debt	Lease Liabilities	Loans Payable	Long-term Debt	Lease Liabilities
	<i>(In Thousands)</i>								
Balance at beginning of year	₱17,312,356	₱372,607,783	₱13,150,290	₱4,288,964	₱362,368,607	₱13,313,112	₱5,422,524	₱346,974,612	₱13,473,170
Availments	77,350,017	119,754,493	–	86,630,583	78,970,654	–	28,516,941	83,045,972	–
Payments	(80,967,352)	(85,571,225)	(896,042)	(73,673,067)	(72,198,246)	(897,760)	(29,563,823)	(66,701,374)	(874,140)
Cumulative translation adjustment and foreign exchange movement	67,628	2,200,539	–	65,876	3,466,768	–	(86,678)	(950,603)	–
Derecognition	–	–	(613,598)	–	–	–	–	–	–
Others	–	–	713,259	–	–	734,938	–	–	714,082
Balance at end of year	₱13,762,649	₱408,991,590	₱12,353,909	₱17,312,356	₱372,607,783	₱13,150,290	₱4,288,964	₱362,368,607	₱13,313,112

There are no non-cash changes in accrued interest and dividends payable.

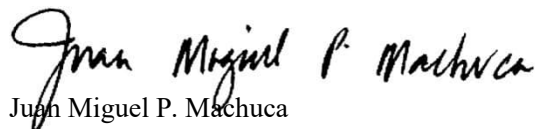


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
SM Prime Holdings, Inc.
7/F MOA Square
Seashell Lane cor. Coral Way
Mall of Asia Complex
Brgy. 76 Zone 10, CBP 1-A, 1300 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, 2025, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated February 16, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Machuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

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

SEC Partner Accreditation No. 116998-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements,
with extension up to audit of 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

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

PTR No. 10765073, January 2, 2026, Makati City

February 16, 2026

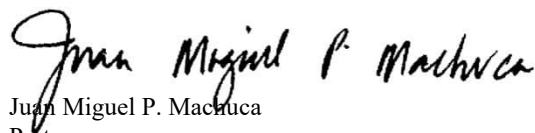


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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, 1300 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, 2025 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated February 16, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2025 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Machuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

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

SEC Partner Accreditation No. 116998-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements,
with extension up to audit of 2025 financial statements

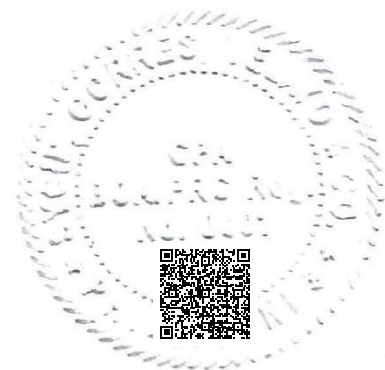
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

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

PTR No. 10765073, January 2, 2026, Makati City

February 16, 2026



SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES
December 31, 2025

Annex A. Reconciliation of Retained Earnings Available for Dividend Declarations

Annex B. Supplementary Schedules required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

Annex C. Map of Relationship of the Companies within the Group

ANNEX A

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

Reconciliation of Retained Earnings Available for Dividend Declaration For the reporting period ended December 31, 2025

Unappropriated Retained Earnings as at January 1, 2025	₱77,130,631
Add: Items that are directly credited to	
Unappropriated Retained Earnings	
Reversal of Retained Earnings Appropriation	100,000,000
Less: Items that are directly debited to	
Unappropriated Retained Earnings	
Dividend declaration during the reporting period	(13,859,849)
Retained Earnings appropriated during the reporting period	<u>(170,000,000)</u> (183,859,849)
Unappropriated Retained Earnings, as adjusted	(6,729,218)
Add: Net Income for the current year	48,983,360
Less: Unrealized income recognized in the profit	
or loss during the reporting period (net of tax)	
Equity in net income of subsidiaries, associates and joint ventures, net of dividends declared	(5,735,059)
Add: Other items that should be excluded	
from the determination of the amount of available for dividends distribution	
Net movement in treasury shares	(1,242,418)
Net movement in deferred tax asset	596
Net movement in deferred tax asset and deferred tax liabilities related to set-up of right of use assets and lease liabilities	<u>(64,591)</u>
Subtotal	<u>(7,041,472)</u>
Total Retained Earnings as at December 31, 2025 available for dividend declaration	<u>₱35,212,670</u>

ANNEX B

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

Supplementary Schedules As Required by SRC Rule 68, Annex 68-J
December 31, 2025

Schedule A: Financial Assets

Name of issuing entity and association of each issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Income Received and Accrued
Financial Assets at Amortized Cost			
Temporary investments (under cash and cash equivalents):			
BDO Unibank, Inc. (BDO)	₱23,030,745	₱23,030,745	
China Banking Corporation (CHIB)	₱85,834	85,834	
Industrial and Commercial Bank of China (ICBC)	¥400	3,365	
Others	₱60,790	60,790	
		₱23,180,734	
Escrow and time deposits (under Other Noncurrent Assets)			
ICBC	¥417,540	3,512,764	
BDO	₱651,875	651,875	
CHIB	₱916,007	916,007	
		5,080,646	
		₱28,261,380	₱1,433,416
Derivative assets			
	₱3,585,926	₱3,585,926	₱–
Financial Assets at Fair Value through Other Comprehensive Income			
BDO	109,023,766 shares	₱14,517,071	
Ayala Corporation	7,690,430 shares	3,599,121	
Shang Properties, Inc.	189,350,548 shares	670,300	
SM Investments Corporation	146,104 shares	102,200	
ACEN Corporation	23,071,290 shares	62,754	
Republic Glass Holdings Corporation	14,230,000 shares	45,536	
Prime Media Holdings, Inc.	500,000 shares	650	
Benguet Corporation	266,757 shares	1,334	
Philippine National Bank	112 shares	6	
Others	48,082,270 shares	9,078	
		₱19,008,050	₱594,274
		₱50,855,356	₱2,027,690

ANNEX B**Schedule B. Amounts Receivable from Directors, Officers, Employees, and Principal Stockholders (Other than Related Parties)***Not Applicable***Schedule C: Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements***(Amounts in Thousands)*

Name and Designation of Debtor	Balance at Beginning of Period	Net movement	Amounts Written Off	Current	Not Current	Balance at End of Period
SM Land (China) Limited and Subsidiaries	₱319,899	₱1,280,595	₱–	₱1,600,494	₱–	₱1,600,494
San Lazaro Holdings Corporation	1,397,342	(32,948)	–	1,364,394	–	1,364,394
Costa del Hamilo, Inc. and Subsidiary	760,222	3,764	–	763,986	–	763,986
Premier Clark Complex, Inc	355,112	345,049	–	700,161	–	700,161
SM Development Corporation and Subsidiaries	684,716	(47,894)	–	636,822	–	636,822
Mindpro Incorporated	479,210	5,016	–	484,226	–	484,226
Prime Commercial Property Management Corp. and Subsidiaries	254,208	(18,510)	–	235,698	–	235,698
SM Prime Holdings, Inc.	441,289	(357,884)	–	83,405	–	83,405
First Asia Realty Development Corporation	22,537	41,714	–	64,251	–	64,251
Associated Development Corporation	48,304	–	–	48,304	–	48,304
Tagaytay Resort and Development Corporation	35,366	1,297	–	36,663	–	36,663
Premier Central, Inc. and Subsidiary	26,673	5,540	–	32,213	–	32,213
Consolidated Prime Dev Corp.	9,399	16,137	–	25,536	–	25,536
Premier Southern Corp.	4,940	17,278	–	22,218	–	22,218
Southernpoint Properties Corp.	4,302	11,314	–	15,616	–	15,616
SM Arena Complex Corporation	12,641	(691)	–	11,950	–	11,950
SM Hotels and Conventions Corp. and Subsidiaries	11,529	(5,412)	–	6,117	–	6,117
MOA Esplanade Port Inc.	9,991	(3,891)	–	6,100	–	6,100
First Leisure Ventures Group Inc.	2,239	3,120	–	5,359	–	5,359
Highlands Prime, Inc.	8,910	(5,407)	–	3,503	–	3,503
CHAS Realty and Development Corporation and Subsidiaries	3,571	(3,259)	–	312	–	312
Prime Metroestate, Inc.	1,198	(914)	–	284	–	284
SMPHI SG Holdings Pte. Ltd.	532	(532)	–	–	–	–
	₱4,894,130	1,253,482	₱–	₱6,147,612	₱–	₱6,147,612

ANNEX B**Schedule D. Long Term Debt**

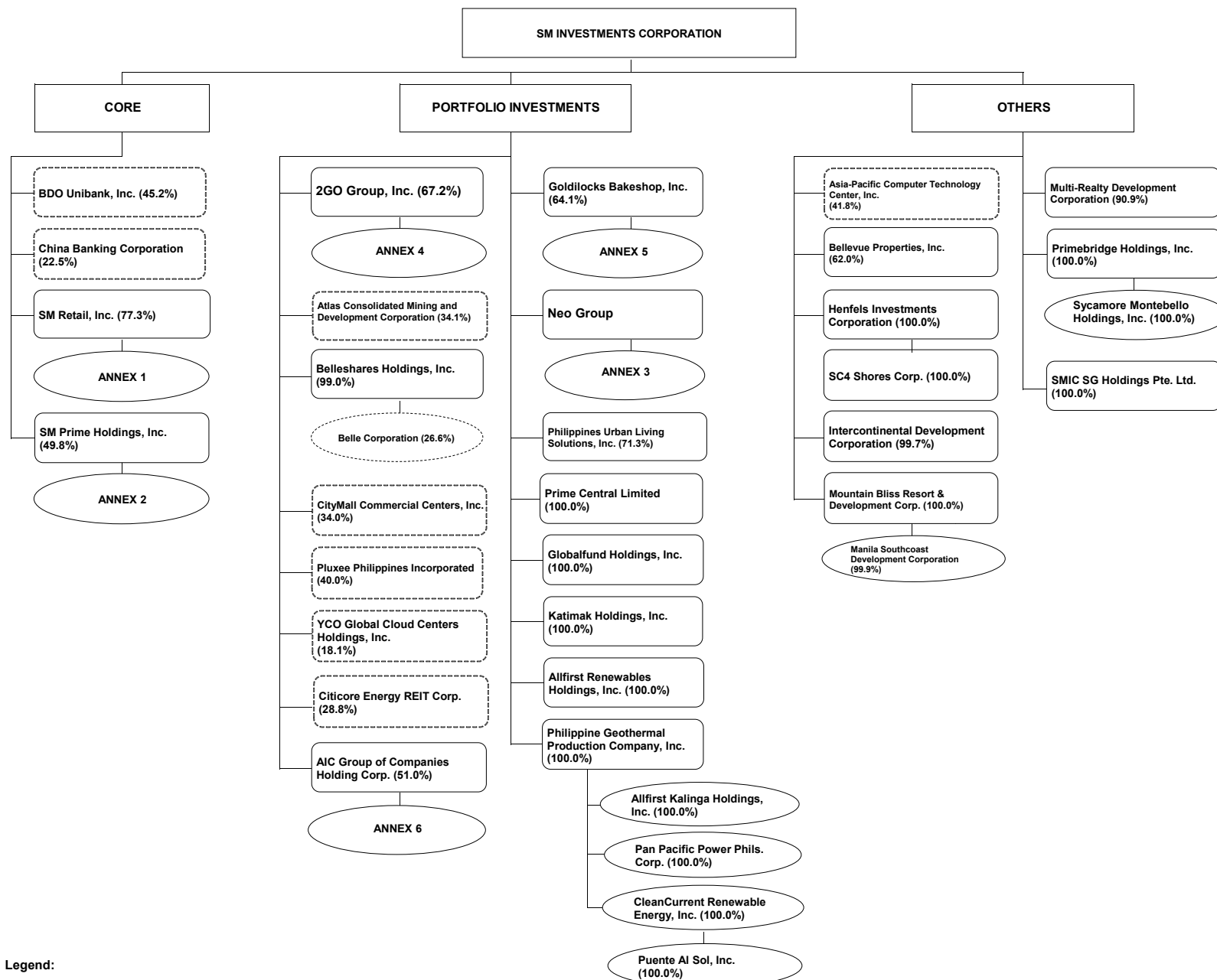
Title of the Issue and Type of Obligation	Amount Authorized by Indenture	Availment Date	Maturity Date	Interest Rates	Number of Periodic Installment	Current Portion of Long-term Debt	Long-term Debt - net of Current Portion
	<i>(In Thousands)</i>					<i>(In Thousands)</i>	
Philippine peso-denominated loans	₱360,805,000	July 26, 2016 - December 26, 2025	February 5, 2026 - November 17, 2035	Floating BVAL + margin; Fixed 3.80% - 6.97%	Quarterly/ Upon maturity	₱37,873,000	₱275,988,730
U.S. Dollar denominated loans	\$1,550,000	January 29, 2021 - September 16, 2025	January 25, 2026 - September 16, 2030	SOFR + spread; quarterly; Fixed - 4.75%	Upon maturity	45,268,307	40,940,106
China yuan renminbi-denominated loans	¥2,922,100	May 6, 2021 - December 30, 2025	April 20, 2026 - June 24, 2037	LPR; annually; Fixed - 3.65%	Semi-annual	2,919,804	7,914,324
						₱86,061,111	₱324,843,160
Less debt issue cost						529,118	1,383,563
						₱85,531,993	₱323,459,597

BVAL – Bloomberg Valuation Service
SOFR – Secured Overnight Financing Rate
LPR – Loan Prime Rate

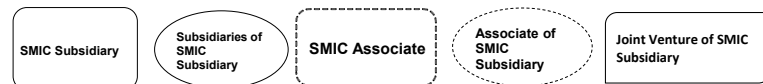
Schedule E. Indebtedness to Related Parties*Not Applicable***Schedule F. Guarantees of Securities of Other Issuers***Not Applicable***Schedule G. Capital Stock***(Shares in Thousand)*

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	28,798,039	15,838,582	2,976,641	9,982,816

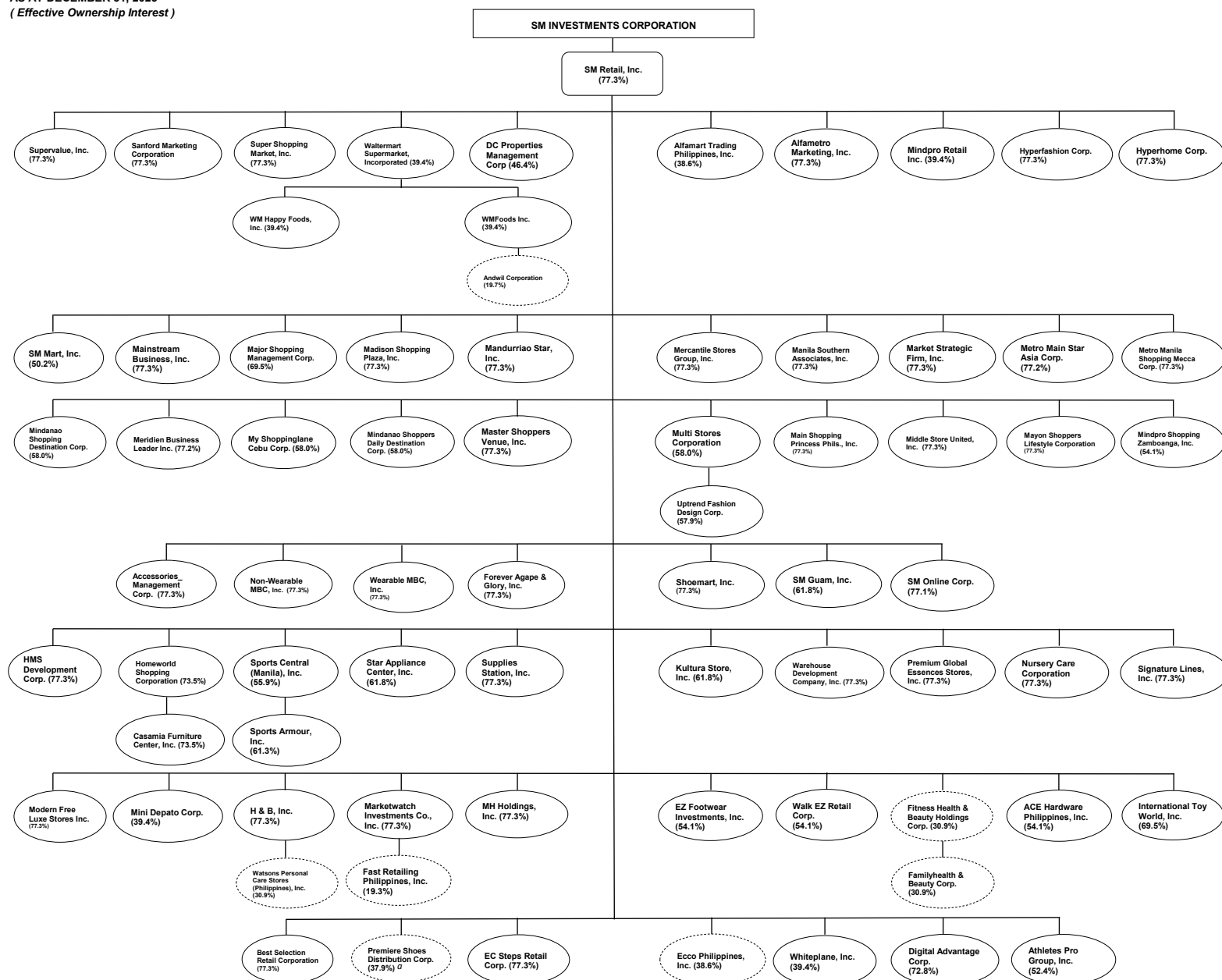
SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2025
(Effective Ownership Interest)



Legend:



**SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2025
(Effective Ownership Interest)**



Legend:

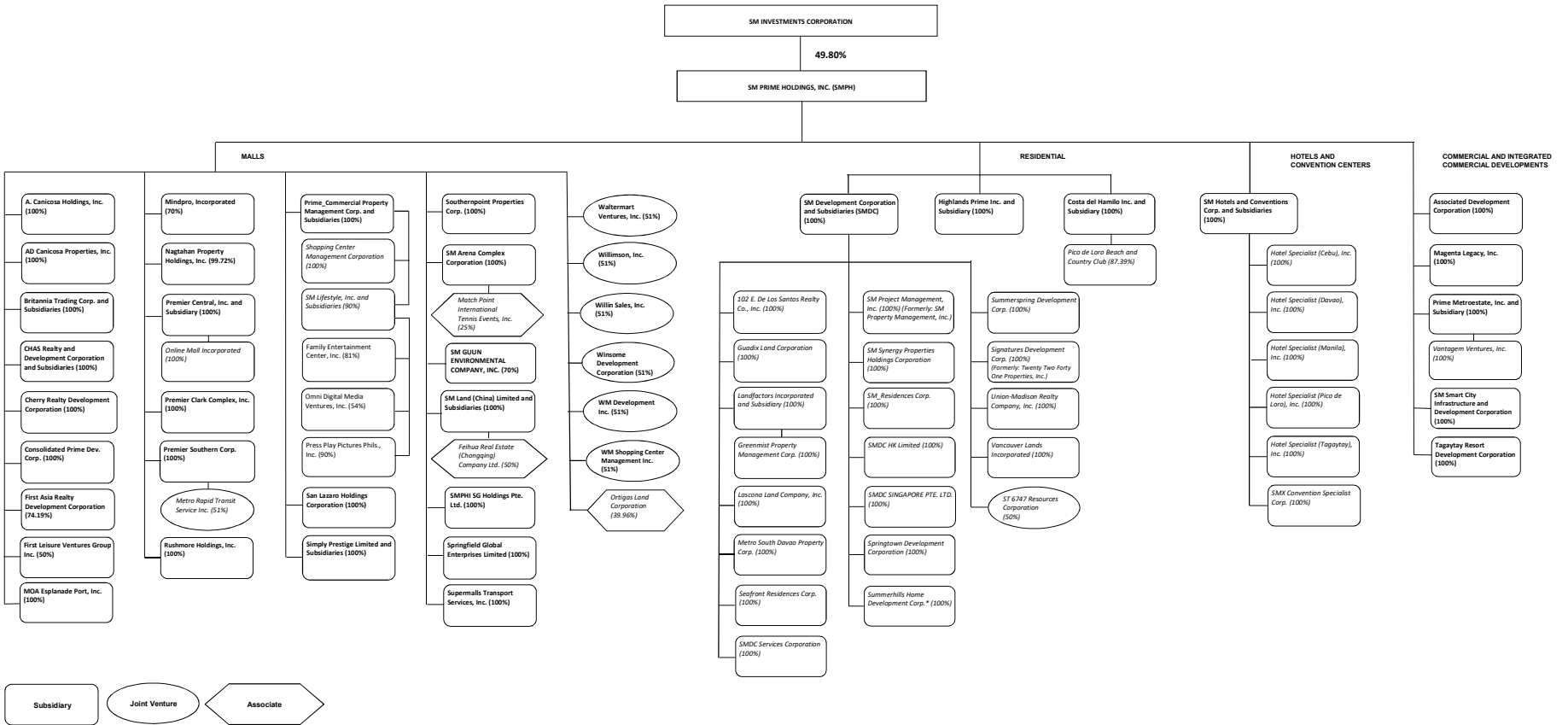
SMIC
Subsidiary

Subsidiaries of
SM Retail

Associates of
SM Retail

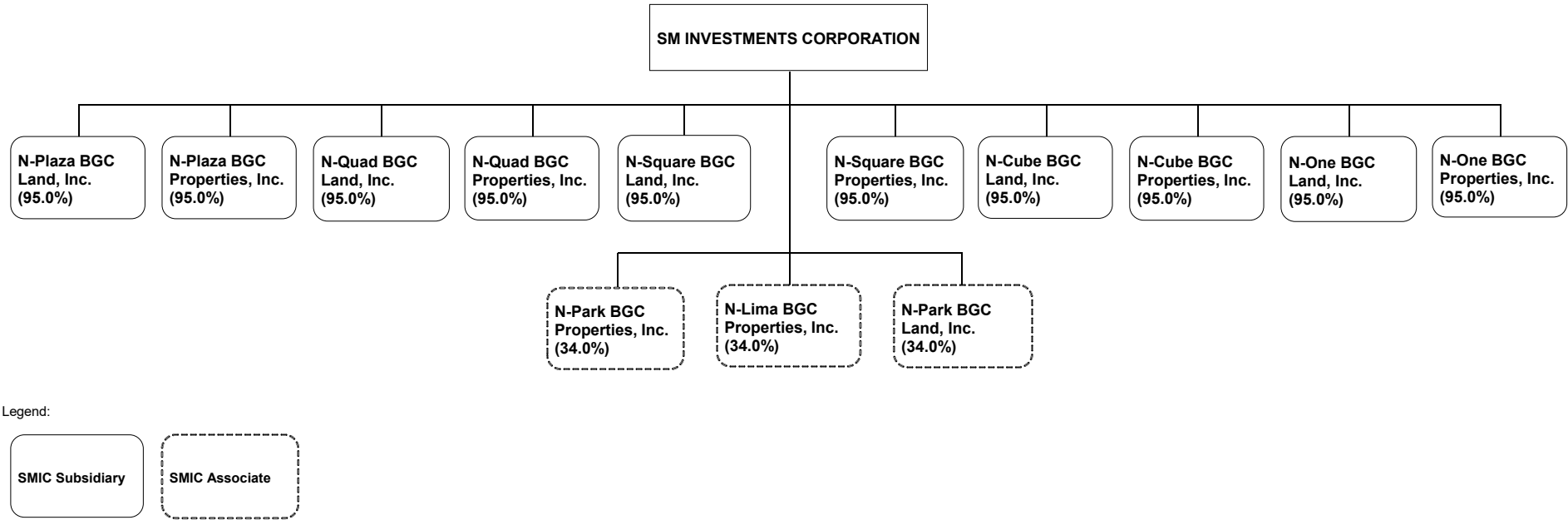
^a Corporate life ended effective November 30, 2023; pending return of capital

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
As of December 31, 2025

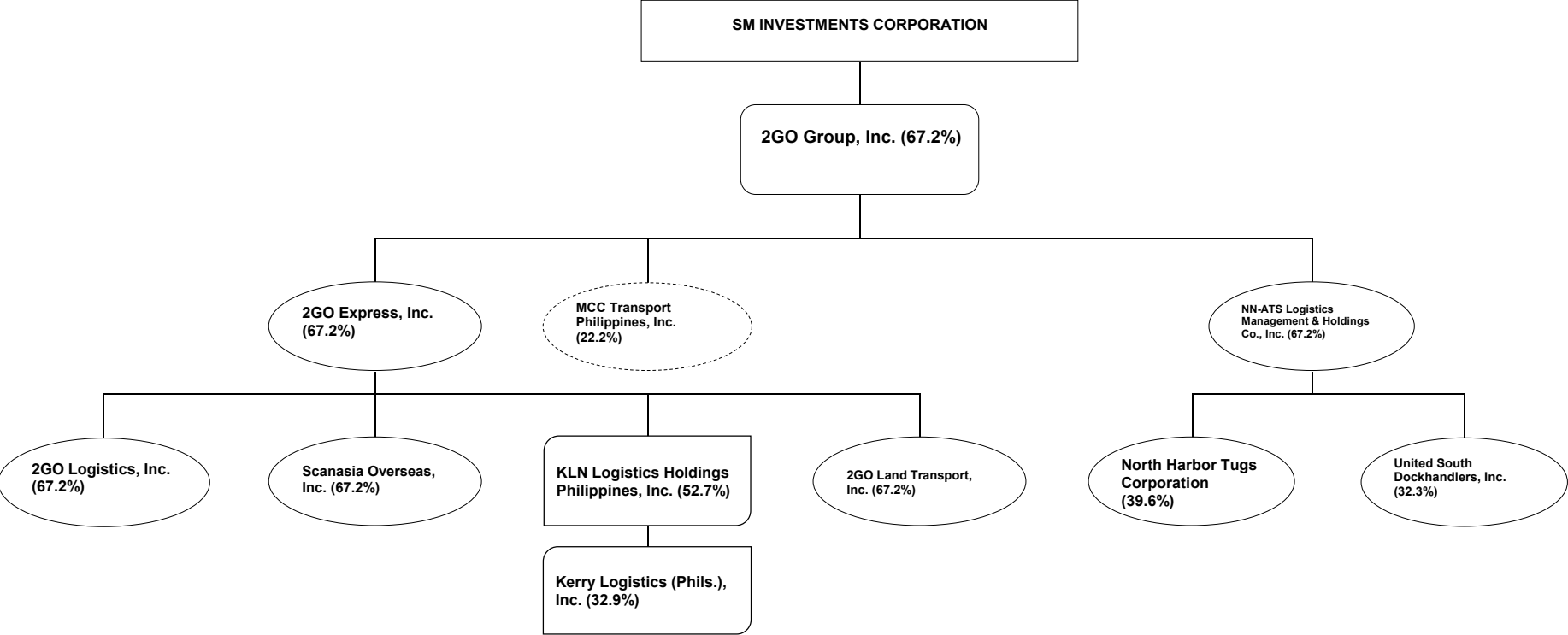


* Summerhills Home Development Corp. is 79.6% owned by SMDIC and 20.4% owned by SMPH
Note: % Refers to Effective Ownership

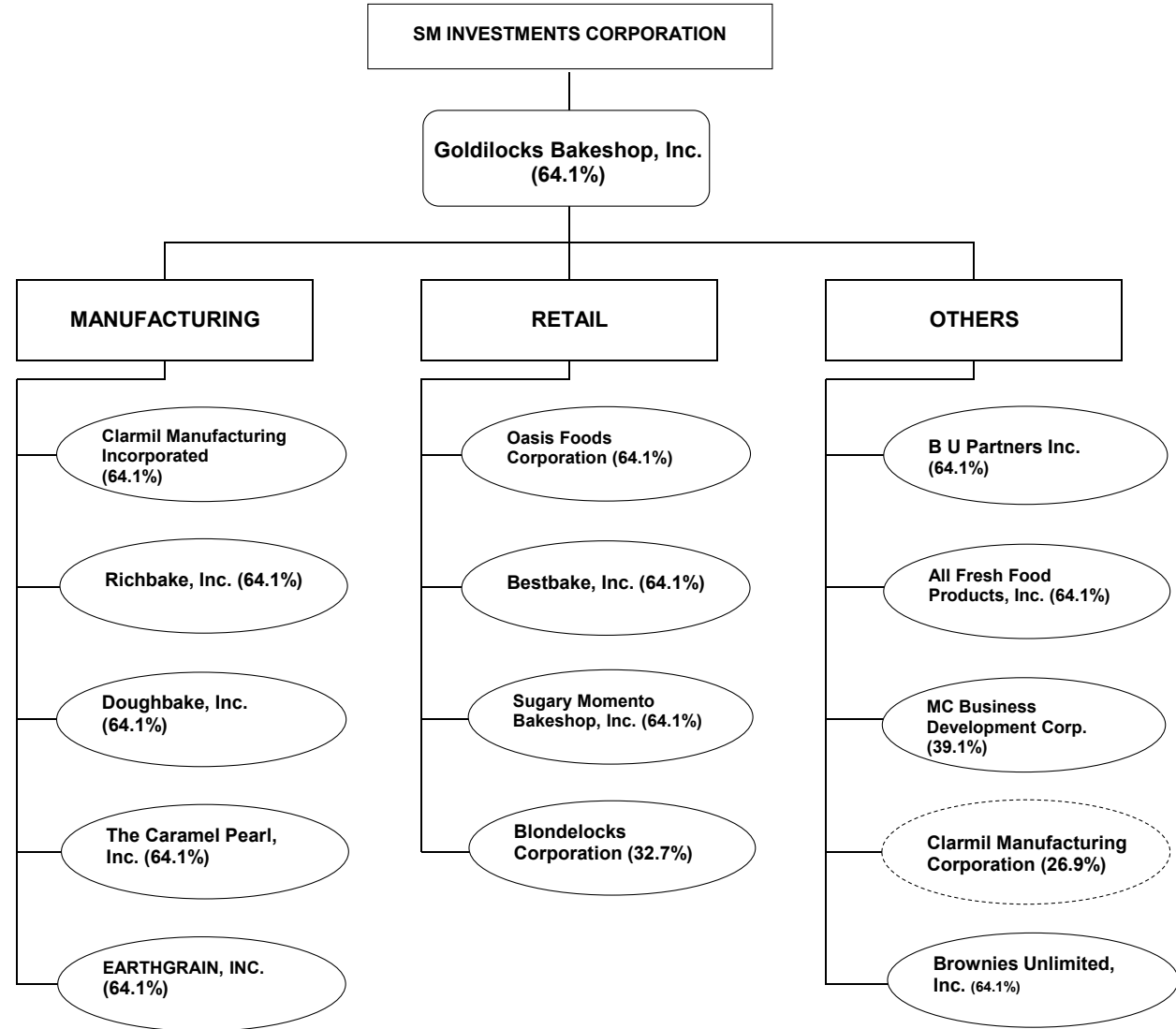
SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2025
(Effective Ownership Interest)



SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2025
(Effective Ownership Interest)



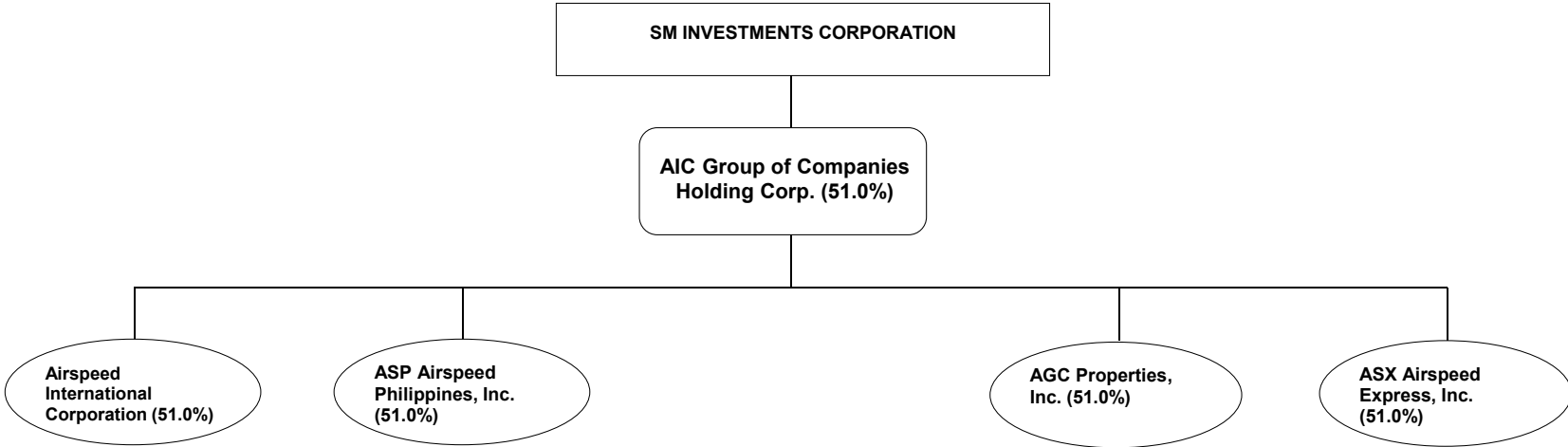
SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2025
(Effective Ownership Interest)



Legend:



SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP
AS AT DECEMBER 31, 2025
(Effective Ownership Interest)



Legend:



SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
FINANCIAL RATIOS AND KEY PERFORMANCE INDICATORS
AS OF DECEMBER 31, 2025 and DECEMBER 31, 2024

Ratio	Formula	December 31, 2025 (Audited)	December 31, 2024 (Audited)
<i>(amounts in thousands, except ratios)</i>			
Current Ratio	Total Current Assets divided by Total Current Liabilities		
	Total current assets	₱211,201,669	₱230,681,830
	Current liabilities	205,054,713	211,995,083
	Less: Loans payable*	(13,762,649)	(17,312,356)
	Current portion of long-term debt*	(85,531,993)	(89,287,442)
	Divide by: Current liabilities excluding loans payable and current portion of long-term debt	105,760,071	105,395,285
	Current ratio	2.00	2.19
	<i>*due for refinancing</i>		
Acid Test Ratio	Quick Assets divided by Total Current Liabilities		
	Cash and cash equivalents	₱27,645,144	₱31,246,171
	Receivables and contract assets	86,190,422	92,506,904
	Equity instruments at fair value through other comprehensive income - current	717,171	794,433
	Quick assets	114,552,737	124,547,508
	Divide by: Current liabilities excluding loans payable and current portion of long-term debt	105,760,071	105,395,285
	Acid test ratio	1.08	1.18
Solvency Ratio	Total Assets divided by Total Liabilities		
	Total assets	₱1,093,878,665	₱1,019,430,730
	Divided by: Total liabilities	624,799,978	583,190,240
	Asset to liabilities ratio	1.75	1.75
Debt-to-Equity Ratio	Total Interest-Bearing Debt divided by Total Equity Attributable to the Equity Holders of the Parent and Total Interest-Bearing Debt		
	Loans payable	₱13,762,649	₱17,312,356
	Current portion of long-term debt	85,531,993	89,287,442
	Long-term debt - net of current portion	323,459,597	283,320,341
	Total interest-bearing debt (a)	422,754,239	389,920,139
	Add: Total equity attributable to equity holders of the parent (b)	465,557,625	433,093,072
	Total interest-bearing debt and equity attributable to equity holders of the parent (c)	888,311,864	823,013,211
	Debt to equity ratio (a/c):(b/c)	48:52	47:53

Ratio	Formula	December 31, 2025 (Audited)	December 31, 2024 (Audited)
<i>(amounts in thousands, except ratios)</i>			
Net Debt-to-Equity Ratio	Total Interest-Bearing Debt less Cash and Cash Equivalents divided by Total Equity Attributable to the Equity Holders of the Parent		
	Total interest-bearing debt	₱422,754,239	₱389,920,139
	Less: Cash and cash equivalents	(27,645,144)	(31,246,171)
	Total net interest-bearing debt (a)	395,109,095	358,673,968
	Add: Total equity attributable to equity holders of the parent (b)	465,557,625	433,093,072
	Total net interest-bearing debt and equity attributable to equity holders of the parent (c)	860,666,720	791,767,040
	Net debt-to-equity ratio (a/c):(b/c)	46:54	45:55
Return on Equity	Net Income divided by Average Total Equity Attributable to the Equity Holders of the Parent		
	Net income attributable to equity holders of the parent	₱48,847,730	₱45,631,764
	Divide by: Average total equity attributable to equity holders of the parent	449,325,349	414,644,844
	Return on equity	11%	11%
Net Income Margin	Net Income divided by Total Revenue		
	Net income attributable to equity holders of the parent	₱48,847,730	₱45,631,764
	Divide by: Total revenue	141,107,015	140,390,872
	Net income margin	35%	33%
Asset to Equity Ratio	Total Assets divided by Total Equity Attributable to the Equity Holders of the Parent		
	Total assets	₱1,093,878,665	₱1,019,430,730
	Divide by: Total equity attributable to equity holders of the parent	465,557,625	433,093,072
	Asset to equity ratio	2.35	2.35
Interest Coverage Ratio	Earnings Before Interest, Taxes and Depreciation and Amortization (EBITDA) divided by Total Interest Expense		
	Income from operations	₱71,730,766	₱68,037,118
	Less: Net income attributable to non-controlling interest	(878,803)	(907,672)
	Add: Depreciation and amortization	15,536,382	15,037,788
	EBITDA	86,388,345	82,167,234
	Divide by: Interest expense	13,076,365	13,934,024
	Interest coverage ratio	6.61	5.90

Ratio	Formula	December 31, 2025 (Audited)	December 31, 2024 (Audited)
<i>(amounts in thousands, except ratios)</i>			
Debt-to-EBITDA	Total interest-bearing liabilities divided by EBITDA		
	Total interest-bearing liabilities	₱422,754,239	₱389,920,139
	Divide by: EBITDA	86,388,345	82,167,234
	Debt to EBITDA	4.89	4.75

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

Supplementary Schedule of External Auditor Fee-Related Information
December 31, 2025

Amounts in millions	
Total Audit Fees	₱16
Non-audit service fees:	
Other assurance services	11
Tax services	3
Total Non-audit Fees	14
Total Audit and Non-audit Fees	₱30

SM PRIME HOLDINGS, INC.
Retail Bond – Series AB, AC and AD Bonds
As of December 31, 2025

(1) Gross and Net Proceeds as Disclosed in the Final Offer Supplement

	<u>Amounts in millions</u>
Gross Proceeds	₱17,000
Estimated Expenses	(196)
Net Proceeds	<u>₱16,804</u>

(2) Actual Gross and Net Proceeds

	<u>Amounts in millions</u>
Gross Proceeds	₱17,000
Actual Expenses	(201)
Net Proceeds	<u>₱16,799</u>

(3) Each Expenditure Item where the Proceeds were Used

The net proceeds were used to fund debt refinancing as follows:

<u>Description</u>	<u>Amounts in millions</u>
Retail bond Series S due on November 23, 2025	₱16,031
Retail bond Series E due on November 25, 2025	768
TOTAL	<u>₱16,799</u>

As of December 31, 2025, ₱16,799 million of the proceeds from retail bond had been fully utilized to refinance long-term debt.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM Prime Holdings, Inc. and Subsidiaries

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

TEL. NO.: 8831-1000

FAX NO.: _____

COMPANY TYPE: Buying, selling, renting, leasing, operation of dwelling

PSIC: _____

Table 1. Balance Sheet

FINANCIAL DATA	2025 (in P'000)	2024 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	1,093,878,665	1,019,430,730
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	211,201,669	230,681,830
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	27,645,144	31,246,171
A.1.1.1 On hand	116,516	110,726
A.1.1.2 In domestic banks/entities	26,753,689	29,236,990
A.1.1.3 In foreign banks/entities	774,939	1,898,455
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	86,190,422	92,506,904
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	86,190,422	92,506,904
A.1.2.1.1 Due from customers (trade)	79,615,427	84,173,818
A.1.2.1.2 Due from related parties - trade activities	3,734,393	3,704,992
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)	3,576,478	5,402,344
A.1.2.1.3.1 Due from related parties - non-trade activities	-	-
A.1.2.1.3.2 Other receivables	3,576,478	5,402,344
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	(735,876)	(774,250)
A.1.2.2 Due from foreign entities (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)	-	-
A.1.2.2.1 None	-	-
A.1.2.2.2 None	-	-
A.1.2.2.3 None	-	-
A.1.2.2.4 Allowance for doubtful accounts (negative entry)	-	-
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	74,107,710	76,927,527
A.1.3.1 Raw materials and supplies	-	-
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)	-	-
A.1.3.3 Finished goods	-	-
A.1.3.4 Merchandise/Goods in transit	-	-
A.1.3.5 Unbilled Services (in case of service providers)	-	-
A.1.3.6 Real Estate Inventories (A.1.3.6.1 + A.1.3.6.2)	74,107,710	76,927,527
A.1.3.6.1 Condominium, residential units and subdivision lots for sale	16,516,652	21,144,732
A.1.3.6.2 Land and development - current portion	57,591,058	55,782,795
A.1.4 Financial Assets other than Cash/Receivables/Equity investments	717,171	794,433
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)	-	-
A.1.4.1.1 National Government	-	-
A.1.4.1.2 Public Financial Institutions	-	-
A.1.4.1.3 Public Non-Financial Institutions	-	-
A.1.4.1.4 Private Financial Institutions	-	-
A.1.4.1.5 Private Non-Financial Institutions	-	-
A.1.4.2 Held to Maturity Investments - issued by domestic entities (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)	-	-
A.1.4.2.1 National Government	-	-
A.1.4.2.2 Public Financial Institutions	-	-
A.1.4.2.3 Public Non-Financial Institutions	-	-
A.1.4.2.4 Private Financial Institutions	-	-
A.1.4.2.5 Private Non-Financial Institutions	-	-

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM Prime Holdings, Inc. and Subsidiaries
7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, 1300 Pasay City, Metro Manila, Philippines

CURRENT ADDRESS: _____

TEL. NO.: 8831-1000 FAX NO.: _____

COMPANY TYPE : Buying, selling, renting, leasing, operation of dwelling PSIC: _____

Table 1. Balance Sheet

FINANCIAL DATA	2025 (in P'000)	2024 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)	-	-
A.1.4.3.1 National Government	-	-
A.1.4.3.2 Public Financial Institutions	-	-
A.1.4.3.3 Public Non-Financial Institutions	-	-
A.1.4.3.4 Private Financial Institutions	-	-
A.1.4.3.5 Private Non-Financial Institutions	-	-
A.1.4.4 Equity instruments at fair value through other comprehensive income (FVOCI) - issued by domestic entities (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)	717,171	794,433
A.1.4.4.1 National Government	-	-
A.1.4.4.2 Public Financial Institutions	-	-
A.1.4.4.3 Public Non-Financial Institutions	-	-
A.1.4.4.4 Private Financial Institutions	-	-
A.1.4.4.5 Private Non-Financial Institutions	717,171	794,433
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)	-	-
A.1.4.5.1 Financial Assets at fair value through profit or loss	-	-
A.1.4.5.2 Held-to-maturity investments	-	-
A.1.4.5.3 Loans and Receivables	-	-
A.1.4.5.4 Available-for-sale financial assets	-	-
A.1.4.6 Allowance for decline in market value (negative entry)	-	-
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2)	22,541,222	29,206,795
A.1.5.1 Prepaid expenses and other current assets	19,242,478	28,426,708
A.1.5.2 Derivative assets	3,298,744	780,087
A.2 Property and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6)	1,666,905	1,493,295
A.2.1 Buildings, Land and Leasehold Improvements	2,767,663	2,616,460
A.2.2 Furniture, Fixtures and Other Equipment	1,883,363	1,638,354
A.2.3 Others, specify	24,080	-
A.2.3.1 Construction in Progress	24,080	-
A.2.4 Appraisal increase, specify	-	-
A.2.5 Accumulated Depreciation (negative entry)	(3,008,201)	(2,761,519)
A.2.6 Impairment Loss or Reversal (if loss, negative entry)	-	-
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3)	35,534,519	33,108,359
A.3.1 Investments in associate companies and joint ventures	35,534,519	33,108,359
A.3.2 Equity in foreign branches/subsidiaries/affiliates	-	-
A.3.3 Others, specify	-	-
A.4 Investment Properties (A.4.1 + A.4.2 + A.4.3 + A.4.4 + A.4.5 + A.4.6)	665,641,251	601,339,921
A.4.1 Land, Building and Leasehold Improvements	559,197,588	527,000,795
A.4.2 Building equipment, furniture and others	74,344,478	67,358,735
A.4.3 Right-of-use asset - land	34,433,849	33,810,131
A.4.4 Construction in progress	160,993,967	120,466,054
A.4.5 Appraisal increase, specify	-	-
A.4.6 Accumulated Depreciation (negative entry)	(163,328,631)	(147,295,794)
A.5 Biological Assets	-	-
A.6 Intangible Assets	-	-
A.6.1 Major item/s, specify	-	-
A.6.2 Others, specify	-	-
A.7 Assets Classified as Held for Sale	-	-
A.8 Assets included in Disposal Groups Classified as Held for Sale	-	-

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM Prime Holdings, Inc. and Subsidiaries
7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, 1300 Pasay City, Metro Manila, Philippines

CURRENT ADDRESS: _____

TEL. NO.: 8831-1000 FAX NO.: _____

COMPANY TYPE: Buying, selling, renting, leasing, operation of dwelling PSIC: _____

Table 1. Balance Sheet

FINANCIAL DATA	2025 (in P'000)	2024 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	-	-
A.9.1 From domestic entities, specify	-	-
A.9.2 From foreign entities, specify	-	-
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)	-	-
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	179,834,321	152,807,325
A.10.1 Deferred charges - net of amortization	-	-
A.10.2 Deferred Tax Assets	1,905,912	1,634,307
A.10.3 Advance/Miscellaneous deposits	-	-
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3)	177,928,409	151,173,018
A.10.4.1 Equity instruments at FVOCI - net of current portion	18,290,879	20,392,800
A.10.4.2 Derivative assets - net of current portion	287,182	3,990,740
A.10.4.3 Other noncurrent assets	159,350,348	126,789,478
A.10.4.3.1 Receivables from real estate - net of current portion	94,302,212	79,064,021
A.10.4.3.2 Bonds and deposits	44,044,928	42,946,111
A.10.4.3.3 Input and creditable withholding taxes - net of current portion	15,391,312	606,950
A.10.4.3.4 Escrow and time deposits	5,080,646	3,803,029
A.10.4.3.5 Others	531,250	369,367
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)	-	-
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	624,799,978	583,190,240
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	205,054,713	211,995,084
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	116,266,377	119,818,962
B.1.1.1 Loans Payables	11,450,000	16,030,000
B.1.1.2 Trade Payables	57,902,383	58,241,655
B.1.1.3 Payables to Related Parties	144,372	129,449
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders	-	-
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2)	19,588,610	20,543,172
B.1.1.5.1 Accrued operating expenses	16,602,410	17,868,320
B.1.1.5.2 Accrued interest	2,986,200	2,674,852
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3 + B.1.1.6.4 + B.1.1.6.5 + B.1.1.6.6)	27,181,012	24,874,686
B.1.1.6.1 Tenants' and Customer's deposits	14,005,364	12,494,180
B.1.1.6.2 Retention payable	5,086,262	4,593,512
B.1.1.6.3 Liability for purchased land	2,590,571	3,004,396
B.1.1.6.4 Nontrade and other payables	2,757,262	2,911,292
B.1.1.6.5 Payable to government agencies including deferred output VAT	2,702,199	1,871,306
B.1.1.6.6 Derivative liabilities	39,354	-
B.1.2 Trade and Other Payables to Foreign Entities, specify	2,312,649	1,282,356
B.1.2.1 Loans Payables	2,312,649	1,282,356
B.1.3 Provisions	-	-
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions)	-	-
B.1.5 Income Tax Payable	943,694	1,606,324
B.1.6 Deferred Tax Liabilities	-	-
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)	85,531,993	89,287,442
B.1.7.1 Dividends declared and not paid at balance sheet date	-	-
B.1.7.2 Acceptances Payable	-	-
B.1.7.3 Liabilities under Trust Receipts	-	-
B.1.7.4 Portion of Long-term Debt Due within one year	85,531,993	89,287,442
B.1.7.4.1 Domestic Public Financial Institutions	1,935,263	7,431,879
B.1.7.4.2 Domestic Public Non-Financial Institutions	-	-
B.1.7.4.3 Domestic Private Financial Institutions	35,517,278	68,399,759
B.1.7.4.4 Domestic Private Non-Financial Institutions	-	-
B.1.7.4.5 Foreign Financial Institutions	48,079,452	13,455,804
B.1.7.5 Deferred Income	-	-
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:	-	-

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: **SM Prime Holdings, Inc. and Subsidiaries**
7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, 1300 Pasay City, Metro Manila, Philippines

CURRENT ADDRESS:
TEL. NO.: **8831-1000** FAX NO.:
COMPANY TYPE : **Buying, selling, renting, leasing, operation of dwelling** PSIC:

Table 1. Balance Sheet

FINANCIAL DATA		2025 (in P'000)	2024 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)		323,459,597	283,320,341
B.2.1 Domestic Public Financial Institutions		41,868,882	41,230,194
B.2.2 Domestic Public Non-Financial Institutions		-	-
B.2.3 Domestic Private Financial Institutions		233,028,770	169,064,522
B.2.4 Domestic Private Non-Financial Institutions		-	-
B.2.5 Foreign Financial Institutions		48,561,945	73,025,625
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		-	-
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		-	-
B.5 Other Liabilities (B.5.1 + B.5.2)		96,285,668	87,874,815
B.5.1 Deferred Tax		15,709,068	13,923,287
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5+ B.5.2.6 + B.5.2.7)		80,576,600	73,951,528
B.5.2.1 Derivative liabilities - net of current portion		286,564	50,447
B.5.2.2 Tenants' and customers' deposits - net of current portion		31,420,483	30,528,879
B.5.2.3 Liability for purchased land - net of current portion		936	936
B.5.2.4 Lease liabilities - net of current portion		12,219,014	12,991,028
B.5.2.5 Deferred output VAT - net of current portion		18,181,925	16,588,231
B.5.2.6 Retention payable - net of current portion		10,349,858	6,491,309
B.5.2.7 Other noncurrent liabilities		8,117,820	7,300,698
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9 + C.10)		469,078,687	436,240,490
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details)		40,000,000	40,000,000
C.1.1 Common shares	40,000,000,000 authorized shares with Php1.00 par value; Php40,000,000,000	40,000,000	40,000,000
C.1.2 Preferred Shares		-	-
C.1.3 Others		-	-
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)		33,166,300	33,166,300
C.2.1 Common shares	33,166,300,075 subscribed shares with Php1.00 par value; Php33,166,300,075	33,166,300	33,166,300
C.2.2 Preferred Shares		-	-
C.2.3 Others		-	-
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)		33,166,300	33,166,300
C.3.1 Common shares	33,166,300,075 shares with Php1.00 par value; Php33,166,300,075	33,166,300	33,166,300
C.3.2 Preferred Shares		-	-
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		38,068,655	38,164,173
C.5 Non-controlling interest		3,521,062	3,147,418
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3 + C.6.4)		19,558,978	20,755,324
C.6.1 Cumulative translation adjustment		5,368,753	3,135,756
C.6.2 Net fair value changes of equity instruments at FVOCI		15,628,583	17,807,766
C.6.3 Net fair value changes on cash flow hedges		(586,197)	604,031
C.6.4 Remeasurement loss on defined benefit obligation		(852,161)	(792,229)
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		-	-
C.8 Retained Earnings (C.8.1 + C.8.2)		378,990,805	343,991,970
C.8.1 Appropriated		170,000,000	100,000,000
C.8.2 Unappropriated		208,990,805	243,991,970
C.9 Head / Home Office Account (for Foreign Branches only)		-	-
C.10 Cost of Stocks Held in Treasury (negative entry)		(4,227,113)	(2,984,695)
TOTAL LIABILITIES AND EQUITY (B + C)		1,093,878,665	1,019,430,730

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM Prime Holdings, Inc. and Subsidiaries

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

TEL. NO.: 8831-1000 FAX NO.: _____

COMPANY TYPE: Buying, selling, renting, leasing, operation of dwelling PSIC: _____

Table 2. Income Statement

FINANCIAL DATA	2025 (in P'000)	2024 (in P'000)	2023 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3 + A.4)	146,316,950	144,687,161	132,297,168
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)	124,199,448	124,578,516	114,154,366
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity Method	2,785,499	2,043,010	2,162,611
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	16,907,567	15,812,356	13,943,175
A.3.1 Rental Income from Land and Buildings	-	-	-
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)	-	-	-
A.3.3 Sale of Real Estate or other Property and Equipment	-	-	-
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)	-	-	-
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7)	16,907,567	15,812,356	13,943,175
A.3.5.1 Cinema and event ticket sales	4,361,412	4,773,138	4,020,155
A.3.5.2 Merchandise sales	3,711,571	3,641,275	3,263,194
A.3.5.3 Food and beverages	2,877,275	2,661,034	2,339,039
A.3.5.4 Amusement income	1,390,752	1,328,655	1,337,200
A.3.5.5 Bowling and ice skating fees	534,855	546,470	471,316
A.3.5.6 Other revenue	4,031,702	2,861,784	2,512,271
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	2,424,436	2,253,279	2,037,016
A.4.1 Interest income	1,797,898	1,701,248	1,745,227
A.4.2 Dividend Income	594,274	527,475	439,929
A.4.3 Gain / (Loss) from disposals and derecognition of investment properties and property and equipment	32,264	24,556	(148,140)
A.4.3.1 Disposal of investment properties and retirement of property and equipment	32,264	24,556	(148,140)
A.4.4 Others, specify	-	-	-
A.4.4.1 Other income - net of other expenses	-	-	-
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	-	-	-
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)	-	-	-
B.1.1 Direct Material Used	-	-	-
B.1.2 Direct Labor	-	-	-
B.1.3 Other Manufacturing Cost / Overhead	-	-	-
B.1.4 Goods in Process, Beginning	-	-	-
B.1.5 Goods in Process, End (negative entry)	-	-	-
B.2 Finished Goods, Beginning	-	-	-
B.3 Finished Goods, End (negative entry)	-	-	-
C. COST OF REAL ESTATE SALES (C.1 + C.2 + C.3 + C.4)	17,619,393	19,140,525	16,660,910
C.1 Development Costs	14,049,487	18,022,548	22,141,007
C.2 Real Estate Inventory, Beginning	76,927,527	77,886,781	70,500,025
C.3 Real Estate Inventory, End (negative entry)	(74,107,710)	(76,927,527)	(77,886,781)
C.4 Reclassifications, translation adjustment and others	750,089	158,723	1,906,659
D. GROSS PROFIT (A - B - C)	128,697,557	125,546,636	115,636,258

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: SM Prime Holdings, Inc. and Subsidiaries
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

CURRENT ADDRESS: _____

TEL. NO.: 8831-1000 FAX NO.: _____

COMPANY TYPE : Buying, selling, renting, leasing, operation of dwelling PSIC: _____

Table 2. Income Statement

FINANCIAL DATA	2025 (in P'000)	2024 (in P'000)	2023 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	54,623,251	54,770,147	51,833,168
E.1 Selling and Marketing Expenses	6,910,007	6,568,920	7,056,076
E.2 Administrative Expenses	15,473,739	17,720,115	17,450,432
E.3 General Expenses	-	-	-
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7)	32,239,505	30,481,112	27,326,660
E.4.1 Depreciation and amortization	15,536,382	15,037,788	13,656,773
E.4.2 Business taxes and licenses	6,448,539	6,126,914	5,303,596
E.4.3 Film rentals	2,233,569	2,538,310	2,036,632
E.4.4 Rent	1,558,722	1,414,534	1,324,430
E.4.5 Insurance	387,878	470,513	634,148
E.4.6 Other operating costs and expenses	3,208,020	3,336,135	2,695,303
E.4.7 Other expenses - net of other income	2,866,395	1,556,918	1,675,778
F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)	13,076,365	13,934,024	13,963,271
F.1 Interest on long-term debt	12,017,254	13,194,308	12,988,734
F.2 Interest on loans payable	722,923	661,599	257,559
F.3 Interest on mortgages and other long-term loans	-	-	-
F.4 Amortization	-	-	-
F.5 Other interests, specify	336,188	78,117	716,978
F.5.1 Discount on sale of receivable	336,188	78,117	716,978
G. NET INCOME BEFORE TAX (D - E - F)	60,997,941	56,842,465	49,839,819
H. INCOME TAX EXPENSE (negative entry)	(11,271,408)	(10,303,029)	(8,975,974)
I. INCOME AFTER TAX	49,726,533	46,539,436	40,863,845
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)	-	-	-
K. PROFIT OR LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST	878,803	907,672	853,344
L. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	48,847,730	45,631,764	40,010,501
M. EARNINGS (LOSS) PER SHARE			
M.1 Basic	1.694	1.581	1.387
M.2 Diluted	1.694	1.581	1.387

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF SM Prime Holdings, Inc. and Subsidiaries

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

TEL. NO.: 8831-1000

FAX NO.: _____

COMPANY TYPE : Buying, selling, renting, leasing, operation of dwelling

PSIC: _____

Table 3. Cash Flow Statements

FINANCIAL DATA	2025 (in P'000)	2024 (in P'000)	2023 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income Before Tax and Extraordinary Items	60,997,941	56,842,465	49,839,819
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation and amortization	15,536,382	15,037,788	13,656,773
Interest expense	13,076,365	13,934,024	13,963,271
Interest and dividend income	(2,392,172)	(2,228,723)	(2,185,156)
Equity in net earnings of associates and joint ventures	(2,785,499)	(2,043,010)	(2,162,611)
Loss (gain) on:			
Disposals and derecognition of investment properties and property and equipment	(32,264)	(24,556)	148,140
Unrealized foreign exchange and fair value changes on derivatives - net	(69,966)	417,027	76,370
Effect of exchange rate changes on cash and cash equivalents	16,803	(8,615)	43,039
Income tax paid	(10,383,734)	(8,726,437)	(7,665,012)
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables and contract assets	(9,299,693)	(23,886,248)	(16,337,056)
Real estate inventories	3,569,906	1,117,977	(5,437,721)
Prepaid expenses and other current assets	(2,045,436)	(1,684,842)	(2,068,144)
Increase in:			
Accounts payable and other liabilities	7,980,960	13,338,858	19,253,318
Tenants' and customers' deposits - net of current portion	758,343	5,194,630	1,573,478
A. Net Cash Provided by Operating Activities (sum of above rows)	74,927,936	67,280,338	62,698,508
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to Investment Properties	(76,221,138)	(69,571,345)	(63,772,055)
Additions to Property and Equipment	(425,208)	(154,288)	(341,106)
Acquisition of a subsidiary	(50,000)	-	-
Decrease (Increase) in other noncurrent assets	(6,115,813)	1,150,456	(5,338,058)
Others, specify: Interest received	1,866,622	1,595,754	1,922,233
Dividends received from investments at FVOCI and in associates and joint ventures	989,295	1,960,828	724,446
Proceeds from disposals of investment properties and property and equipment	12,347	464,443	90,067
B. Net Cash Used in Investing Activities (sum of above rows)	(79,943,895)	(64,554,152)	(66,714,473)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans and Long-term Debt	197,104,510	165,601,237	111,562,913
Payments of:			
Long-term Debt	(85,571,225)	(72,198,246)	(66,701,374)
Bank Loans	(80,967,352)	(73,673,067)	(29,563,823)
Others, specify (negative entry):			
Dividends paid	(14,378,475)	(10,438,750)	(7,163,420)
Interests paid	(12,765,016)	(14,086,273)	(13,782,271)
Lease liabilities paid	(896,042)	(897,760)	(874,140)
Proceeds from matured derivatives - net	130,950	2,396,042	294,800
Acquisition of treasury shares	(1,242,418)	-	-
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	1,414,932	(3,296,817)	(6,227,315)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(3,601,027)	(570,631)	(10,243,280)
Cash and Cash Equivalents			
Beginning of year	31,246,171	31,816,802	42,060,082
End of year	27,645,144	31,246,171	31,816,802

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

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CURRENT ADDRESS:

TEL. NO.: 8831-1000

FAX NO.:

COMPANY TYPE : Buying, selling, renting, leasing, operation of dwelling

PSIC:

Table 4. Statement of Changes in Equity

FINANCIAL DATA	(Amount in P'000)										
	Capital Stock	Additional Paid-in Capital	Cumulative Translation Adjustment	Net fair value changes of equity instruments at FVOCI	Remeasurement Loss on Defined Benefit Obligation	Net Fair Value Changes on Cash Flow Hedges	Retained Earnings-Appropriated	Retained Earnings-Unappropriated	Treasury Stock	Noncontrolling Interests	TOTAL
A. Balance, 2023	33,166,300	38,159,900	2,556,139	16,938,503	(1,062,437)	1,079,094	42,200,000	266,143,815	(2,984,695)	2,690,417	398,887,036
A.1 Correction of Error(s)	-	-	-	-	-	-	-	-	-	-	-
A.2 Effect of Common Control Business Combination	-	-	-	-	-	-	-	-	-	-	-
B. Restated Balance	33,166,300	38,159,900	2,556,139	16,938,503	(1,062,437)	1,079,094	42,200,000	266,143,815	(2,984,695)	2,690,417	398,887,036
C. Surplus	-	-	579,617	869,263	270,208	(475,063)	-	711	-	2,344	1,247,080
C.1 Surplus (Deficit) on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-	-
C.2 Surplus (Deficit) on Revaluation of Investments	-	-	-	-	-	-	-	-	-	-	-
C.3 Currency Translation Differences	-	-	579,617	-	-	-	-	-	-	-	579,617
C.4 Other Surplus (specify)	-	-	-	869,263	270,208	(475,063)	-	711	-	2,344	667,463
C.4.1 Other comprehensive income (loss)	-	-	-	869,974	270,208	(475,063)	-	-	-	2,344	667,463
C.4.2 Net fair value changes of equity instruments at FVOCI reclassified to retained earnings	-	-	-	(711)	-	-	-	711	-	-	-
D. Net Income for the Period								45,631,764		907,672	46,539,436
E. Dividends (negative entry)								(9,984,320)		(454,430)	(10,438,750)
F. Appropriation for (specify)	-	-	-	-	-	-	57,800,000	(57,800,000)	-	-	-
F.1 Reversal of appropriation							(42,200,000)	42,200,000			-
F.2 Appropriation during the year							100,000,000	(100,000,000)			-
G. Issuance of Capital Stock	-	4,273	-	-	-	-	-	-	-	1,415	5,688
G.1 Common Stock	-	-	-	-	-	-	-	-	-	-	-
G.2 Preferred Stock	-	-	-	-	-	-	-	-	-	-	-
G.3 Others - Treasury stock	-	-	-	-	-	-	-	-	-	-	-
G.4 Others - Additional investment of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
G.5 Others - Sale of non-controlling interest	-	4,273	-	-	-	-	-	-	-	1,415	5,688
H. Balance, 2024	33,166,300	38,164,173	3,135,756	17,807,766	(792,229)	604,031	100,000,000	243,991,970	(2,984,695)	3,147,418	436,240,490
H.1 Correction of Error (s)	-	-	-	-	-	-	-	-	-	-	-
H.2 Effect of Common Control Business Combination	-	-	-	-	-	-	-	-	-	-	-
I. Restated Balance	33,166,300	38,164,173	3,135,756	17,807,766	(792,229)	604,031	100,000,000	243,991,970	(2,984,695)	3,147,418	436,240,490
J. Surplus	-	-	2,232,997	(2,179,183)	(59,932)	(1,190,228)	-	-	-	(1,619)	(1,197,965)
J.1 Surplus (Deficit) on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-	-
J.2 Surplus (Deficit) on Revaluation of Investments	-	-	-	-	-	-	-	-	-	-	-
J.3 Currency Translation Differences	-	-	2,232,997	-	-	-	-	-	-	-	2,232,997
J.4 Other Surplus (specify)	-	-	-	(2,179,183)	(59,932)	(1,190,228)	-	-	-	(1,619)	(3,430,962)
J.4.1 Other comprehensive income (loss)	-	-	-	(2,179,183)	(59,932)	(1,190,228)	-	-	-	(1,619)	(3,430,962)
K. Net Income for the Period								48,847,730		878,803	49,726,533
L. Dividends (negative entry)								(13,848,895)		(529,580)	(14,378,475)
M. Appropriation for (specify)	-	-	-	-	-	-	70,000,000	(70,000,000)	-	-	-
M.1 Reversal of appropriation							(100,000,000)	100,000,000			-
M.2 Appropriation during the year							170,000,000	(170,000,000)			-
N. Issuance of Capital Stock	-	(95,518)	-	-	-	-	-	-	(1,242,418)	26,040	(1,311,896)
N.1 Common Stock	-	-	-	-	-	-	-	-	-	-	-
N.2 Preferred Stock	-	-	-	-	-	-	-	-	-	-	-
N.3 Others - Treasury stock	-	-	-	-	-	-	-	-	(1,242,418)	-	(1,242,418)
N.4 Others - Additional investment of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
N.5 Others - Sale of non-controlling interest	-	458	-	-	-	-	-	-	-	142	600
N.6 Others - Equity reserve from common control acquisition of asset	-	(95,976)	-	-	-	-	-	-	-	25,898	(70,078)
O. Balance, 2025	33,166,300	38,068,655	5,368,753	15,628,583	(852,161)	(586,197)	170,000,000	208,990,805	(4,227,113)	3,521,062	469,078,687

Check

Jhoane Marie S. Samson

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Cc: John Nai Peng C. Ong
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Statement of Management's Responsibility for Financial Statements

The management of SM Prime Holdings, Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at December 31, 2025 and 2024, and for the years then ended, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

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

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

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

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

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

Henry T. Sy, Jr.
Chairman

A handwritten signature in black ink, featuring a prominent vertical stroke and a series of loops.

Jeffrey C. Lim
President

A handwritten signature in black ink, with a long horizontal stroke and several loops.

John Nai Peng C. Ong
Chief Finance Officer

Signed this 16th of February, 2026

SM PRIME

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

SUBSCRIBED AND SWORN to before me this MAR 19 2026 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. 294;
Page No. 60;
Book No. VII;
Series of 2026



MAR 19 2026

ATTY. RONHEL VINN A. PAPA

Notary Public for Pasay City

Until December 31, 2026. Commission No. 25-19

IBP OR No. 563343 12/05/2025 / Roll No. 73157

PTR OR No. 9232351 01/08/2026 / TIN# 743-448-049

MCLE Compliance No. VIII-0017246 valid until April 14, 2028

SM PRIME

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
SM Prime Holdings, Inc.
7/F MOA Square
Seashell Lane cor. Coral Way
Mall of Asia Complex
Brgy. 76 Zone 10, CBP 1-A, 1300 Pasay City
Metro Manila, Philippines

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of SM Prime Holdings, Inc. (the "Company"), which comprise the parent company balance sheets as at December 31, 2025 and 2024, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

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

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

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

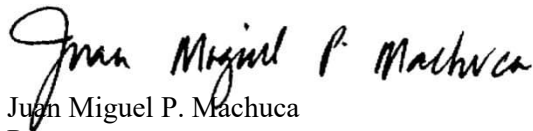


Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of SM Prime Holdings, Inc. in a separate schedule. Revenue Regulations 15-2010 require the information to be presented in the notes to parent company financial statements. Such information is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

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

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Machuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

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

SEC Partner Accreditation No. 116998-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements,

with extension up to audit of 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

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

PTR No. 10765073, January 2, 2026, Makati City

February 16, 2026



SM PRIME HOLDINGS, INC.
PARENT COMPANY BALANCE SHEETS
(Amounts in Thousands)

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4, 16, 20 and 21)	₱4,655,718	₱1,773,519
Receivables and contract assets (Notes 5, 16, 20 and 21)	25,756,612	26,738,495
Real estate inventories (Note 7)	7,196,808	9,062,596
Derivative assets (Notes 20 and 21)	2,004,802	443,328
Prepaid expenses and other current assets (Note 8)	4,250,847	4,271,267
Total Current Assets	43,864,787	42,289,205
Noncurrent Assets		
Derivative assets - net of current portion (Notes 20 and 21)	–	2,117,390
Equity instruments at fair value through other comprehensive income (FVOCI) (Notes 6, 16, 20 and 21)	18,285,083	20,390,765
Investment properties (Notes 9 and 21)	363,656,587	342,650,859
Investments and deposits (Notes 10, 16, 20 and 21)	315,680,881	306,138,239
Other noncurrent assets (Notes 5, 16, 20 and 21)	38,707,439	29,588,255
Total Noncurrent Assets	736,329,990	700,885,508
	₱780,194,777	₱743,174,713
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 11, 16, 20 and 21)	₱42,160,007	₱45,187,995
Current portion of long-term debt (Notes 12, 20 and 21)	47,463,579	43,983,574
Income tax payable	824,097	871,699
Derivative liabilities (Notes 20 and 21)	39,354	–
Total Current Liabilities	90,487,037	90,043,268
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 12, 20 and 21)	136,144,982	137,508,467
Tenants' and customers' deposits - net of current portion (Notes 11, 19, 20 and 21)	23,442,619	20,926,532
Deferred tax liabilities - net (Note 14)	3,822,402	3,453,848
Derivative liabilities - net of current portion (Notes 20 and 21)	–	50,447
Other noncurrent liabilities (Notes 11, 15, 20 and 21)	17,684,060	15,208,895
Total Noncurrent Liabilities	181,094,063	177,148,189
Total Liabilities	271,581,100	267,191,457

(Forward)



	December 31	
	2025	2024
Equity		
Capital stock (Notes 13 and 22)	₱33,166,300	₱33,166,300
Additional paid-in capital - net (Note 13)	86,252,280	86,251,822
Net fair value changes of equity instruments at FVOCI (Note 6)	15,014,168	17,119,850
Net fair value changes on cash flow hedges	(278,907)	858,042
Remeasurement loss on defined benefit obligation (Note 15)	(396,271)	(361,994)
Cumulative share in other comprehensive income of subsidiaries, associate and joint ventures (Note 10)	5,354,487	3,328,709
Retained earnings (Note 13):		
Appropriated	170,000,000	100,000,000
Unappropriated	203,357,688	238,234,177
Treasury stock (Notes 13 and 22)	(3,856,068)	(2,613,650)
Total Equity	508,613,677	475,983,256
	₱780,194,777	₱743,174,713

See accompanying Notes to Parent Company Financial Statements.



SM PRIME HOLDINGS, INC.**PARENT COMPANY STATEMENTS OF INCOME****(Amounts in Thousands, Except Per Share Data)**

	Years Ended December 31	
	2025	2024
REVENUE		
Rent (Notes 9, 16 and 19)	₱63,303,863	₱59,146,717
Real estate sales (Note 7)	8,035,832	3,815,945
Others (Notes 16 and 17)	12,466,953	11,401,740
	83,806,648	74,364,402
COSTS AND EXPENSES		
Depreciation and amortization (Notes 9 and 19)	10,958,905	10,543,970
Management and service fees (Note 16)	7,652,066	6,965,409
Cost of merchandise, food and beverages	4,124,079	3,847,571
Taxes and licenses	3,883,963	3,809,656
Cost of real estate sold (Note 7)	2,862,658	1,610,778
Marketing and selling	2,438,603	2,482,858
Administrative (Note 15)	2,161,250	2,551,893
Film rentals	1,476,969	1,545,265
Rent (Notes 16 and 19)	1,450,723	1,320,510
Personnel costs	1,425,898	897,006
Insurance	307,307	358,070
Utilities	236,025	2,202,199
Others	378,580	323,975
	39,357,026	38,459,160
INCOME FROM OPERATIONS	44,449,622	35,905,242
OTHER INCOME (CHARGES)		
Equity in net earnings of subsidiaries, associate and joint ventures (Note 10)	15,893,233	19,941,404
Interest and dividend income (Notes 4, 6, 16 and 18)	928,744	839,264
Interest expense (Notes 12 and 18)	(4,723,035)	(4,966,714)
Others - net (Notes 6, 7, 11, 12 and 19)	(506,823)	(700,032)
	11,592,119	15,113,922
INCOME BEFORE INCOME TAX	56,041,741	51,019,164
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 14)		
Current	6,680,186	5,888,120
Deferred	378,195	(99,252)
	7,058,381	5,788,868
NET INCOME	₱48,983,360	₱45,230,296
Basic/Diluted Earnings Per Share (Note 22)	₱1.694	₱1.581
Dividend Per Share (Note 13)	₱0.480	₱0.346

See accompanying Notes to Parent Company Financial Statements.



SM PRIME HOLDINGS, INC.**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME****(Amounts in Thousands)**

	Years Ended December 31	
	2025	2024
NET INCOME	₱48,983,360	₱45,230,296
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that may be reclassified to profit or loss in subsequent periods:		
Net fair value changes on cash flow hedges	(1,136,949)	(667,204)
Share in other comprehensive gain of subsidiaries, associate and joint ventures (Note 10)	2,179,704	771,773
	1,042,755	104,569
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 FVOCI (Note 6)	(2,105,682)	822,591
Share in other comprehensive gain (loss) of subsidiaries, associate and joint ventures (Note 10)	(153,926)	256,243
Remeasurement loss on defined benefit obligation (Note 15) - net of tax	(34,277)	(116,218)
	(2,293,885)	962,616
TOTAL COMPREHENSIVE INCOME	₱47,732,230	₱46,297,481

See accompanying Notes to Parent Company Financial Statements.

SM PRIME HOLDINGS, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Thousands)

			Net Fair Value	Net Fair Value	Remeasurement	Cumulative	Retained Earnings (Note 13)		Treasury Stock	
	Capital Stock	Additional	Changes of Equity	Changes on	Loss on	Share in Other	Appropriated	Unappropriated	(Notes 13 and 22)	Total
	(Notes 13 and 22)	Paid-in	Instruments at	Cash Flow	Defined Benefit	Associate and Joint				
		Capital - Net	FVOCI	Hedges	Obligation	Ventures				
	(Note 6)	(Note 13)	(Note 6)	(Note 21)	(Note 15)	(Note 10)				
At January 1, 2025	₱33,166,300	₱86,251,822	₱17,119,850	₱858,042	(₱361,994)	₱3,328,709	₱100,000,000	₱238,234,177	(₱2,613,650)	₱475,983,256
Net income for the year	—	—	—	—	—	—	—	48,983,360	—	48,983,360
Other comprehensive income (loss)	—	—	(2,105,682)	(1,136,949)	(34,277)	2,025,778	—	—	—	(1,251,130)
Total comprehensive income (loss)	—	—	(2,105,682)	(1,136,949)	(34,277)	2,025,778	—	48,983,360	—	47,732,230
Reversal of appropriation (Note 13)	—	—	—	—	—	—	(100,000,000)	100,000,000	—	—
Appropriation during the year (Note 13)	—	—	—	—	—	—	170,000,000	(170,000,000)	—	—
Other changes in equity of subsidiary (Notes 10 and 13)	—	458	—	—	—	—	—	—	—	458
Cash dividends - ₱0.480 per share (Note 13)	—	—	—	—	—	—	—	(13,859,849)	—	(13,859,849)
Acquisition of treasury shares (Note 13)	—	—	—	—	—	—	—	—	(1,242,418)	(1,242,418)
At December 31, 2025	₱33,166,300	₱86,252,280	₱15,014,168	(₱278,907)	(₱396,271)	₱5,354,487	₱170,000,000	₱203,357,688	(₱3,856,068)	₱508,613,677

At January 1, 2024	₱33,166,300	₱86,247,549	₱16,297,259	₱1,525,246	(₱245,776)	₱2,300,693	₱42,200,000	₱260,796,095	(₱2,613,650)	₱439,673,716
Net income for the year	—	—	—	—	—	—	—	45,230,296	—	45,230,296
Other comprehensive income (loss)	—	—	822,591	(667,204)	(116,218)	1,028,016	—	—	—	1,067,185
Total comprehensive income (loss)	—	—	822,591	(667,204)	(116,218)	1,028,016	—	45,230,296	—	46,297,481
Reversal of appropriation (Note 13)	—	—	—	—	—	—	(42,200,000)	42,200,000	—	—
Appropriation during the year (Note 13)	—	—	—	—	—	—	100,000,000	(100,000,000)	—	—
Other changes in equity of subsidiary (Notes 10 and 13)	—	4,273	—	—	—	—	—	—	—	4,273
Cash dividends - ₱0.346 per share (Note 13)	—	—	—	—	—	—	—	(9,992,214)	—	(9,992,214)
At December 31, 2024	₱33,166,300	₱86,251,822	₱17,119,850	₱858,042	(₱361,994)	₱3,328,709	₱100,000,000	₱238,234,177	(₱2,613,650)	₱475,983,256

See accompanying Notes to Parent Company Financial Statements.



SM PRIME HOLDINGS, INC.**PARENT COMPANY STATEMENTS OF CASH FLOWS****(Amounts in Thousands)**

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱56,041,741	₱51,019,164
Adjustments for:		
Equity in net earnings of subsidiaries, associate and joint ventures (Note 10)	(15,893,233)	(19,941,404)
Depreciation and amortization (Notes 9 and 19)	10,958,905	10,543,970
Interest expense (Notes 12 and 18)	4,723,035	4,966,714
Interest and dividend income (Notes 4, 6, 16 and 18)	(928,744)	(839,264)
Loss (gain) on:		
Unrealized foreign exchange and fair value changes on derivatives - net	(19,987)	115,869
Disposals and derecognition of investment properties (Notes 9 and 11)	(150,859)	(22,970)
Operating income before working capital changes	54,730,858	45,842,079
Decrease (increase) in:		
Receivables and contract assets	973,690	(2,510,616)
Real estate inventories	1,865,788	(80,341)
Prepaid expenses and other current assets	20,420	183,782
Increase in:		
Accounts payable and other liabilities	297,028	4,375,945
Tenants' and customers' deposits	2,516,087	1,675,205
Cash generated from operations	60,403,871	49,486,054
Income taxes paid	(6,727,788)	(5,561,694)
Net cash provided by operating activities	53,676,083	43,924,360
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment properties (Note 9)	(26,231,275)	(33,425,007)
Investment and deposits (Note 10)	(1,781,346)	(2,230,152)
Proceeds from disposal of investment properties	—	192,753
Interest received	398,465	374,422
Dividends received from investments at FVOCI and in subsidiaries, associates and joint ventures	10,696,645	4,534,694
Decrease (increase) in other noncurrent assets	(9,119,184)	7,929,602
Net cash used in investing activities	(26,036,695)	(22,623,688)

(Forward)

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of loans payable and long-term debt (Note 12)	₱46,000,000	₱51,000,000
Payments of:		
Long-term debt (Note 12)	(44,450,480)	(27,308,380)
Loans payable	–	(26,000,000)
Dividends (Note 13)	(13,859,849)	(9,992,214)
Interest	(10,520,180)	(10,611,141)
Lease liabilities (Notes 11 and 19)	(679,124)	(688,179)
Proceeds from (settlement on) matured derivatives - net	(23,550)	129,680
Acquisition of treasury shares (Note 13)	(1,242,418)	–
Net cash used in financing activities	(24,775,601)	(23,470,234)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	18,412	(7,339)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,882,199	(2,176,901)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 4)	1,773,519	3,950,420
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱4,655,718	₱1,773,519

See accompanying Notes to Parent Company Financial Statements.



SM PRIME HOLDINGS, INC.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

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

The accompanying parent company financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on February 16, 2026.

2. Basis of Preparation

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

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

Statement of Compliance

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

The Company also prepared and issued consolidated financial statements for the same period as the parent company financial statements presented in compliance with PFRS Accounting Standards. These may be obtained at the registered office address of the Company or at the SEC.



Material Accounting Judgments, Estimates and Assumptions

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

Judgments

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

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

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

Revenue Recognition Method and Measure of Progress. The Company concluded that revenue from sale of completed real estate projects is to be recognized at a point in time upon meeting the threshold of buyer's equity whereas revenue from sale of real estate projects under pre-completion stage 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 Company identifies sales commissions after contract inception as cost of obtaining a contract. For contracts which qualified for revenue recognition, the related sales commissions are amortized consistent with the revenue recognition.

The 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.



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

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

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

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

Estimates and Assumptions

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

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

Revenue from sale of real estate amounted to ₱8,036 million and ₱3,816 million for the years ended December 31, 2025 and 2024, respectively, while the cost of real estate sold amounted to ₱2,863 million and ₱1,611 million for the years ended December 31, 2025 and 2024, respectively (see Note 7).

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



The carrying values of real estate inventories amounted to ₱7,197 million and ₱9,063 million as at December 31, 2025 and 2024, respectively (see Note 7).

Realizability of Deferred Tax Assets. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the projected taxable income in future periods.

Deferred tax assets recognized in the parent company balance sheets amounted to ₱1,491 million and ₱1,590 million as at December 31, 2025 and 2024, respectively (see Note 14).

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

The fair value of assets and liabilities are discussed in Note 21.

3. Material Accounting Policy Information

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted amendments to Philippine Accounting Standards (PAS) 21, *Lack of Exchangeability* starting January 1, 2025. Adoption of these pronouncements did not have any material impact on the Company's financial position or performance.

Future Changes in Accounting Policies and Disclosures

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

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*



Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*, the standard replaces PAS 1, *Presentation of Financial Statements*, and responds to investors' demand for better information about companies' financial performance. The new requirements include:
 - Required totals, subtotals and new categories in the statement of profit or loss
 - Disclosure of management-defined performance measures
 - Guidance on aggregation and disaggregation

The Company is ongoing assessment on the impact of PFRS 18 on its financial statements.

- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

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*

Determination of Fair Value

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

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

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

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

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

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

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

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



Financial Instruments - Initial Recognition and Subsequent Measurement

Financial Assets

Initial recognition and measurement. Financial assets are classified, at initial recognition, as financial assets 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.

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

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

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

The Company's financial assets at amortized cost includes cash and cash equivalents, receivables and escrow and time deposits (included under "Other noncurrent assets" account).

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

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



This category includes due from subsidiaries (included under “Investments and deposits”). The carrying value of financial assets classified under this category amounted to ₱5,201 million and ₱3,851 million as at December 31, 2025 and 2024, respectively (see Notes 10 and 21).

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

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

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

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

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

Classified under this category are the investments in shares of stocks of certain companies. The carrying value of financial assets classified under this category amounted to ₱18,285 million and ₱20,391 million as at December 31, 2025 and 2024, respectively (see Notes 6 and 21).

As at December 31, 2025 and 2024, the Company has no financial assets classified at FVOCI (*debt instruments*).

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

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



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

Impairment of financial assets. The Company recognizes an allowance for expected credit loss (ECL) 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 ECLs 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, gross domestic product and unemployment 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 Republic Act No. 6552 or the *Realty Installment Buyer Protection Act* (Maceda Law), cost to complete (for incomplete units). As these are future cash flows, these are discounted back to the time of default using the appropriate EIR, usually being the original EIR or an approximation thereof.

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

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



Financial Liabilities

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

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

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

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Derivatives, including any separated derivatives, are also classified under liabilities at FVTPL, unless these are designated as hedging instruments in an effective hedge or financial guarantee contracts. Gains or losses on liabilities held for trading are recognized in the parent company statement of income under “Others - net” account. As at December 31, 2025, the company has no financial liabilities classified at FVTPL.

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

Classified under this category are accounts payable and other current liabilities, long-term debt, tenants’ deposits 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 ₱164,562 million and ₱160,982 million as at December 31, 2025 and 2024, respectively (see Note 21).

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

Debt Issue Costs

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



Derivative Financial Instruments

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

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

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

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

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

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

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

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

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



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

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

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

Real Estate Inventories

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

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

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

Real estate sales cancellations are accounted for as modification of the contract (i.e., from non-cancellable to being cancellable. Revenue from sale of real estate and cost of real estate sold previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. Income from forfeitures, except accounts covered by Maceda Law, is presented under "Others - net" in the parent company statements of income.

Prepaid Expenses and Other Current Assets

These consist of prepayments, advances to contractors, supplies and inventories and others. Prepaid taxes and other prepayments are carried at cost less amortized portion. These include prepayments for taxes and licenses, rent, advertising and promotions and insurance. Advances to contractors are carried at cost. These represent advance payments to contractors for the construction and development of the projects. The amounts are non-interest bearing and are recouped upon every progress billing payment depending on the percentage of accomplishment.

Investment Properties

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



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

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

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

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

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

Transfers are made from investment property to inventories when, and only when, there is a change in use which is upon launching of the real estate project subsequent to undertaking of necessary activities such as obtaining appropriate permits (i.e., license to sell) and technical due diligence (i.e., topography studies), and is supported by an approved plan to construct and develop condominium units for sale. Transfers are made from inventories to investment property when, and only when, there is change in use, as evidenced by commencement of an operating lease to a third party or change in the originally approved plan. The cost of property for subsequent accounting is its carrying value at the date of change in use.

Investments and Deposits

The Company’s investments in shares of stocks of subsidiaries, associates and joint ventures are accounted for under the equity method of accounting. The parent company statements of income reflect the share in the result of operations of the subsidiary, associate or joint venture. Deposits are for future classification to the paid-up capital of subsidiaries.

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

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

Other Noncurrent Assets

Other noncurrent assets consist of bonds and deposits, receivables from sale of real estate - net of current portion, time deposits and escrow, deferred input tax and others.



Impairment of Nonfinancial Assets

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

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

Customers' Deposits

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

Capital Stock and Additional Paid-in-Capital

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

Retained Earnings

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

Treasury Stock

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



Dividends

Dividends on common shares are recognized as liability and deducted from equity when declared and approved by the BOD.

Revenue Recognition

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

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.

The following specific recognition criteria, other than those disclosed in Note 2 to the parent company financial statements, must also be met before revenue is recognized:

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

Revenue from Sale of Real Estate. The Company derives its real estate revenue from sale of condominium units. Revenue from the sale of completed real estate projects are recognized at a point in time upon meeting the threshold of buyer's equity whereas revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or POC) since based on the terms and conditions of its contract with the buyers, the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

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

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

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

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



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

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

Cost of Real Estate Sold. In determining the actual costs incurred to be recognized as cost of real estate sold, the Company accumulates costs incurred on materials, labor and overhead which include costs that were incurred but not yet billed by the contractor. The Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of development and construction costs, contract fulfillment assets and cost to obtain contract. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of real estate sold while the portion allocable to the unsold area being recognized as part of real estate inventories. In addition, the Company recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances

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

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

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

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

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



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

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

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

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

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

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

Sale of Cinema, Event and Amusement Tickets and Merchandise. Revenue is recognized upon receipt of payment from the customer which coincides with the rendering of services or the delivery of merchandise. These are included in the "Revenue - Others" account in the parent company statement of income.

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

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

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

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



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 parent company statement of income. Past service costs are recognized when plan amendment or curtailment occurs.

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

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

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

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

Foreign Currency-denominated Transactions

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



Leases

Company as Lessor. Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. 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 incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is adjusted to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

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

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



Provisions

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

Borrowing Costs

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

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

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

Taxes

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

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

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

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



- with respect to taxable temporary differences associated with investments in subsidiaries, associate and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

Basic/Diluted Earnings Per Common Share (EPS)

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

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



Contingencies

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

Events after the Reporting Period

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

4. Cash and Cash Equivalents

This account consists of:

	2025	2024
	<i>(In Thousands)</i>	
Cash on hand and in banks (see Note 16)	₱1,547,039	₱861,990
Temporary investments (see Note 16)	3,108,679	911,529
	₱4,655,718	₱1,773,519

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 ₱325 million and ₱316 million for the years ended December 31, 2025 and 2024, respectively (see Note 18).

5. Receivables and Contract Assets

This account consists of:

	2025	2024
	<i>(In Thousands)</i>	
Trade:		
Sale of real estate (billed and unbilled)*	₱26,466,369	₱21,478,927
Rent:		
Third parties	8,322,798	8,001,307
Related parties (see Note 16)	3,772,739	3,267,311

(Forward)



	2025	2024
	(In Thousands)	
Accrued interest (see Note 16)	₱8,276	₱19,687
Nontrade and others (see Note 16)	2,207,546	2,636,230
	40,777,728	35,403,462
Less allowance for ECL	625,608	622,237
	40,152,120	34,781,225
Less noncurrent portion**	14,395,508	8,042,730
	₱25,756,612	₱26,738,495

*Includes unbilled revenue from sale of real estate amounting to ₱21,799 million and ₱18,127 million as at December 31, 2025 and 2024, respectively.

**Pertains to noncurrent portion of unbilled revenue from sale of real estate included under "Other noncurrent assets" account as at December 31, 2025 and 2024.

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

- Rent receivable from tenants are noninterest-bearing and are normally collectible on a 30 to 90 days' term. Receivables from sale of real estate pertains to sold real estate inventories at various terms of payments, which are generally noninterest-bearing.
- Accrued interest, nontrade and other receivables are normally collected throughout the next financial period.

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

There is no allowance for ECLs on receivables from sale of real estate (billed and unbilled) and other receivables as of December 31, 2025 and 2024. The movements in the allowance for ECLs related to receivables from rent are as follows:

	2025	2024
	(In Thousands)	
At beginning of year	₱622,237	₱623,137
Provisions (reversals) - net	3,371	(900)
At end of year	₱625,608	₱622,237

The aging analysis of receivables as at December 31 are as follows:

	2025	2024
	(In Thousands)	
Neither past due nor impaired	₱31,905,884	₱29,360,824
Past due:		
Less than 30 days	2,704,583	1,458,035
31-90 days	2,223,498	1,381,876
91-120 days	1,513,948	1,754,529
Over 120 days	1,804,207	825,961
Impaired	625,608	622,237
	₱40,777,728	₱35,403,462



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

The transaction price allocated to the remaining performance obligations as at December 31, 2025 and 2024 totaling ₱8,714 million and ₱6,506 million, respectively, is expected to be recognized over the construction period ranging from one to five years.

6. Equity Instruments at FVOCI

This account consists of investments in:

	2025	2024
	<i>(In Thousands)</i>	
Shares of stock:		
Listed (see Note 16)	₱18,281,803	₱20,387,485
Unlisted	3,280	3,280
	₱18,285,083	₱20,390,765

- 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 ₱542 million and ₱472 million for the years ended December 31, 2025 and 2024, respectively (see Note 16).

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

	2025	2024
	<i>(In Thousands)</i>	
At beginning of year	₱17,119,850	₱16,297,259
Unrealized gain (loss) due to changes in fair value	(2,105,682)	822,591
At end of year	₱15,014,168	₱17,119,850

7. Real Estate Inventories

The movements in this account are as follows:

	Land and Development	Condominium Units for Sale	Total
	<i>(In Thousands)</i>		
Balance as at December 31, 2023	₱7,055,743	₱1,926,512	₱8,982,255
Development cost incurred	1,691,119	—	1,691,119
Cost of real estate sold	(806,738)	(804,040)	(1,610,778)
Transfers	(239,420)	239,420	—
Balance as at December 31, 2024	7,700,704	1,361,892	9,062,596
Development cost incurred	996,870	—	996,870
Cost of real estate sold	(2,083,173)	(779,485)	(2,862,658)
Transfers	(68,829)	68,829	—
Balance as at December 31, 2025	₱6,545,572	₱651,236	₱7,196,808



Land and development pertains to the Company's on-going condominium projects. Estimated cost to complete the projects amounted to ₱13,354 million and ₱19,189 million as at December 31, 2025 and 2024, respectively.

Condominium units for sale pertain to completed projects. These are stated at cost as at December 31, 2025 and 2024.

Contract fulfillment assets mainly pertain to unamortized portion of land cost totaling ₱346 million and ₱290 million as at December 31, 2025 and 2024, respectively.

Real estate sales amounted to ₱8,036 million and ₱3,816 million in December 31, 2025 and 2024, respectively, of which ₱1,537 million and ₱1,628 million pertains to sale of completed projects.

Income from forfeitures, except accounts covered by Maceda Law, amounted to ₱320 million and ₱425 million for the years ended December 31, 2025, and 2024, respectively, presented under "Others - net" account in the parent company statements of income.

8. Prepaid Expenses and Other Current Assets

This account consists of:

	2025	2024
	<i>(In Thousands)</i>	
Prepaid taxes and other prepayments	₱2,815,586	₱2,795,944
Advances to contractors	1,233,626	1,227,466
Supplies, inventories and others	201,635	247,857
	₱4,250,847	₱4,271,267



9. Investment Properties

The movements in this account are as follows:

	Land, Building and Leasehold Improvements	Building Equipment, Furniture and Others	ROUA	Construction in Progress	Total
<i>(In Thousands)</i>					
Cost					
Balance as at December 31, 2023	₱313,646,508	₱46,229,187	₱9,215,408	₱41,921,257	₱411,012,360
Additions	5,931,316	2,856,966	—	29,080,962	37,869,244
Disposals	(169,778)	(526)	—	—	(170,304)
Reclassifications	10,048,596	2,145,542	—	(12,194,138)	—
Balance as at December 31, 2024	329,456,642	51,231,169	9,215,408	58,808,081	448,711,300
Additions	4,107,240	2,195,792	15,368	26,041,055	32,359,455
Disposals/Derecognition	—	(1,662)	(463,907)	—	(465,569)
Reclassifications	16,753,659	2,351,662	—	(19,105,321)	—
Balance as at December 31, 2025	₱350,317,541	₱55,776,961	₱8,766,869	₱65,743,815	₱480,605,186
Accumulated Depreciation and Amortization					
Balance as at December 31, 2023	₱63,398,906	₱30,216,501	₱1,901,585	₱—	₱95,516,992
Depreciation and amortization (see Note 19)	6,997,183	3,157,886	388,901	—	10,543,970
Disposals	—	(521)	—	—	(521)
Balance as at December 31, 2024	70,396,089	33,373,866	2,290,486	—	106,060,441
Depreciation and amortization (see Note 19)	7,153,557	3,443,645	361,703	—	10,958,905
Disposals/Derecognition	—	(1,662)	(69,085)	—	(70,747)
Balance as at December 31, 2025	₱77,549,646	₱36,815,849	₱2,583,104	₱—	₱116,948,599
Net Book Value					
As at December 31, 2024	₱259,060,553	₱17,857,303	₱6,924,922	₱58,808,081	₱342,650,859
As at December 31, 2025	₱272,767,895	₱18,961,112	₱6,183,765	₱65,743,815	₱363,656,587



In 2025 and 2024, the Company disposed certain investment properties. In 2025, the Company acquired certain leased properties, hence, the related ROUA and lease liabilities were derecognized (see Note 11). The gain on disposals and derecognition is recognized under “Others - net” account in the parent company statements of income.

Rent income from investment properties amounted to ₱63,304 million and ₱59,147 million for the years ended December 31, 2025 and 2024, respectively.

Direct costs and expenses from investment properties which generate rent income amounted to ₱35,844 million and ₱36,317 million for the years ended December 31, 2025 and 2024, respectively.

Construction in progress includes landbanking, offices, construction of new malls, hotels and convention centers and redevelopment of existing malls amounting to ₱65,744 million and ₱58,808 million as at December 31, 2025 and 2024, respectively.

The outstanding contracts are valued at ₱12,174 million and ₱12,859 million as at December 31, 2025 and 2024, respectively, inclusive of overhead, cost of labor and materials and all other costs necessary for the proper execution of the works.

Additions include interest capitalized to the construction of investment properties amounted to ₱5,992 million and ₱5,430 million for the years ended December 31, 2025 and 2024, respectively. Capitalization rates used were 5.86% and 5.76% for the years ended December 31, 2025 and 2024, respectively.

The most recent fair value of investment properties is determined by an independent appraiser who holds a recognized and relevant professional qualification. The valuation of investment properties was based on market values using income approach and sales comparison approach. The fair value represents the amount at which the assets can be exchanged between a knowledgeable, willing seller and a knowledgeable, willing buyer in an arm’s length transaction at the date of valuation, in accordance with International Valuation Standards as set out by the International Valuation Standards Committee (see Note 21).

The Company has no restriction on the realizability of its investment properties.

10. Investments and Deposits

This account consists of:

	2025	2024
	<i>(In Thousands)</i>	
Investments and deposits in:		
Subsidiaries	₱278,011,028	₱272,032,820
Associate and joint ventures	32,468,538	30,254,243
	310,479,566	302,287,063
Due from subsidiaries* (see Notes 16, 20 and 21)	5,201,315	3,851,176
	₱315,680,881	₱306,138,239

*Accounted for as financial assets at FVTPL.



Subsidiaries

The ownership interests in subsidiaries accounted for under the equity method consist of the following:

Company	Country of Incorporation	Percentage of Ownership	
		2025	2024
<i>Mall</i>			
A. Canicosa Holdings, Inc.	Philippines	100.0	100.0
AD Canicosa Properties, Inc.	- do -	100.0	100.0
Britannia Trading Corp. and Subsidiaries	- do -	100.0	100.0
CHAS Realty and Development Corporation and Subsidiaries	- do -	100.0	100.0
Cherry Realty Development Corporation	- do -	100.0	100.0
Consolidated Prime Dev. Corp.	- do -	100.0	100.0
MOA Esplanade Port, Inc.	- do -	100.0	100.0
Premier Central, Inc. and Subsidiary	- do -	100.0	100.0
Premier Clark Complex, Inc.	- do -	100.0	100.0
Premier Southern Corp.	- do -	100.0	100.0
Prime_Commercial Property Management Corp. and Subsidiaries	- do -	100.0	100.0
Rushmore Holdings, Inc.	- do -	100.0	100.0
San Lazaro Holdings Corporation	- do -	100.0	100.0
Simply Prestige Limited and Subsidiaries	British Virgin Islands (BVI)	100.0	100.0
SM Arena Complex Corporation	Philippines	100.0	100.0
SM Land (China) Limited and Subsidiaries	Hong Kong	100.0	100.0
SMPHI SG Holdings Pte. Ltd. (MSG)**	Singapore	100.0	100.0
Southernpoint Properties Corp.	Philippines	100.0	100.0
Springfield Global Enterprises Limited	BVI	100.0	100.0
Supermalls Transport Services, Inc.	Philippines	100.0	100.0
Nagtahan Property Holdings, Inc. (NPHI)*	- do -	99.7	—
First Asia Realty Development Corporation	- do -	74.2	74.2
Mindpro Incorporated	- do -	70.0	70.0
SM GUUN ENVIRONMENTAL COMPANY, INC. (GECI)***	- do -	70.0	70.0
First Leisure Ventures Group Inc. (FLVGI)	- do -	50.0	50.0
<i>Residential</i>			
SM Development Corporation and Subsidiaries	- do -	100.0	100.0
Costa del Hamilo, Inc. and Subsidiary	- do -	100.0	100.0
Highlands Prime Inc. and Subsidiary	- do -	100.0	100.0
<i>Hotels and Convention Centers</i>			
SM Hotels and Conventions Corp. and Subsidiaries	- do -	100.0	100.0
<i>Commercial and Integrated Commercial Development</i>			
Associated Development Corporation	- do -	100.0	100.0
Magenta Legacy, Inc.	- do -	100.0	100.0
Prime Metroestate, Inc. and Subsidiary	- 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

*In 2025, NPHI, a landholding company, was acquired by the Company from SMIC.

**In 2024, the Company incorporated MSG as an investing and financing company.

*** In 2024, GECI was incorporated to be engaged in recycling and repurposing waste of any kind.

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



Associate and Joint Ventures

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

Company	Country of Incorporation	Percentage of Ownership	
		2025	2024
<i>Associate</i>			
Ortigas Land Corporation (OLC)	Philippines	39.96	39.96
<i>Joint Ventures (collectively, Waltermart)</i>			
Winsome Development Corporation	- do -	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

Investments in Waltermart is accounted for as joint ventures, as the contractual arrangement between the Company and shareholders establishes joint control.

The movements in the investments and deposits in subsidiaries, associate and joint ventures are as follows:

	Subsidiaries	Associate and Joint Ventures	Total
		(In Thousands)	
Balance as at December 31, 2023	₱251,125,185	₱28,766,575	₱279,891,760
Equity in net earnings	18,112,635	1,828,769	19,941,404
Additions	5,487,259	—	5,487,259
Dividends	(3,724,548)	(341,101)	(4,065,649)
Share in OCI	1,028,016	—	1,028,016
Other changes in equity of subsidiary	4,273	—	4,273
Balance as at December 31, 2024	272,032,820	30,254,243	302,287,063
Equity in net earnings	13,280,700	2,612,533	15,893,233
Additions	431,207	—	431,207
Dividends	(9,759,935)	(398,238)	(10,158,173)
Share in OCI	2,025,778	—	2,025,778
Other changes in equity of subsidiary	458	—	458
Balance as at December 31, 2025	₱278,011,028	₱32,468,538	₱310,479,566

The carrying value of investment in OLC amounted to ₱23,140 million and ₱21,544 million as at December 31, 2025 and 2024, respectively, which consists of its proportionate share in the net assets of OLC and fair value adjustments. The share in profit, net of dividend received amounted to ₱1,596 million and ₱929 million for the years ended December 31, 2025 and 2024, respectively.

The aggregate carrying values of investments in Waltermart amounted to ₱9,329 million and ₱8,710 million as at December 31, 2025 and 2024, respectively. The aggregate share in profit and total comprehensive income, net of dividends received amounted to ₱619 million and ₱558 million for the years ended December 31, 2025 and 2024, respectively.

The Company has no outstanding contingent liabilities or capital commitments related to its investments in associate and joint ventures as at December 31, 2025 and 2024.



11. Accounts Payable and Other Current Liabilities

This account consists of:

	2025	2024
	(In Thousands)	
Trade	₱34,883,259	₱36,593,249
Accrued operating expenses:		
Third parties	2,199,015	3,143,451
Related parties (see Note 16)	4,175	40,102
Tenants' and customers' deposits* (see Note 19)	24,124,854	22,048,734
Lease liabilities	9,465,750	10,163,159
Deferred output VAT	2,753,569	2,336,058
Liability for purchased land	1,795,679	1,659,802
Accrued interest	1,737,988	1,542,830
Payable to government agencies	1,293,343	1,041,777
Nontrade and others	4,736,217	2,462,783
	82,993,849	81,031,945
Less noncurrent portion	40,833,842	35,843,950
	₱42,160,007	₱45,187,995

* Includes unearned revenue from sale of real estate amounting to ₱322 million and ₱1,149 million as at December 31, 2025 and 2024, respectively, out of which ₱837 million and ₱105 million were recognized as revenue in 2025 and 2024, respectively.

The terms and conditions of the above liabilities follow:

- Trade payables primarily consist of liabilities to suppliers and contractors, which are noninterest-bearing and are normally settled within a 30-day term.
- Accrued operating expenses are normally settled throughout the financial period. Accrued operating expenses - third parties consist of:

	2025	2024
	(In Thousands)	
Utilities	₱1,838,772	₱2,754,243
Marketing, advertising and others	314,423	356,702
Payable to contractors	45,820	32,506
	₱2,199,015	₱3,143,451

The terms and conditions relating to accrued operating expenses with related parties are further discussed in Note 16.

- Deferred output VAT represents output VAT on unpaid portion of recognized receivable from sale of real estate. This amount is reported as output VAT upon collection of the receivables.
- Lease liabilities included in "Other noncurrent liabilities" amounted to ₱9,343 million and ₱10,035 million as at December 31, 2025 and 2024, respectively. Interest on lease liabilities included under "Others - net" in the parent company statements of income amounted to ₱172 million and ₱236 million as at December 31, 2025 and 2024, respectively (see Note 19). Lease liabilities amounting to ₱546 million were derecognized in 2025 (see Note 9).
- Liability for purchased land, accrued interest, payable to government agencies and nontrade payables are expected to be settled throughout the next financial period.



12. Long-term Debt

This account consists of:

	Availability Date	Maturity Date	Weighted Average Interest Rate	Outstanding Balance	
				2025	2024
				(In Thousands)	
Philippine peso-denominated loans	November 25, 2015 - December 15, 2025	March 1, 2025 - November 17, 2035	Floating BVAL + margin; Fixed - 5.97%	₱149,396,480	₱147,831,040
U.S. dollar-denominated loans*	April 27, 2021 - March 29, 2022	March 29, 2026 - March 30, 2026	SOFR + spread; quarterly	35,274,000	34,707,000
				184,670,480	182,538,040
Less debt issue cost				1,061,919	1,045,999
				183,608,561	181,492,041
Less current portion				47,463,579	43,983,574
				₱136,144,982	₱137,508,467

BVAL – Bloomberg Valuation Service

SOFR – Secured Overnight Financing Rate

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



Debt Issue Costs

The movements in unamortized debt issue costs of the Company follows:

	2025	2024
	<i>(In Thousands)</i>	
Balance at beginning of year	₱1,045,999	₱1,239,319
Additions	525,839	302,303
Amortization	(509,919)	(495,623)
Balance at end of year	₱1,061,919	₱1,045,999

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

Repayment and Debt Issue Cost Schedule

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

	Gross Loan	Debt Issue Cost	Net
	<i>(In Thousands)</i>		
Within 1 year	₱47,774,000	(₱310,421)	₱47,463,579
More than 1 year to 5 years	85,473,020	(626,255)	84,846,765
More than 5 years	51,423,460	(125,243)	51,298,217
	₱184,670,480	(₱1,061,919)	₱183,608,561

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, 2025 and 2024, the Company is in compliance with the terms of its loan covenants.

Interest expense incurred from long-term debt amounted to ₱4,723 million and ₱4,773 million for the years ended December 31, 2025 and 2024, respectively (see Note 18).

13. Equity

Capital Stock

As at December 31, 2025 and 2024, 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 28,821 million and 28,879 million outstanding shares as at December 31, 2025 and 2024, respectively.

The following summarizes the information on the Company’s registration of securities under the Securities Regulation Code:

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



SMPH declared stock dividends in 2012, 2007, 1996 and 1995. The total number of shareholders is 2,310 and 2,313 as at December 31, 2025 and 2024, respectively.

Additional Paid-in Capital - Net

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

	2025	2024
	<i>(In Thousands)</i>	
Paid-in subscriptions in excess of par value	₱33,331,028	₱33,331,028
Arising from merger	28,465,748	28,465,748
Arising from acquisition of non-controlling interests by a subsidiary	24,455,504	24,455,046
As presented in the parent company balance sheets	₱86,252,280	₱86,251,822

Retained Earnings

On April 29, 2025, the BOD approved the declaration of cash dividend of ₱0.480 per share or ₱13,860 million to stockholders of record as of May 14, 2025.

On April 23, 2024, the BOD approved the declaration of cash dividend of ₱0.346 per share or ₱9,992 million to stockholders of record as of May 8, 2024.

On December 1, 2025, the BOD approved the appropriation of retained earnings amounting to ₱170,000 million to fund the capital expenditures of the planned construction projects and land banking activities from 2026 to 2029. On the same date, the BOD approved the reversal of appropriated retained earnings amounting to ₱100,000 million.

On December 9, 2024, the BOD approved the appropriation of retained earnings amounting to ₱100,000 million for planned construction projects and land banking activities in 2025. On the same date, the BOD approved the reversal of appropriated retained earnings amounting to ₱42,200 million.

The unappropriated retained earnings account is restricted for the payment of dividends to the extent of the accumulated equity in net earnings of subsidiaries, associates and joint ventures and the balance of treasury stock until such time that the Company receives the dividends from its subsidiaries, associates and joint ventures. The unappropriated retained earnings available for dividend declaration amounted to ₱35,213 million and ₱77,131 million as at December 31, 2025 and 2024, respectively.

Treasury Stock

On December 9, 2024, the BOD approved a share buyback program ranging from ₱5 billion to ₱10 billion. As of December 31, 2025, the Company has purchased a total of 58 million shares at an average price of ₱21.28 for a total consideration of ₱1,242 million under its share buyback program.

As at December 31, 2025 and December 31, 2024, the Company has 4,345 million and 4,287 million shares of treasury stock, respectively.

14. Income Tax

In 2025 and 2024, the provision for current income tax pertains to regular corporate income tax. The Company elected to use optional standard deduction in an amount equivalent to 40% of the gross taxable income, as provided by law, in lieu of the itemized allowable deductions.



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

	2025	2024
Statutory tax rate	25.00%	25.00%
Income tax effects of:		
Equity in net earnings of subsidiaries, associate and joint ventures	(7.09)	(9.77)
Interest income subjected to final tax and dividend income exempt from income tax	(0.41)	(0.41)
Nondeductible expenses and others	(4.91)	(3.48)
Effective tax rates	12.59%	11.34%

The details of the Company's deferred tax assets and liabilities as at December 31 are as follows:

	2025	2024
	<i>(In Thousands)</i>	
Deferred tax assets:		
Lease liabilities and others	₱1,420,770	₱1,526,078
Retirement liability	69,930	63,881
	1,490,700	1,589,959
Deferred tax liabilities:		
Undepreciated capitalized interest, unrealized foreign exchange gains and others	(2,280,453)	(2,331,635)
Unrealized gross profit on sale of real estate	(2,105,084)	(1,673,434)
ROUA	(927,565)	(1,038,738)
	(5,313,102)	(5,043,807)
Deferred tax liabilities - net	(₱3,822,402)	(₱3,453,848)

15. Pension Benefits

The Company has funded defined benefit pension plans covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. The latest actuarial valuation report is as at December 31, 2025.

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")

	2025	2024
	<i>(In Thousands)</i>	
Current service cost	₱45,621	₱56,879
Interest - net	15,413	9,016
Net pension cost	₱61,034	₱65,895



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

	2025	2024
	<i>(In Thousands)</i>	
Fair value of plan assets	₱836,576	₱729,070
Defined benefit obligation	(1,129,413)	(1,020,546)
Net pension liability	(₱292,837)	(₱291,476)

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

	2025	2024
	<i>(In Thousands)</i>	
Balance at beginning of year	₱729,070	₱679,636
Contributions	100,000	64,538
Interest income	46,738	43,048
Transfer from the plan	637	5,086
Benefits paid	(23,867)	(51,365)
Remeasurement loss	(16,002)	(11,873)
Balance at end of year	₱836,576	₱729,070

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

	2025	2024
	<i>(In Thousands)</i>	
Balance at beginning of year	₱1,020,546	₱833,027
Interest cost	62,151	52,064
Current service cost	45,621	56,879
Actuarial loss (gain) on:		
Experience adjustments	16,116	267,288
Changes in demographic assumptions	7,367	522
Changes in financial assumptions	842	(142,955)
Transfer from the plan	637	5,086
Benefits paid	(23,867)	(51,365)
Balance at end of year	₱1,129,413	₱1,020,546

The carrying amounts of the plan assets below equal to its fair values as at December 31, 2025 and 2024.

	2025	2024
	<i>(In Thousands)</i>	
Cash and cash equivalents	₱41,571	₱23,005
Investments in:		
Government securities	437,905	378,224
Common trust funds	305,889	271,510
Debt and other securities	44,753	50,710
Other financial assets	6,458	5,621
	₱836,576	₱729,070



The plan assets consist of the following:

- Cash and cash equivalents include regular savings and time deposits;
- Investments in government securities consist of retail treasury bonds which bear interest based on prevailing market rates and have maturities ranging from 2026 to 2035;
- Investments in common trust funds pertain to unit investment trust fund;
- Investments in debt and other securities consist of short-term and long-term corporate loans, notes and bonds which bear interest based on prevailing market rates and have maturities ranging from 2026 to 2029; and
- Other financial assets include accrued interest income on cash deposits held by the Retirement Plan.

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

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

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

	2025	2024
	<i>(In Thousands)</i>	
Cash and cash equivalents	₱41,571	₱23,005
Interest income from cash and cash equivalents	1,465	516
Investments in common trust funds	305,889	271,510
Gain from investments in common trust funds	4,432	8,798

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

	2025	2024
Discount rate	6.1%	6.1%
Future salary increases	5.0%	5.0%

Remeasurement effects recognized in OCI at December 31 follow:

	2025	2024
	<i>(In Thousands)</i>	
Actuarial loss	₱40,326	₱136,728
Income tax effect	(6,049)	(20,510)
	₱34,277	₱116,218



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, 2025 and 2024, respectively, assuming all other assumptions were held constant:

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation <i>(In Thousands)</i>
2025		
Discount rates	100	(₱26,747)
	(100)	29,570
Future salary increases	100	28,588
	(100)	(27,250)
2024		
Discount rates	100	(₱22,556)
	(100)	24,899
Future salary increases	100	24,921
	(100)	(22,988)

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

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2025 and 2024, respectively:

Year 2025	Amount
	<i>(In Thousands)</i>
2026	₱795,727
2027	41,641
2028-2030	181,934
2031-2035	345,854
Year 2024	Amount
	<i>(In Thousands)</i>
2025	₱744,579
2026	54,796
2027-2029	137,917
2030-2034	283,155

The Company expects to contribute ₱81 million to its defined benefit pension plan in 2026.

The weighted average duration of the defined benefit obligation is 2.5 years and 2.3 years as of December 31, 2025 and 2024, respectively.

16. Related Party Transactions

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.



Terms and Conditions of Transactions with Related Parties

There have been no guarantees/collaterals provided or received for any related party receivables or payables. For the years ended December 31, 2025 and 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates. Settlement of the outstanding balances normally occurs in cash. The Company has approval process and established limits when entering into material related party transactions.

The significant related party transactions entered into by the Company with its related parties and the amounts included in the parent company financial statements with respect to such transactions follow:

	Amount of Transactions		Outstanding Amount [Asset (Liability)]		Terms	Conditions
	2025	2024	2025	2024		
	(In Thousands)					
Ultimate Parent						
Rent income	₱82,199	₱77,817	₱–	₱–		
Rent receivable	–	–	13,683	13,547	Noninterest-bearing	Unsecured; not impaired
Other revenue	27,737	31,200	–	–		
Other receivable	–	–	2,007	3,061	Noninterest-bearing	Unsecured; not impaired
Rent expense	59,872	57,150	–	–		
Management and service fee expense	4,619	20,500	–	–		
Accrued management and service fee	–	–	(339)	(9,233)	Noninterest-bearing	Unsecured; not impaired
Dividend income	1,899	1,315	–	–		
Equity instruments at FVOCI	–	–	102,200	131,347	Noninterest-bearing	Unsecured; not impaired
Subsidiaries						
Rent income	146,301	128,348	–	–		
Rent receivable	–	–	119,874	76,381	Noninterest-bearing	Unsecured; not impaired
Rent expense	51,433	61,641	–	–		
Management and service fee expense	7,645,225	6,941,030	–	–		
Accrued management and service fee	–	–	(3,836)	(30,594)	Noninterest-bearing	Unsecured; not impaired
Banking and Retail Group Affiliates						
Cash and cash equivalents	2,890,478,734	2,538,190,948	4,205,522	1,345,540	Interest rates based on prevailing rates	Unsecured; not impaired
Escrow and time deposits	–	108,161	936,143	919,237	Interest bearing	Unsecured; not impaired
Interest income	364,917	357,017	–	–		
Accrued interest receivable	–	–	3,113	11,097	Noninterest-bearing	Unsecured; not impaired
Dividend income	467,808	405,110	–	–		
Equity instruments at FVOCI	–	–	14,517,071	15,556,215	Noninterest-bearing	Unsecured; not impaired
Rent income	16,402,305	15,574,669	–	–		
Rent receivable	–	–	3,570,285	3,116,785	Noninterest-bearing	Unsecured; not impaired
Management and service fee expense	2,222	3,879	–	–		
Accrued management and service fee	–	–	–	(275)	Noninterest-bearing	Unsecured; not impaired
Other Related Parties						
Rent income	286,392	165,852	–	–		
Rent receivable	–	–	68,897	60,598	Noninterest-bearing	Unsecured; not impaired
Rent expense	1,973	5,254	–	–		

Due from related parties amounted to ₱5,201 million and ₱3,851 million as at December 31, 2025 and 2024, respectively, which are due on demand, noninterest-bearing and are not impaired. The amount of transactions with related parties amounted to ₱1,350 million and nil for the years ended December 31, 2025 and 2024, respectively.

The Company provided guarantee to a related party long-term debt. No liability is expected to arise.

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

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

Rent

The Company has existing lease agreements for office and commercial spaces with related companies.



Management and Service Fees

The Company pays management and service fees to certain subsidiaries for the operation, maintenance and administration of its malls, offices, hotels and convention centers.

Dividend Income

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

Cash Placements and Loans

The Company has certain bank accounts and cash placements that are maintained with the banking group. Such accounts earn interest based on prevailing market interest rates (see Note 4).

Compensation of Key Management Personnel

The aggregate compensation and benefits related to key management personnel for the years ended December 31, 2025 and 2024 consist of short-term employee benefits amounting to ₱341 million and ₱288 million, respectively, and post-employment benefits (pension benefits) amounting to ₱55 million and ₱59 million, respectively.

17. Other Revenues

Details of other revenue follows:

	2025	2024
	<i>(In Thousands)</i>	
Cinema and event ticket sales	₱3,135,481	₱3,293,080
Merchandise sales	2,976,920	2,875,890
Food and beverages	2,500,680	2,292,789
Amusement income	1,376,671	1,313,244
Bowling and ice skating fees	373,338	376,582
Advertising income	70,072	31,399
Others	2,033,791	1,218,756
	₱12,466,953	₱11,401,740

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

18. Interest Income and Interest Expense

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

	2025	2024
	<i>(In Thousands)</i>	
Interest income on:		
Cash and cash equivalents (see Note 4)	₱324,795	₱315,988
Escrow and time deposits	41,767	42,055
Others	20,492	9,249
	₱387,054	₱367,292
Interest expense on:		
Long-term debt (see Note 12)	₱4,723,035	₱4,772,506
Loans payable	—	194,208
	₱4,723,035	₱4,966,714



19. Lease Agreements

Company as Lessor

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

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

	2025	2024
	<i>(In Thousands)</i>	
Within one year	₱5,319,548	₱4,007,066
After one year but not more than five years	8,637,369	10,350,637
After more than five years	499,704	4,637,324
	₱14,456,621	₱18,995,027

Rent income amounted to ₱63,304 million and ₱59,147 million for the years ended December 31, 2025 and 2024, respectively.

Company as Lessee

The Company also leases certain parcels of land where some of its malls are situated or constructed. The terms of the lease are for periods ranging from 15 to 50 years, renewable for the same period under the same terms and conditions. Rental payments are generally computed based on a certain percentage of the Company's gross rent income or a certain fixed amount, whichever is higher. The Company also has various lease commitments with third party and related parties with noncancellable periods ranging from 5 to 25 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 parent company statements of income follow:

	2025	2024
	<i>(In Thousands)</i>	
Depreciation expense on ROUA (see Note 9)	₱361,703	₱388,901
Interest expense on lease liabilities (see Note 11)	172,342	235,555
Rent expense	1,450,723	1,320,510
	₱1,984,768	₱1,944,966

The maturity analysis of the undiscounted lease payments as at December 31, 2025 and 2024, respectively, are presented in Note 20 to the parent company financial statements.



20. Financial Risk Management Objectives and Policies

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

The Company also enters into derivative transactions, principally, interest rate swaps and foreign exchange forward swaps. The purpose is to manage the interest rate and foreign currency risks arising from the Company's operations and its sources of finance.

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

Interest Rate Risk

The Company's policy is to manage its interest cost using a mix of fixed and floating rate debts. To manage this mix in a cost-efficient manner, it enters into interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to economically hedge underlying debt obligations. As at December 31, 2025 and 2024, after considering the effect of interest rate swaps, approximately 94% of its long-term borrowings are at a fixed rate of interest.

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, 2025 and 2024:

		2025	
	Interest Rate	1-<2 Years	Total
<i>(In Thousands)</i>			
U.S. dollar-denominated loans	SOFR + spread	\$200,000	₱11,758,000
Less debt issue cost			17,576
			₱11,740,424
		2024	
	Interest Rate	1-<2 Years	Total
<i>(In Thousands)</i>			
U.S. dollar-denominated loans	SOFR + spread	\$200,000	₱11,569,000
Less debt issue cost			86,652
			₱11,482,348



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

	Increase (Decrease) in Basis Points	Effect on Income before Income Tax (In Thousands)
2025	100	(P4,388)
	50	(2,194)
	(100)	4,388
	(50)	2,194
2024	100	(P4,545)
	50	(2,272)
	(100)	4,545
	(50)	2,272

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

Foreign Currency Risk

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

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

The Company's foreign currency-denominated monetary assets amounted to US\$4 million (P223 million) as at December 31, 2025 and US\$13 million (P758 million) as at December 31, 2024.

In translating the foreign currency-denominated monetary assets and liabilities to peso amounts, the exchange rates used were P58.79 to US\$1.00 and P57.85 to US\$1.00, the Philippine peso to U.S. dollar exchange rate as at December 31, 2025 and 2024, respectively.

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

	Appreciation (Depreciation) of \$	Effect on Income before Tax (In Thousands)
2025	1.50	P5,680
	1.00	3,787
	(1.50)	(5,680)
	(1.00)	(3,787)



	Appreciation (Depreciation) of	Effect on Income before Tax
	\$	(In Thousands)
2024	1.50	₱19,653
	1.00	13,102
	(1.50)	(19,653)
	(1.00)	(13,102)

Liquidity Risk

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

The Company seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Company intends to use internally generated funds and proceeds from debt and equity issues.

As part of its liquidity risk management program, the Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives. These initiatives may include bank loans and debt capital and equity market issues.

The Company's financial assets, which have maturities of less than 12 months and used to meet its short-term liquidity needs are cash and cash equivalents amounting to ₱4,656 million and ₱1,774 million as at December 31, 2025 and 2024, respectively (see Note 4). The Company also has readily available credit facility with banks and affiliates to meet its long-term financial liabilities.

The tables below summarize the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments as at December 31:

	2025			
	Within 1 Year	More than 1 Year to 5 Years	More than 5 Years	Total
	(In Thousands)			
Accounts payable and other current liabilities*	₱40,062,720	₱—	₱—	₱40,062,720
Long-term debt (including current portion and interest)	57,869,138	107,858,916	57,994,024	223,722,078
Derivative liabilities	39,354	—	—	39,354
Tenants' deposits - net of current portion**	—	3,699,586	19,421,470	23,121,056
Lease liabilities	650,076	2,452,799	17,952,289	21,055,164
Other noncurrent liabilities***	—	3,597,084	1,698,422	5,295,506
	₱98,621,288	₱117,608,385	₱97,066,205	₱313,295,878

(Forward)



	2024			
	Within 1 Year	More than 1 Year to 5 Years	More than 5 Years	Total
	(In Thousands)			
Accounts payable and other current liabilities*	₱42,812,875	₱—	₱—	₱42,812,875
Long-term debt (including current portion and interest)	54,554,828	144,342,850	14,795,938	213,693,616
Derivative liabilities	—	50,447	—	50,447
Tenants’ deposits - net of current portion**	—	3,765,554	17,074,453	20,840,007
Lease liabilities	673,946	2,630,036	19,671,942	22,975,924
Other noncurrent liabilities***	—	2,440,559	192,786	2,633,345
	₱98,041,649	₱153,229,446	₱51,735,119	₱303,006,214

*Excluding nonfinancial liabilities and lease liabilities totaling to P2,097 million and P2,375 million as at December 31, 2025 and 2024, respectively.

**Excluding residential customers' deposits amounting to P322 million and P87 million as at December 31, 2025 and 2024, respectively.

***Excluding nonfinancial liabilities and lease liabilities totaling to P12,388 million and P12,576 million as at December 31, 2025 and 2024, respectively.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments (see Notes 4, 5 and 6).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The fair values of these financial assets are disclosed in Note 21. For receivables from real estate sale, the title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Company has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Company, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Company evaluates the concentration of risk with respect to trade receivables and unbilled revenue from sale of real estate as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

As at December 31, 2025 and 2024, the financial assets, except for certain receivables, are generally viewed by management as good and collectible considering the credit history of the counterparties (see Note 5). Past due or impaired financial assets are very minimal in relation to the Company's total financial assets.

Credit Quality of Financial Assets. The credit quality of financial assets is managed by the Company using high quality and standard quality as internal credit ratings.

High Quality. Pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions, companies and government agencies.

Standard Quality. Other financial assets not belonging to high quality financial assets are included in this category.



As at December 31, 2025 and 2024, the credit quality of the Company's financial assets is as follows:

2025				
	Neither Past Due Nor Impaired		Past Due	Total
	High Quality	Standard Quality		
<i>(In Thousands)</i>				
Financial assets at amortized cost				
Cash and cash equivalents*	₱4,571,054	₱—	₱—	₱4,571,054
Receivables**	48,623	10,057,856	8,246,236	18,352,715
Escrow and time deposits (included under "Other noncurrent assets")	936,143	—	—	936,143
Derivative assets	2,004,802	—	—	2,004,802
Financial assets at FVTPL				
Due from subsidiaries (included under "Investments and deposits")	5,201,315	—	—	5,201,315
Financial assets at FVOCI				
Equity instruments	18,281,803	3,280	—	18,285,083
	₱31,043,740	₱10,061,136	₱8,246,236	₱49,351,112

*Excluding cash on hand amounting to ₱85 million.

**Excluding unbilled revenue from sale of real estate (Note 5).

2024				
	Neither Past Due Nor Impaired		Past Due	Total
	High Quality	Standard Quality		
<i>(In Thousands)</i>				
Financial assets at amortized cost				
Cash and cash equivalents*	₱1,696,353	₱—	₱—	₱1,696,353
Receivables**	56,816	11,177,293	5,420,400	16,654,509
Escrow and time deposits (included under "Other noncurrent assets")	919,237	—	—	919,237
Derivative assets	2,560,718	—	—	2,560,718
Financial assets at FVTPL				
Due from subsidiary (included under "Investments and deposits ")	3,851,176	—	—	3,851,176
Financial assets at FVOCI				
Equity instruments	20,387,485	3,280	—	20,390,765
	₱29,471,785	₱11,180,573	₱5,420,400	₱46,072,758

*Excluding cash on hand amounting to ₱77 million.

**Excluding unbilled revenue from sale of real estate (Note 5).

Equity Price Risk

Equity price risk arises from the changes in the levels of equity indices and the value of individual stocks traded in the stock exchange.

As a policy, management monitors its equity price risk pertaining to its investments in quoted equity securities which are classified as equity instruments designated at FVOCI based on market expectations. Material equity investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.



The effect on equity after income tax (as a result of change in fair value of equity instruments at FVOCI as at December 31, 2025 and 2024) due to a possible change in equity indices, based on historical trend of PSE index, with all other variables held constant is as follows:

2025		
	Change in Equity Price	Effect on Equity
		<i>(In Thousands)</i>
Equity instruments at FVOCI	+1.28%	₱248,488
	-1.28%	(248,488)
2024		
	Change in Equity Price	Effect on Equity
		<i>(In Thousands)</i>
Equity instruments at FVOCI	+1.09%	₱237,921
	-1.09%	(237,921)

Capital Management

Capital includes equity attributable to the owners of the Parent.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, payoff existing debts, return capital to shareholders or issue new shares.

The Company monitors capital using the gearing ratios as at December 31:

Net Interest-bearing Debt to Total Capital plus Net Interest-bearing Debt

	2025	2024
		<i>(In Thousands)</i>
Current portion of long-term debt	₱47,463,579	₱43,983,574
Long-term debt - net of current portion	136,144,982	137,508,467
Cash and cash equivalents	(4,655,718)	(1,773,519)
Total net interest-bearing debt (a)	178,952,843	179,718,522
Total equity	508,613,677	475,983,256
Total net interest-bearing debt and stockholders' equity (b)	₱687,566,520	₱655,701,778
Gearing ratio (a/b)	26%	27%



21. Financial Instruments

Fair Values

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities and nonfinancial assets, by category and by class, other than those whose carrying values are reasonable approximations of fair values, as at December 31:

December 31, 2025					
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
(In Thousands)					
Financial Assets					
Derivative assets	₱2,004,802	₱2,004,802	₱—	₱2,004,802	₱—
Financial assets at FVTPL:					
Due from subsidiaries (included under “Investments and deposits”)	5,201,315	5,201,315	—	—	5,201,315
Financial assets at FVOCI:					
Equity instruments	18,285,083	18,285,083	18,281,803		3,280
Nonfinancial Assets* (see Note 9)	363,656,587	1,655,773,776	—	—	1,655,773,776
	₱389,147,787	₱1,681,264,976	₱18,281,803	₱2,004,802	₱1,660,978,371
Financial Liabilities					
Derivative liabilities	₱39,354	₱39,354	₱—	₱39,354	₱—
Loans and borrowings:					
Long-term debt - net of current portion	136,144,982	134,938,076	—	—	134,938,076
Tenants’ deposits - net of current portion**	23,121,057	22,869,036	—	—	22,869,036
Other noncurrent liabilities***	5,296,453	5,238,721	—	—	5,238,721
	₱164,601,846	₱163,085,187	₱—	₱39,354	₱163,045,833

*Consists of investment properties.

**Excluding residential customers’ deposits amounting to ₱322 million

***Excluding lease liabilities and nonfinancial liabilities amounting to ₱12,388 million.

December 31, 2024					
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
(In Thousands)					
Financial Assets					
Derivative assets	₱2,560,718	₱2,560,718	₱—	₱2,560,718	₱—
Financial assets at FVTPL					
Due from subsidiaries (included under “Investments and deposits”)	3,851,176	3,851,176	—	—	3,851,176
Financial assets at FVOCI:					
Equity instruments	20,390,765	20,390,765	20,387,485	—	3,280
Nonfinancial Assets* (see Note 9)	342,650,859	1,616,970,067	—	—	1,616,970,067
	₱369,453,518	₱1,643,772,726	₱20,387,485	₱2,560,718	₱1,620,824,523
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱50,447	₱50,447	₱—	₱50,447	₱—
Loans and borrowings:					
Long-term debt - net of current portion	137,508,467	135,014,380	—	—	135,014,380
Tenants’ deposits - net of current portion**	20,840,007	20,749,497	—	—	20,749,497
Other noncurrent liabilities***	2,633,345	2,621,908	—	—	2,621,908
	₱161,032,266	₱158,436,232	₱—	₱50,447	₱158,385,785

* Consists of investment properties.

**Excluding residential customers’ deposits amounting to ₱87 million

***Excluding lease liabilities and nonfinancial liabilities amounting to ₱12,576 million.

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, 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.



The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Derivative Instruments. The fair values are based on quotes obtained from counterparties.

Equity Instruments at FVOCI. The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at reporting date.

Nonfinancial Assets. For fair values based on income approach, the significant assumptions used in the most recent valuation as at December 31, 2024 are discount rates of 9% to 10% and average growth rate of 5.00%. Fair values based on market approach were assessed using sales comparison of similar asset with adjustments ranging (±)5% to (±)30%. As at December 31, 2025, management believes that the carrying values of additions to investment properties subsequent to the most recent valuation date would approximate their fair values.

Long-term Debt. Fair value is based on the following:

Debt Type	Fair Value Assumptions
Fixed Rate Loans	Estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Discount rates used is based on the prevailing market rate as at December 31, 2025 and 2024.
Variable Rate Loans	For variable rate loans that re-price every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates.

Tenants' Deposits and Other Noncurrent Liabilities. The estimated fair values are based on the discounted value of future cash flows using the applicable rates. The discount rates used range from 6.03% to 6.35% as at December 31, 2025 and 7.02% to 7.03% as at December 31, 2024.

The Company assessed that the carrying values of cash and cash equivalents, receivables, escrow and time deposits, accounts payable and other current liabilities approximate their fair values due to the short-term nature and terms of maturities of these financial instruments.

There were no financial instruments subject to an enforceable master netting arrangement that were not set-off in the balance sheets.

Derivative Instruments Accounted for as Cash Flow Hedges

As at December 31, 2025 and 2024, the Company has outstanding arrangements to hedge both foreign currency and interest rate exposure on its foreign currency denominated debts. Details as follow:

December 31, 2025						
	Notional Amount	Agreed Equivalent	Fair Value	US\$ Swap Rate	Interest Rate	Maturity
(In Thousands)						
Foreign Exchange						
Forward Swaps	\$600,000	₱33,707,970	₱1,646,079	₱55.10 - ₱60.39	—	2026
Interest Rate Swaps	\$400,000	—	319,369	—	2.29% - 2.47%	2026
			₱1,965,448			



December 31, 2024						
	Notional Amount	Agreed Equivalent	Fair Value	US\$ Swap Rate	Interest Rate	Maturity
<i>(In Thousands)</i>						
Foreign Exchange						
Forward Swap	\$600,000	₱33,753,395	₱1,341,296	₱55.28 - ₱60.39	–	2025-2026
Interest Rate Swap	\$400,000	–	1,168,975	–	2.29% - 2.47%	2026
			₱2,510,271			

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

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

	2025	2024
	<i>(In Thousands)</i>	
Balance at beginning of year	₱2,510,271	₱1,930,686
Net changes in fair value during the year	(101,496)	632,983
Fair value of settled derivatives	(443,327)	(53,398)
Balance at end of year	₱1,965,448	₱2,510,271

22. EPS Computation

Basic/diluted EPS is computed as follows:

	2025	2024
	<i>(In Thousands, Except Per Share Data)</i>	
Net income	₱48,983,360	₱45,230,296
PAS 27 adjustments	(135,630)	401,468
Net income attributable to equity holders of SMPH (a)	₱48,847,730	₱45,631,764
Common shares issued at beginning of year	33,166,300	33,166,300
Less weighted average number treasury stock*	4,322,657	4,309,888
Weighted average number of common shares outstanding (b)	28,843,643	28,856,412
Earnings per share (a/b)	₱1.694	₱1.581

*Includes shares held by a subsidiary totaling to 23 million.

23. Segment Information

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

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



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

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

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

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

In 2025, the Company revised its business segment information to reflect changes on how the Executive Committee monitors business units' performance. The change affects only the inter-segment presentation and has no impact on the Company's consolidated profit, assets, liabilities and equity.

The Company disaggregates its revenue information in the same manner as it reports its segment information. The disaggregation of revenues based on nature (type of goods or service) is presented in the parent company statement of income (i.e., rent and real estate sales). Nature of other revenues is further disaggregated in Note 17 to the parent company financial statements. The timing of material revenue is disclosed in Notes 3 and 7 to the parent company financial statements.

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

The detailed disclosures on operating segment are included in the Company's consolidated financial statements.

24. Changes in Liabilities Arising from Financing Activities

Movements in long-term debt, loans payable and lease liabilities accounts are as follows (see Notes 11 and 12):

	2025			2024		
	Long-term debt	Lease liabilities	Loans payable	Long-term debt	Lease liabilities	Loans payable
	<i>(In Thousands)</i>					
Balance at beginning of year	₱181,492,041	₱10,163,159	₱—	₱182,315,421	₱10,294,096	₱—
Availments	46,000,000	—	—	25,000,000	—	26,000,000
Payments	(44,450,480)	(679,124)	—	(27,308,380)	(688,179)	(26,000,000)
Foreign exchange movement	567,000	—	—	1,485,000	—	—
Derecognition	—	(545,681)	—	—	—	—
Others	—	527,396	—	—	557,242	—
Balance at end of year	₱183,608,561	₱9,465,750	₱—	₱181,492,041	₱10,163,159	₱—

There are no non-cash changes in accrued interest and dividends payable.

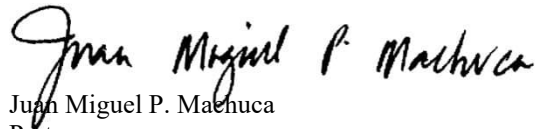


**INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTARY INFORMATION
REQUIRED UNDER REVENUE REGULATIONS 15-2010**

The Stockholders and the Board of Directors
SM Prime Holdings, Inc.
7/F MOA Square
Seashell Lane cor. Coral Way
Mall of Asia Complex
Brgy. 76 Zone 10, CBP 1-A, 1300 Pasay City
Metro Manila, Philippines

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of SM Prime Holdings, Inc. (the "Company") as at and for the years ended December 31, 2025 and 2024 and have issued our report thereon dated February 16, 2026 which contained an unqualified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations (RR) 15-2010 for the year ended December 31, 2025 is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. RR 15-2010 require the information to be presented in the notes to financial statements. Such information is the responsibility of the Company's management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Juan Miguel P. Mañuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

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

SEC Partner Accreditation No. 116998-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements,
with extension up to audit of 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

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

PTR No. 10765073, January 2, 2026, Makati City

February 16, 2026



SM Prime Holdings, Inc.
Supplementary Information Required Under Revenue Regulations 15-2010
For the year ended December 31, 2025

The Bureau of Internal Revenue (BIR) has issued Revenue Regulations (RR) 15-2010 which require certain tax information to be disclosed in the notes to financial statements. The Company presented the required supplementary tax information as a separate schedule attached to its annual income tax return.

Below is the additional information required by RR 15-2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Value-Added-Tax (VAT)

The Company's sales and services are subject to output VAT while its purchases from other VAT registered individuals or corporations are subject to input VAT. The VAT rate is 12.0%.

a. Net Sales/Receipts and Output VAT declared in the Company's VAT returns for 2025:

	Net Sales/Receipts	Output VAT
	<i>(In Thousands)</i>	
Vatable Sales	₱94,806,161	₱11,376,739
Zero-rated sales*	4,099,781	—
Exempt sales**	2,071,924	—
Total	₱100,977,866	₱11,376,739

*Zero-rated sales pertain to sale of services to PEZA-registered entities pursuant to Section 108 (B) of the Tax Code.

**VAT threshold for condominium – BIR RR No. 13-2018 implementing VAT provision of Republic Act No. 10963 or TRAIN Law by amending RR 16-2005.

The Company's sales of services are based on the actual collections received hence may not be the same as the amounts accrued in the statement of comprehensive income.

b. Input VAT for 2025

	Amount
	<i>(In Thousands)</i>
Balance at January 1	₱90,142
Current year's domestic purchases/payments for:	
Domestic purchases	7,071,790
Importation	122,702
Total input tax	7,284,634
Application against output VAT	(7,184,614)
Deferred Input VAT on capital goods exceeding 1 million	(17,080)
Input tax allocable to exempt sales	(82,940)
Balance at December 31	₱—

Excise Taxes

The Company has no locally produced or imported excisable item and excise taxes paid or accrued for the year ended December 31, 2025.

Other Taxes and Licenses

Taxes and licenses, local and national, include real property taxes, business taxes, licenses and permit fees and others.

	Amount (in Thousands)
Real property taxes	₱2,771,782
Business taxes	1,032,661
License and permit fees	62,604
Others	16,916
Total	₱3,883,963

Withholding Taxes

Details of total remittance of withholding taxes as of December 31, 2025 are as follows:

	Amount (in Thousands)
Final withholding taxes	₱2,608,924
Expanded withholding taxes	1,289,519
Withholding taxes on compensation and benefits	196,474
Final withholding VAT-Foreign	31,494

Documentary Stamp Taxes (DST)

Details of DST paid/accrued as of December 31, 2025 are as follows:

Transactions	Amount (In Thousands)	DST
Loans instrument	₱42,000,000	₱315,000
Lease contracts	50,263,068	100,526

Tax Assessments

As at December 31, 2025, the Company has no ongoing tax assessments with the BIR and has no outstanding cases with the courts or bodies outside the BIR that has reached final stage.

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) S.S.

CERTIFICATION

I, **ELMER B. SERRANO**, of legal age, Filipino, and with office address at 1105 Tower 2 High Street South Corporate Plaza 26th Street Bonifacio Global City, Taguig City, after being duly sworn in accordance with law, hereby depose and state that:

1. I am the Corporate Secretary of **SM PRIME HOLDINGS, INC.** (the **Corporation**), a corporation organized and existing under and by virtue of the laws of the Philippines, with office address at 7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76, Zone 10, CBP-1-A, 1300 Pasay City, Metro Manila, Philippines.

2. Based on records and as of this date, no director, independent director, or officer of the Corporation named in the Information Statement (SEC Form 20-IS) has been elected or appointed to and is presently occupying a position in any government agency, bureau, department, or office.

3. I am issuing this Certificate in compliance with the requirement of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have hereunto affixed my signature on this FEB 23 2026 in Taguig City.

ELMER B. SERRANO
Corporate Secretary ^{4r}

SUBSCRIBED AND SWORN to before me this FEB 23 2026 in TAGUIG CITY City, affiant exhibited to me his Tax Identification No. [REDACTED]

Doc No. 383;
Page No. 78;
Book No. E;
Series of 2026.


DERIC ROBERT E. SIQUIAN
Appointment No. 225 (2025-2026)
Notary Public for Taguig City
Until December 31, 2026
Roll of Attorneys No. 78710

IBP No. INV 575209 - 12/29/2025 - Makati Chapter
PTR Receipt No. A-6769411 - 01/05/2026 - Taguig City
MCLE Compliance No. VIII-0029026 - 04/21/2025
1105 Tower 2 High Street South Corporate Plaza
26th Street, Bonifacio Global City, Taguig City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **AMANDO M. TETANGCO, JR.** 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 (ID) of **SM Prime Holdings, Inc.**
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

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

3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of **SM Prime Holdings, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the SRC.

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

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

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

¹ A criminal and administrative case (OMB-C-C-13-0092) filed by Maxy Abad et al. against Mr. Amando M. Tetangco, Jr. et al. with the Ombudsman was dismissed on 13 May 2015. The dismissal was elevated to the Court of Appeals (CA) (CA-G.R. SP No. 144038), which sustained the dismissal on 15 May 2017. The CA's resolution was assailed with the Supreme Court (SC) (G.R. No. 234696) upon the filing of a Petition for Review dated 29 November 2017. In its Resolution dated 03 October 2022, the SC denied the Petition for Review and affirmed the 15 May 2017 Decision and 04 October 2017 Resolution of the CA. In its Resolution dated 09 August 2023, the SC denied with finality the petitioners' motion for reconsideration and directed the issuance of an Entry of Judgment. To date, an Entry of Judgment has not been received yet.

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

In an order dated 27 March 2020, the RTC-QC dismissed the Complaint for Damages (Civil Case No. R-QZN-15-04513-CV) as to plaintiff Spouses James and Ann Lorraine Tiu against Mr. Tetangco Jr., Ms. Teresita Herbosa, Mr. Emmanuel Dooc, and Ms. Julia Abad; and ordered Mr. Antonio Tiu to amend his complaint. Plaintiffs filed a Motion for Reconsideration, to which the Office of the Solicitor General (in representation of defendants Tetangco, et al) filed its Comment. In an Order dated 9 February 2021, the trial court denied the Motion for Reconsideration filed by the Spouses Tiu and upheld its earlier 27 March 2020 Order dismissing the case. Aggrieved Tiu, et al filed a Petition for Certiorari with the Court of Appeals (CA-G.R. SP No. 169478), assailing the 27 March 2020 and 09 February 2021 Orders. The CA, in its Decision dated 13 November 2023, dismissed the Petition for Certiorari and upheld the 27 March 2020 and 09 February 2021 Orders. On 21 December 2023, a Motion for Reconsideration was filed assailing said CA Decision. In its Resolution dated 11 April 2024, the CA denied the Motion for Reconsideration as the contentions raised therein were a mere rehash of those matters already passed upon in the assailed Decision. In view of the CA Resolution, Spouses Tiu filed a Motion to Withdraw [the Complaint dated 18 May 2015] dated 03 July 2024 before the RTC-QC. In its Order dated 11 July 2024, the RTC-QC resolved to grant the said Motion and dismissed the case without prejudice to refiling.

³ A Subpoena dated 8 November 2022 was reportedly issued by the Office of the City Prosecutor – Manila (OCP-Manila) in connection with the Joint Complaint-Affidavit filed by Perry Y. Uy and Cesar M. Mayo, Jr. against Mr. Amando M. Tetangco, Jr. and several other respondents including former members of the Monetary Board, for alleged violation of the Central Bank Act, as amended (R.A. 7653 as amended by R.A. 11211). As of date, no official service of subpoena or complaint has been made on Mr. Tetangco. The other respondents who have officially received the subpoena and/or voluntarily submitted to the jurisdiction of the OCP- Manila filed their respective counter-affidavits and their joint rejoinder-affidavit. In a Resolution dated 10 February 2023, the OCP-Manila dismissed the complaint against all respondents, including Mr. Tetangco, for lack of probable cause. Consequently, complainants requested a reconsideration of the said resolution which was eventually denied by the OCP-Manila in a Resolution dated 03 May 2023. Accordingly, complainants filed a Petition for Review dated 02 June 2023 with the Department of Justice (DOJ). On 23 June 2023, the other respondents filed a Verified Comment [To Petition for Review dated 02 June 2023] of even date. To date, no resolution/order relative to the Petition for Review from the DOJ has been received yet.

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

Done, this FEB 24 2026 day of _____, at PASAY CITY

AMANDO M. TETANGCO, JR.
Affiant

SUBSCRIBED AND SWORN to before me this FEB 24 2026 day of PASAY CITY,
affiant personally appeared before me and exhibited to me his Philippine Passport No. _____
issued at _____ valid until _____

Doc. No. 114
Page No. 24
Book No. VI
Series of 2026

Notary Public for Sec. 81 of
the RA 9006 (amending Sec. 189
of the RA 9006) attested on Notary
Public's copy, with no. 16302109
on FEB 24 2026

ATTY. RONHEL VINN A. PAPA

Notary Public for Pasay City

Until December 31, 2026. Commission No. 25-19

IBP OR No. 563343 12/05/2025 / Roll No. 73157

PTR OR No. 9232351 01/08/2026 / TIN# 743-448-049

MCLE Compliance No. VIII-0017246 valid until April 14, 2028

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ESTELA M. PERLAS-BERNABE**, 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
Aboitiz Power Corporation (PLC)	Independent Director	April 28, 2025 to present
BDO Private Bank	Independent Director	April 21, 2025 to present
Singapore International Arbitration Centre	Member, Panel of Arbitrators	February 7, 2025 to present
PHILJA (Philippine Judicial Academy) Development Center, Inc.	Director	November 13, 2023 to present
Converge Information and Communications Technology Solutions, Inc. (PLC)	Independent Director	May 26, 2023 to present
Petrogen Insurance Corporation	Independent Director	March 23, 2023 to present
Foundation for Liberty and Prosperity	Trustee	December 6, 2022 to present
San Miguel Food and Beverage, Inc. (PLC)	Independent Director	August 3, 2022 to present
BDO Unibank, Inc. (PLC)	Independent Director	July 31, 2022 to 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 not related to any director/officer/substantial shareholder of **SM Prime Holdings, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

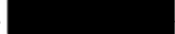
NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not Applicable		

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 16 2026 day of _____, at PASAY CITY.


ESTELA M. PERLAS-BERNABE
Affiant

SUBSCRIBED AND SWORN to before me this FEB 16 2026 day of _____ at PASAY CITY,
affiant personally appeared before me and exhibited to me her Passport No.  issued at 
 valid until 

Doc. No. 52;
Page No. 12;
Book No. VII;
Series of 2024;




ATTY. RONHEL VINN A. PAPA
Notary Public for Pasay City

Unti December 31, 2026. Commission No. 25-19
IBP OR No. 563343 12/05/2025 / Roll No. 73157
PTR OR No. 9232351 01/08/2026 / TIN# 743-448-049
MCLE Compliance No. VIII-0017246 valid until April 14, 2028

FEB 16 2026

CERTIFICATION OF INDEPENDENT DIRECTOR

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

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

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Forbes Lending Solutions Corporation	Independent Director	1 year
Annapolis Finance, Inc.	Independent Director	1 year
Global Cebuana Finance Inc.	Independent Director	2 years
Cebuana Cycle Financing, Inc.	Independent Director	2 years
AFC SME Finance Inc.	Independent Director	2 years
Global SME Loans, Inc.	Independent Director	2 years
Wisefund Finance Corp.	Independent Director	2 years
Cycle Financing Corp.	Independent Director	2 years
Surecycle Financing Corp.	Independent Director	2 years
Cepat Kredit Financing, Inc.	Independent Director	2 years
MPIC Beneficial Trust Fund	Independent Trustee	3 years
Vivant Corporation (PLC)	Independent Director	4 years
Asialink Finance Corporation	Independent Director	4 years
Global Dominion Financing Incorporated	Independent Director	4 years
South Asialink Finance Corporation	Independent Director	4 years
MarCoPay Inc.	Independent Director	5 years
MCP Finance, Inc.	Independent Director	5 years
MCP Insurance Management and Agency, Inc.	Independent Director	5 years
Transnational Diversified Group, Inc.	Independent Director	5 years
Federal Land, Inc.	Independent Director	5 years
Makati Business Club	Member	8 years
Association of CPAs in Public Practice	Member	15 years
Management Association of the Philippines	Member	25 years
Philippine Institute of Certified Public Accountants	Member	43 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 not related to any director/officer/substantial shareholder of **SM Prime Holdings, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

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 16 2026 day of _____, at PASAY CITY.

I. CARLOS G. CRUZ
Affiant

SUBSCRIBED AND SWORN to before me this FEB 16 2026 day of _____ at PASAY CITY
affiant personally appeared before me and exhibited to me his Passport No. _____ valid until _____

Doc. No. 51;
Page No. 12;
Book No. VII;
Series of 2024;



FEB 16 2026

ATTY. RONHEL VINN A. PAPA
Notary Public for Pasay City

Until December 31, 2026. Commission No. 25-19
IBP OR No. 563343 12/05/2025 / Roli No. 73157
PTR OR No. 9232351 01/08/2026 / TIN# 743-448-049
MCLE Compliance No. VIII-0017246 valid until April 14, 2028



SM PRIME

RESILIENCE

Under Pressure

2025 Annual Integrated Report

Scope and Basis of Preparation

This Integrated Report details SM Prime's performance for the year ending December 31, 2025.

It provides an overview of our financial and operating results, business models and strategies, and outlook.

Additionally, it explores our impacts and how we create and preserve value over time through sustainable and integrated property developments.

These efforts support the long-term growth and sustainability of our businesses and the communities we serve.

The business units covered in this report include Malls, Residences, Hotels and Convention Centers, and Offices and Warehouses.

This 2025 Integrated Report is the result of a groupwide reporting process led by our Management Committee and governed by SM Prime's Board of Directors. It was produced in collaboration with our business units and supporting departments.

This report aligns with the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards, specifically IFRS S1 General Requirements of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, as championed by the Philippine Securities and Exchange Commission (SEC).

It also references the Global Reporting Initiative (GRI) Principles and aligns with the ASEAN Corporate Governance Scorecard (ACGS).

External Verification

SyCip Gorres Velayo & Co. (SGV), a member of Ernst & Young International Ltd., was appointed by SM Prime shareholders to examine the Company's consolidated financial statements for the year ending December 31, 2025.

The SGV Independent Auditor's Report and Audited Financial Statements are available at www.smprime.com/annual-financials.

CSRWorks International Pte Ltd (CSRWorks) was engaged to audit our environmental, social and governance (ESG) performance data for 2025. The CSRWorks Independent Moderate Assurance Statement can be accessed by scanning the QR code below.



Resilience Under Pressure

Our approach to market volatility reflects principles established by our founder Henry Sy Sr. Known affectionately as Tatang, he made his most decisive investments during periods of extreme economic uncertainty.

In 1985, with political instability and interest rates reaching 45 percent in the Philippines, Tatang developed SM North EDSA on marshland in a sparsely developed area of Metro Manila.

In 1989, amid ongoing political upheaval, he secured an unprecedented Php 1 billion financing to fund SM Megamall, a project that transformed the retail landscape and established the mall as the center of Philippine consumer culture.

Following the Asian Financial Crisis in the late 1990s, Tatang initiated development of SM Mall of Asia, his boldest project and now one of the country's premier integrated lifestyle destinations.

These investments, each launched during moments of historic turmoil, were guided by disciplined analysis and deep consumer insight. Tatang's resilience lay not in ignoring risk but in refusing to let turbulence derail sound strategy.

This remains our foundation: build strength in calm markets and deploy capital decisively in challenging ones. Sound financial management gives us the capacity to invest during disruption, strengthening our market position and delivering resilient growth across decades.

Spaces for Elevated Living

Our prime developments merge aesthetic appeal with resilient and sustainable design, elevating the daily lives of millions of Filipinos.

Learn more through our feature stories.



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STRATEGIC PROFILE



Company Background

SM Prime Holdings Inc. (SM Prime), the property arm of SM Investments Corporation, is the largest real estate conglomerate in terms of market capitalization and asset size in the Philippines.

A leading integrated property developer in Southeast Asia, SM Prime is at the forefront of developing sustainable, transformative communities that elevate urban living while fueling economic growth across its areas of operation.

SM Prime operates 89 malls across the Philippines and 9 in China, alongside a diverse portfolio of residential, commercial, hotels, convention centers and integrated property developments.

The Company is publicly traded on the Philippine Stock Exchange (PSE) under the ticker SMPH and has been a constituent of the PSE index since 1994. Its bonds are listed on the Philippine Dealing & Exchange Corporation (PDEX).

SM Prime is committed to delivering sustainable value to its shareholders through a consistent dividend stream.

The Board of Directors carefully assesses the operating results, cash flows, investment needs and financial obligations to determine the appropriate dividend payout.

Dividends are distributed within thirty (30) days of their declaration.

Vision

To build and manage innovative, sustainable integrated property developments that are catalysts for a better quality of life.

Mission

We are driven by a deep commitment to our key stakeholders and our planet. This commitment shapes everything we do and is reflected in our mission to:

- Serve the ever-changing needs and aspirations of our customers
- Provide opportunities for the professional growth of our employees
- Foster social responsibility in the communities we serve
- Enhance shareholder value for our investors
- Ensure that everything we do safeguards a healthy environment for future generations

Values

We believe in the power of values to guide our actions and shape our success. Our foundation rests on these key principles:

- Integrity
- Hard Work
- Teamwork
- Sustainability
- Innovation

Our Investment Case

SM Prime continues to demonstrate market leadership, supported by end-to-end expertise, embedded sustainable practices and a business model anchored on recurring income, disciplined capital allocation and enduring asset growth.

The Company’s diversified portfolio and focus on income-producing properties help sustain performance amid economic volatility and market challenges.

Strong operating cash flows fund both growth investments and shareholder returns. Dividends and selective share buybacks are executed alongside continued investment in new properties and redevelopments, without compromising balance sheet strength.

In December 2024, the Board authorized a Php 5 billion to Php 10 billion share buyback program, marking the Company’s first significant repurchase initiative in over two decades. This strategic move underscores management’s confidence in SM Prime’s long-term intrinsic value.

With over Php 1.0 trillion in assets, a predominantly peso-denominated and long-tenor debt profile, and a stable base of recurring cash flows, SM Prime remains well positioned to manage leverage prudently, sustain dividends and create long-term value.



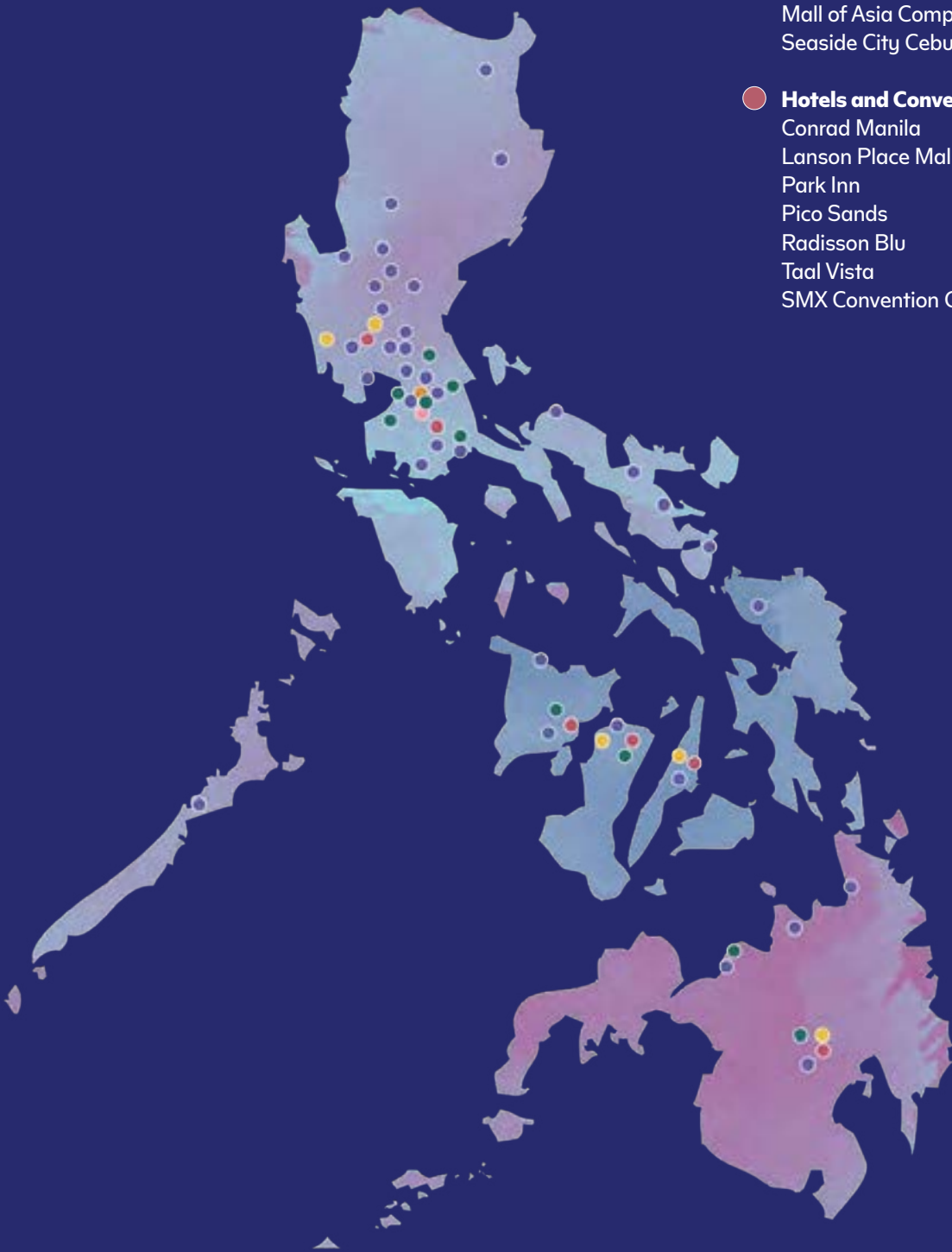
Php 74.9B Operating Cashflow	Php 665.6B Investment Properties
46:54 Net Debt to Equity	6.61 Interest Coverage Ratio
Php 0.48 Dividend per Share	

Key Strengths

- Market leadership**
Robust market capitalization, dominant industry position, long-standing retail experience and access to prime large-scale land bank
- End-to-end expertise**
Capabilities span the entire real estate value chain, from land banking and master planning to design, engineering, tenant management and operations
- Diverse and synergistic portfolio**
Malls, residences, offices, hotels, convention centers and mixed-use properties cater to a broad and dynamic market
- Expansion strategy**
Growing footprint across the Philippines while diversifying into multiple property sub-sectors
- Sustainability focus**
Committed to environmental stewardship, social inclusion and economic advancement, guided by strong corporate governance

Geographic Footprint

Our diverse portfolio includes iconic shopping malls, modern residences, prime office spaces, premium hotels and world-class convention centers, creating thriving communities across the Philippines and in select cities in China.



- Malls**
SM Supermalls
SM Lifestyle, Inc.
Family Entertainment Center, Inc.
- Residences**
SMDC
Costa De Hamilo, Inc.
Highlands Prime, Inc.
Signature Series
- Commercial**
SM Offices and Warehouses
- Integrated Property Developments**
Mall of Asia Complex
Seaside City Cebu Complex
- Hotels and Convention Centers**
Conrad Manila
Lanson Place Mall of Asia
Park Inn
Pico Sands
Radisson Blu
Taal Vista
SMX Convention Centers

Property Portfolio

SM Prime achieved major milestones across its property portfolio in 2025, from opening new regional malls and rooftop attractions to breaking ground on expanded MICE facilities, launching its first house-and-lot community, and earning LEED O+M Gold certification for an existing office tower.

The Company also maintained a strategic land bank to support long-term growth across the Philippines.

98	28k	22
Malls	Residential Units	Office Buildings
22	10	8
Integrated Property Developments	Hotels	Convention Centers and Trade Halls



MOA Sky

Opened February 25, 2025, this 55,000-square-meter open-air attraction sits atop the SM Mall of Asia (MOA). It features a FIFA-grade football pitch with 1,800 seats, a 3,200-square-meter amphitheater hosting concerts and events, the 577-square-meter MOA Paw Park for dogs, and MOA Sanctuary for quiet contemplation.

Filipino-American artist JEFRE’s 4-meter Zodiac sculptures dot the space. The North and South Sky Plazas offer picnic areas with Manila Bay sunset views, while a 3-megawatt solar rooftop powers operations sustainably. All facilities are free to the public.

SM City La Union

The 89th SM mall opened on October 17, 2025, in the surfing capital of the North. Positioned between Bauang’s beaches and Bacnotan’s logistics center, the 51,000-square-meter retail center enhances the tourism economy in La Union Province through curated fashion, wellness, beauty and food offerings that extend beyond traditional surf culture. Its 1,348-square-meter Sandbox outdoor venue can host tournaments, concerts and community activities.

The mall design captures the “Elyu vibe” through filament lights, seashell chandeliers, bamboo pendants, and a Grand LED Staircase that mimics wave motion. Circular skylights maximize natural light, while Leeroy New’s mangrove-inspired installation—crafted from bamboo, upcycled bottles and construction scraps—highlights the mall’s sustainability focus.



SM City Laoag

SM’s 88th mall opened on May 30, 2025, blending retail, innovation, sustainability and cultural heritage across 49,000 square meters of gross leasable area on three levels.

Design elements reference the Kapurpurawan Rock Formation, Paoay Sand Dunes and traditional inabel textile through garlic-inspired chandeliers and an atrium skylight that cuts electricity use by 53.2 kilowatt-hours daily.

The mall houses Dap-ayan Park (featuring a paw park and pinwheel installations), DTI’s “Treasures of Ilocos Norte” showcase for local products, and six cinemas including two Director’s Club theaters.

A sewage treatment plant recycles water for landscaping and facilities, while a 766-cubic-meter rainwater tank captures runoff. EV charging stations support low-emission transportation outside Metro Manila.



SMXCITE

SM Hotels and Convention Centers broke ground in April 2025 on the Php 1.7 billion SMX Center for International Trade and Exhibitions (SMXCITE) within the SM Mall of Asia Complex, across MOA Arena.

Scheduled for 2027 completion, the venue adds over 18,000 square meters of leasable space, doubling SMX Convention Center Manila’s capacity to over 35,000 square meters.

SMXCITE features five exhibition halls accommodating up to 803 standard 3x3-meter booths, four meeting rooms and two VIP lounges for over 18,000 guests.

Sustainability anchors the design through natural lighting and energy-efficient infrastructure. With this expansion, SM MOA Complex becomes an attractive destination for international exhibitions, trade fairs and large-scale business events.



Symphony Homes Mabalacat

In July 2025, SMDC launched Symphony Homes, its first house-and-lot development, in Barangay Atlu-Bola, Mabalacat City, Pampanga.

The 28-hectare master-planned community will feature 2,155 units targeting young families seeking low-density suburban living. Unit offerings include two-story Sonata townhouses starting at 48 square meters on 54-square-meter lots, and single-attached Aria homes up to 120 square meters.

Located 13 minutes from NLEX Sta. Ines Exit near Clark International Airport, SM City Clark and New Clark Freeport Zone, the flood-free community incorporates native trees, bike-friendly lanes and resort-style amenities including pools, clubhouse, sports complex and paw park. Target completion is fourth quarter 2029.



FiveE-Com

In December 2025, FiveE-com Center received LEED O+M (Operations and Maintenance) Gold certification, validating sustained operational excellence in energy efficiency, water management and indoor environmental quality based on actual measured performance. Unlike design-phase certifications, LEED O+M Gold (60-79 points) confirms the building is being operated sustainably, reducing operating costs while enhancing tenant health and productivity.

Designed by Miami-based Arquitectonica with FS Lim & Associates, the 15-story office building within the SM MOA Complex offers 94,000 square meters of leasable space.

FiveE-com houses traditional office tenants and BPO firms, with the fourth-floor Prism Plaza providing landscaped spaces for tenant recreation and al fresco dining.



Land Bank

SM Prime’s land acquisition strategy is aligned with its long-term growth priorities and integrated development model. The Company invests in sites located in key growth corridors across the Philippines to support the expansion of its mall, residential and commercial portfolios.

Land acquisitions are assessed against strategic and financial criteria, including acquisition value relative to

market conditions, development scale and optionality, and the technical feasibility of planned projects. Opportunities are sourced through a combination of active land identification and strategic referrals.

As of end-2025, SM Prime has a land bank of 4,446 hectares, the majority of which (52%) is allocated for residential projects, followed by malls (42%) and commercial properties (6%).

Value Creation



SM Prime offers a direct play on the Philippine consumption story, driven by our extensive retail network and reinforced by our strategic investments in the residential, office, hospitality and MICE sectors.

We scale our portfolio through a multi-capital business model inspired by the six 'capitals' as defined by the International Integrated Reporting Council (IIRC).

These capitals, together with our corporate philosophy and value creation strategy, enable us to develop and manage innovative, sustainable integrated property developments that enhance quality of life for our stakeholders and future generations of Filipinos.



Capitals

Financial

We define financial capital as the pool of funds used to acquire real estate, fund expansion projects and maintain our property portfolio. This includes retained earnings, new debt issuances, operating cash flow, and interest and investment income.

- Appropriated retained earnings: Php 170 billion
- Operating cash flow: Php 74.9 billion
- Net debt availment: Php 30.6 billion
- Interest and investment income: Php 2.39 billion

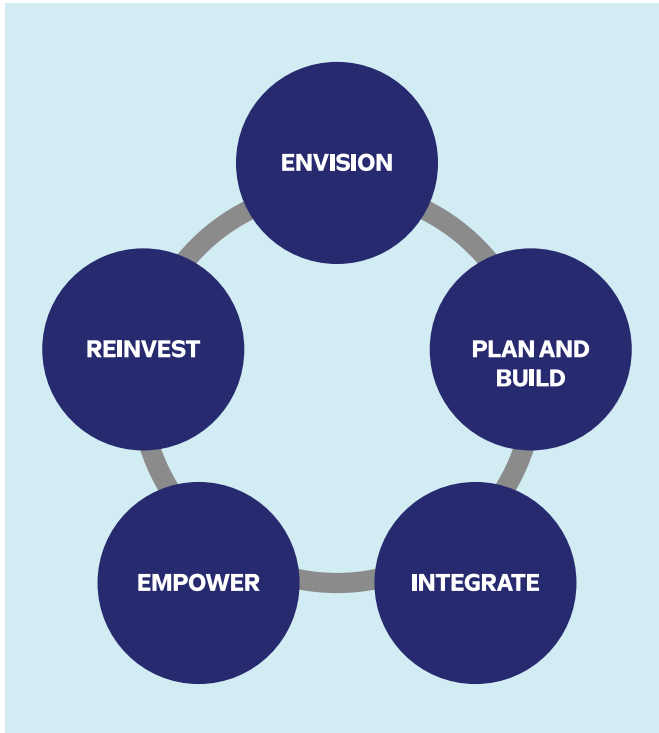
Manufactured

Manufactured capital covers the physical assets that enable our operations and value creation, including properties, land bank, residential inventory, and the infrastructure and equipment that support our portfolio.

- Investment properties: Php 665.6 billion
- Investments in associates and joint ventures: Php 35.5 billion
- Property and equipment: Php 1.7 billion
- Real estate inventory: 28,036 units

Intellectual

Our intellectual capital comprises knowledge-based and organizational assets, proprietary systems and processes that support our competitive advantage and the long-term resilience of our business model.

Capitals	Value Creation Strategy
• SM brand, trademarks, licenses and internal processes • Climate-adaptive design and resilient engineering standards • Institutional and industry knowledge • Corporate culture, risk management and governance structures	
Social and Relationship We define social and relationship capital as the collective value created through our relationships with key stakeholders. The trust and mutual value built through these relationships provide the “social license to operate” that allows our developments to grow and endure. • Mall tenants: 22,949 • Community investments¹: Php 245 million • Accredited brokers and sales agents²: 1,484 • Active suppliers and contractors³: 3,144	
Human The individual and collective competencies, diversity, health and motivation of our workforce form part of our human capital. Our specialized skills—from master planning and engineering to property management and customer service—enable us to transform land into thriving communities. • Total workforce⁴: 14,191 • Average employee tenure: 5 years • Women in Leadership⁵: 48% • Total Training Hours: 540,070	
Natural Capital We use renewable and non-renewable resources to build and sustain our portfolio. Essential inputs such as water and energy are managed through proactive resource stewardship to support ecosystem integrity and operational efficiency. • Installed solar PV capacity: 116 MWp • Total contracted RE capacity: 331.5 MW • Water catchment capacity: 86,000 cubic meters • Malls with sewage treatment facilities: 89	
Footnotes ¹ CSR spending, donations and community infrastructure ² For residential segment ³ Across the SM Prime group ⁴ Regular and probationary employees across the SM Prime group ⁵ Includes vice presidents and board directors	

Capital	Outcome and Impact
Financial • Revenue: Php 141.1 billion • Net Income: Php 48.8 billion • Return on Equity: 11% • Credit Rating: PRS Aaa (stable outlook)	
Manufactured • Mall GLA: 5.1 million m² • Offices GFA: 1.6 million m² • Hotel Rooms: 2,602 • MICE GLA: 41,940 m²	
Intellectual • SM Supermalls Brand Strength Index score from Brand Finance: 95 • Minimal disaster-related damage and disruptions • FTSE4Good Index constituent (9 years) • External awards and recognition	
Social and Relationship • Long-term mall occupancy: 96% • New malls opened: 2 in PH, 1 in China • Real estate sales: Php 40.6 billion • Capital deployed during the year: Php 81.9 billion	
Human • Male–Female Regular Employees Ratio: 44% to 56% • Total volunteer hours: 21,580 • Employees who view SM Prime as a great place to work: 83% • External awards and recognition	
Natural • Energy Intensity: 174 kWh per m² • Renewable Energy Share: 60% • Water Recycled/Reused: 37% • Rainwater Harvested: 167,779 m³	

YEAR IN REVIEW



Economic and Industry Landscape

After a strong post-pandemic rebound, the Philippine economy slowed sharply in 2025, expanding by just 4.4%, the slowest growth in 14 years and well below the Development Budget Coordination Committee (DBCC) target of 5.5%–6.5%.

Gains from mid-term election spending, higher OFW remittances and easing inflation were outweighed by elevated interest rates, subdued consumption and a severe pullback in government disbursements due to a flood control corruption scandal involving the Department of Public Works and Highways (DPWH).

Cooling inflation led to monetary easing by the Bangko Sentral ng Pilipinas (BSP), with the Monetary

Board cutting the policy rate by a cumulative 200 basis points between August 2024 and December 2025. This brought the reverse repurchase rate down to 4.5% by year-end.

The country welcomed 5.94 million foreign visitors in 2025, slightly below the 5.95 million in 2024, generating about Php 694 billion in revenue.

Arrivals remained below pre-pandemic 2019 levels and fell short of the Department of Tourism's (DOT) 8.4 million target, but activity was supported by strong domestic travel, which accounted for 134 million trips.

In 2025, the Philippine property sector shifted toward restoring market balance and a flight to quality, as it contended with elevated inventory levels and a cautious investor base.

Residential and office supply outpaced demand amid an influx of new completions and the lingering impact of the exit of offshore gaming operators (POGOs), which President Marcos banned in 2024 and later declared as unlawful in 2025.

This market imbalance slowed price growth and intensified competition, prompting developers to offer aggressive incentives such as discounts, extended payment terms and buyer freebies to move residential inventory. Office landlords, on the other hand, competed on asset quality, prime location and concession packages to close leasing transactions.

In January 2026, the DBCC recalibrated its growth outlook, cutting the 2026 GDP target to 5–6% from 6–7%, citing global headwinds and the lingering impact of the flood control scandal. It also lowered its 2027 growth projection to 5.5–6.5% from 6–7%, while retaining its 6–7% GDP growth target for 2028.

Meanwhile, the BSP has signaled an end to its monetary easing cycle in 2026, after January inflation rose to 2%, breaking ten consecutive months of readings below the official 2%–4% target band.

On February 28, 2026, the United States and Israel launched coordinated military strikes on Iran, sharply escalating tensions and closing the Strait of Hormuz, through which about one-fifth of global oil flows.

Oil prices subsequently rose above USD 120 per barrel, heightening inflation and recession risks. The resulting disruption is expected to be a major headwind across multiple industries for the current fiscal year.



Events and Milestones

January



SM mallgoers donate a record 50,000 Bears of Joy to underprivileged children

SM Cares, SM Cinema, Autism Society Philippines, and GMA Pictures hold sensory-friendly screenings of Firefly for National Autism Consciousness Week

March

SM Prime announces plans for 20 additional rooftop solar PV projects in 2025

SM Supermalls marks its 17th consecutive Earth Hour, with 87 malls participating

SMX Convention Center Clark receives top honors from DOT Region 3

SM Cares and the Down Syndrome Association of the Philippines stage Happy Walk 2025 with over 8,000 participants nationwide

May



SM Supermalls and Autism Society Philippines launch autism-inclusive hiring partnership

SM Prime expands EV charging network to 131 stations nationwide, with 50 more planned

SM Prime grows its mall network to 88 with the opening of SM City Laoag

July



Park Inn by Radisson Davao becomes the first DOT-accredited Muslim-Friendly Accommodation in the Davao Region

SM Prime unveils the country's largest rooftop solar PV system at SM City Fairview

SM Hotels receive nominations at the World Travel Awards

SM Group distributes over 18,800 Kalinga Packs amid nationwide flooding

September

Conrad Manila culinary team earns honors at the M&C Asia Stella Awards and the 2025 Philippine Culinary Cup

SM, DOST, and ARISE PH stage the first Sustainability Expo

SMHCC's Tela Tales program upcycles over 10,000 yards of used hotel linens

November

United Nations confers UN Peace Center and Global Citizens Hub status on Taal Vista Hotel

SM Prime nine-month net income rises 10% to Php 37.2 billion

SM Prime reaches 100 MWp rooftop solar capacity across its properties

SM Prime Executive Committee Chairman Hans T. Sy is named MAP Management Person of the Year

February

SM Prime turns over a state-of-the-art catamaran trash boat to DENR to support Manila Bay cleanup

Partnership with TeaM Energy launches 33,000 sqm of rooftop solar across four malls

SM Prime posts record net income, up 14% to Php 45.6 billion

SM Prime earns its first Great Place to Work® Certification

April

SM Leisure Resort and Residences tops off the premium Pico Terraces project

SM Mall of Asia Arena surpasses 1 million tickets sold in 2024

SM Hotels and Convention Centers breaks ground for SMXCITE

SM Prime declares all-time-high cash dividends of Php 0.48 per share, totaling Php 13.9 billion

June



SM Cares mobilizes over 5,000 volunteers for World Oceans Day, removing 30,000 kilos of coastal waste

SM Mall of Asia Complex records 34 million foot traffic in Q1

SM Prime earns top ESG honors at the 15th Asian Excellence Awards

August

SM Prime posts record first-half net income of Php 24.5 billion

SM Prime retains FTSE4 Good Index inclusion

ASEAN Capital Markets Forum ranks SM Prime among Top 5 Philippine PLCs and Top 50 ASEAN PLCs

Former Supreme Court Justice Estela M. Perlas-Bernabe joins the SM Prime Board

SM Prime wins multiple honors at the 13th Property Guru Awards

October

SMHCC wins top honors at the 2025 TTG Travel Awards and diverts 323 tons of food waste through Plate for the Planet

SM Prime is named among the Hubexo Asia Top 10 Developers for the 11th straight year

SM Prime opens its 89th mall, SM City La Union

SM Prime earns its third consecutive Five Golden Arrows award



December

Radisson Hotel Group signs three new hotels in the Philippines with SM Prime

SM Prime receives the DENR–NCR Green Legacy Award

SM Prime earns Department of Energy awards for energy efficiency

Consolidated Results

As a leader in integrated property development, SM Prime delivers enduring stakeholder value through financial strength, operational excellence and sustainable practices.

Financials

Php 48.85B

Net Income Attributable to the Parent

Php 141.11B

Revenues

Php 81.87B

CAPEX

46:54

Net Debt-to-Equity Ratio

Php 22.75

Share Price

Operational

3

New Malls

Php 182.06B

Residential Total Inventory

81%

Office Occupancy Rate

63%

Hotel Occupancy Rate

1,632

Event Bookings

Sustainability

>60%

Energy Sourced from Renewables

1.49M

Total GHG Emissions in MtCO₂e

6.69M

Water Recycled in m³

153

EV Charging Stations

8

Leed Buildings

5-Year Performance Summary

Years ended December 31

Financial Performance

(in billions of Philippine pesos, except as otherwise noted)

	2025	2024	2023	2022	2021
Revenue	141.11	140.39	128.10	105.79	82.32
EBITDA	86.39	82.17	74.08	61.09	43.11
Net Income (attributable to Parent)	48.85	45.63	40.01	30.10	21.79
Cash and Cash Equivalents	27.65	31.25	31.82	42.06	39.78
Total Assets	1,093.88	1,019.43	943.33	874.21	804.40
Total Debt	422.75	389.92	366.66	352.40	313.72
Total Equity (attributable to parent)	465.56	433.09	396.20	363.20	332.92
Net cash provided by operating activities	74.91	67.29	62.66	35.69	30.67
Net cash used in investing activities	-79.94	-64.55	-66.71	-52.24	-44.11
Net cash provided by (used in) financing activities	1.41	-3.3	-6.23	18.93	22.62
Capital Expenditures	81.9	81.3	82.4	70.6	60.9
Current Ratio	2.00	2.19	2.17	2.5	2.12
Net Debt-to-Equity	46:54	45:55	46:54	46:54	45:55
Asset to Equity	2.35	2.35	2.38	2.41	2.42
Return on Equity	11%	11%	11%	9%	7%

Share Performance

	2025	2024	2023	2022	2021
Market Capitalization (in billion Php)	655.67	726.31	950.13	1,025.21	979.01
Stock Price (in Php)	22.75	25.15	32.9	35.5	33.9
Earnings per Share (in Php)	1.69	1.58	1.39	1.04	0.76
Price to Earnings Ratio	13.43	15.9	23.73	34.03	44.9
Price to Book Ratio	1.41	1.68	2.4	2.82	2.94

Non-Financial Performance

	2025	2024	2023	2022	2021
Energy Sourced from Renewables (in %)*	>60	>50	>50	>50	N/A
Total GHG Emissions (in MtCO ₂ e)	1,496,051	4,050,675.54	1,643,787.43	1,454,912.23	1,509,855.91
Water Recycled (in m ³)	6,692,408	5,585,826.46	4,424,985	3,578,032.48	4,420,729.51
Employee Headcount	14,191	13,747	12,927	11,329	9,854
Employee Turnover Rate (in %)	16	16.09	18.87	18.97	18.23
Gender Split (male:female)	44% : 56%	44%:56%	45%:55%	40%:60%	44%:56%
Pay Gap**	1 is to 1.02	1 is to 1	1 is to 1	1 is to 1	N/A
Women in Senior Management (in %)	48%	53%	44%	61%	47%
Community Investment (in million Php)	245	259	198	115	122

Footnotes

* Renewable energy for Retail Competition and Open Access-qualified facilities started in Y2022

** Data tracking began in 2022; earlier comparisons unavailable

Awards and Recognition

In 2025, SM Prime and its business units received local and international recognition for corporate governance, leadership, innovation and sustainability, reinforcing the company’s standing as a trusted integrated property developer.

SM Prime

Asia's Best CSR
Best Investor Relations Company (Philippines)
Best Environmental Responsibility
Sustainable Asia Award
15th Asian Excellence Awards

Best Investor Relations Company (Philippines)
Best Environmental Responsibility
Sustainable Asia Award
15th Asian Excellence Awards

Best Employers in the Philippines for 2025
Philippine Daily Inquirer and Statista

Best Managed Company (Silver)
Best Large-Cap Company in the Philippines (Bronze)
Asia’s Best Companies 2025

Five Golden Arrow Award
ICD 2025 Golden Arrow Awards

Great Place to Work for 2025
Great Place to Work

One of the Top 5 Publicly Listed Companies in the Philippines
One of the Top 50 ASEAN Publicly Listed Companies
ASEAN Corporate Governance Awards 2025

Philippines’ Best Employer Brands for 2025
Philippines Leadership Awards

Top HR Icon
Maria Margarita Castaneda
Philippine Leadership Awards

Top Ten Developers Award
Hubexo Asia Awards

Asia’s Best CEO (Investor Relations)
Jeffrey C. Lim
15th Asian Excellence Awards

Asia’s Best CFO (Investor Relations)
John Nai Peng C. Ong
15th Asian Excellence Awards

Best Investor Relations Professional
Alexander D. Pomento
15th Asian Excellence Awards

Best CEO in the Philippines (Bronze)
Jeffrey C. Lim
Asia’s Best Companies 2025

Best CFO in the Philippines (Gold)
John Nai Peng C. Ong
Asia’s Best Companies 2025

MAP Management Person of the Year 2025
Hans T. Sy
Management Association of the Philippines

Malls

2025 Asia-Pacific Stevie Awards

Most Honored Organization of the Year (Grand Stevie)
SM Supermalls

Award for Innovation in the Use of Events (Gold)
SM Art Market

Award for Innovation in Community Relations or Public Service Communications (Silver)
AweSM Visayas Festivals

Award for Innovation in the Use of Events (Silver)
SMCD’s Vibrant Kadayawan

Saving Energy (Silver)
SM Cares’ Energy Efficiency Journey

Award for Innovation in Community Relations or Public Service Communications (Silver)
SM Cares’ Book Nook

Innovative Achievement in Corporate Social Responsibility (Silver)
SM Cares’ Innovative CSR Impact

Corporate Communications & Public Relations - Award for Innovation in Community Relations or Public Service Communications (Silver)
SM Job Fairs

Live, Virtual, and Hybrid Event Awards - Award for Innovation in Entertainment Events (Silver)
SMMG’s Maki-Holo Christmas Spectacle

Award for Innovation in Content Marketing/ Branded Editorial (Bronze)
100 Days of Joy

Award for Innovation in Community Service or Public Relations (Bronze)
SMBG’s Community Initiatives

Climate Protection and Sustainability Campaign of the Year (Bronze)
SM Cares’ Global Youth Summit

Corporate Communications & Public Relations Awards - Award for Innovation in the Use of Events (Bronze)
SMAU’s Sinag at Saya

Philippines’ Strongest Brand
Brand Finance

Community - Single Marketplace (Silver)
International Council of Shopping Centers (ICSC)
MAXI Awards

2025 Asia-Pacific Tambuli Awards

Leaders for Sustainability and Corporate Purpose: Care for the Environment (Silver)
Greener Every Step: SM Supermalls’ Sustainability Breakthroughs

Leaders for Sustainability and Corporate Purpose: Inclusive Growth (Silver)
SM Cares’ A Mall for All

Customer Loyalty (Bronze)
2025 PR Awards Asia-Pacific

Marketing Excellence Awards 2025

Excellence in Relationship Marketing (Silver)
100 Days of Joy

Excellence in Public Sector/Non-Profit Marketing (Silver)
Coastal Cleanup 2024

Excellence in Launch Marketing (Bronze)
MOA Sky

Excellence in Brand Awareness (Bronze)
MOA Night of Lights

Excellence in Gaming (Bronze)
Cyberzone Challenger Series

2025 International Business Awards

Branded Content Campaign of the Year (Gold)
100 Days of Joy

Art, Entertainment, & Public - Art Event (Gold)
SM Art Market

Sustainability Leadership Award in Asia, Australia, and New Zealand (Silver)
Building a Greener Philippines

CSR Program of the Year (Silver)
SM Cares’ Mall for All

Sustainability Initiative of the Year in Asia, Australia, and New Zealand (Silver)
SM Cares’ Coastal Cleanup

Branded Content Campaign of the Year (Silver)
Tribe Marketing Revolution and its New Era of Consumer Connection

Achievement in CSR (Bronze)
SM Cares’ Book Nook

Philippine Quill Merit Awards
SM Cares’ Global Youth Summit
South Luzon’s Toy Fezt 2.0
21st Philippine Quill Awards

2025 Asian Experience Awards

PH Brand Experience of the Year, Retail
100 Days of Joy

PH Brand Experience of the Year, Marketing
MOA Sky Launch

Best Companies to Work For in Asia
Most Caring Company Award
Sustainable Workplace Award
Tech Empowerment Award
HR Asia Awards 2025

Excellence in HR Change Management (Silver)
Excellence in Leadership Development (Silver)
Excellence in Leadership Development (Silver)
HR Excellence Awards Philippines 2025

Creating a Culture of Continuous Learning & Upskilling (Bronze)
Economic Times Human Capital Awards – Southeast Asia

NCR Exemplar Winner - Sustainability Moves
People Management Association of the Philippines (PMAP)

Industry Champion Sustainability Advocate
Asia Corporate Excellence and Sustainability (ACES) Awards

**Best Employers in the Asia
Best Employers in the Philippines**
Asia Employer Branding Awards

Residences

Best Nature Integrated Development
Trealva At Midlands West
Propertyguru Philippines Property Awards

Best Condominium Development (Luzon)
Pico Terraces
Propertyguru Philippines Property Awards

Highly Commended Best Subdivision Development
M Village At Marina Estates
Propertyguru Philippines Property Awards

Hotels and Convention Centers

World’s Leading Sustainable Circular Economy (‘Plate for the Planet’ Program)
SM Hotels & Conventions Corporation
World Sustainable Travel & Hospitality Awards

Best Places to Work 2025
SM Hotels & Conventions Corporation
BusinessWorld

Best ASEAN Convention Centre
SMX Convention Center
ASEANTA Excellence Awards

Best Convention & Exhibition Centre – Philippines
SMX Convention Center
South East Asia Business Awards 2025 presented by APAC Insider

Best Convention & Exhibition Center – Philippines
SMX Convention Center
TTG Travel Awards

One of the Top 50 Employers in the Philippines
SMX Convention Center
Kalibrr

Philippines' Best Employer Brands 2025
Philippine Daily Inquirer and Statista

Recognition for Business Continuity and Sustainability
Employers Confederation of the Philippines (ECOP) Kapatid Awards

Great Place to Work for 2025
Great Place to Work

Best Resort Condominium
Pico Terraces
Dot Property Awards’

Great Place to Work for 2025
SM Development Corporation
Great Place to Work

Asia’s Best Employer Brand Award 2025
SM Development Corporation
Employer Branding Awards

Indoor MICE Event Venue (Grand Winner) AND MICE Exhibition Venue (Grand Winner)
SMX Convention Center Clark
Region 3’s Tourism Recognition for Enterprises and Stakeholders (TRES) Awards

UN Peace Center and Global Citizens Hub
Taal Vista Hotel
United Nations

Tourism Pillar Awardee
Taal Vista Hotel
Philippine Tourism Awards

Philippines’ Leading Conference Hotel
Conrad Manila
World Travel Awards

Philippines’ Best Hotel Spa;
Conrad Manila
World Spa Awards

Best Business Hotel – Philippines
Conrad Manila
TTG Travel Awards

Best Hotel in The Philippines (Rank #10)
Conrad Manila
DestinAsian

Best 20 Restaurants (China Blue by Jereme Leung)
Conrad Manila
Tatler Dining 2025

**#4 Best City Hotels
#4 Best Hotel Spas
#5 Best General Managers**
Conrad Manila
Travel + Leisure Luxury Awards Asia Pacific

Best Meetings Hotel
Conrad Manila
M&C Asia Stellar Awards

#2 Best Workplace in the Philippines (Hilton)
Conrad Manila
Great Place to Work Philippines

Michelin Selected (China Blue by Jereme Leung);
Conrad Manila
Michelin Guide Philippines

**Silver (Wedding Cakes, U.S. Lamb, Pasta, Filipino Cuisine)
Bronze (Filipino Dessert, Bread Pastry, Chocolate Pastry, U.S. Pork, Beef, Lamb, and Poultry, Dream Team Challenge)**
Conrad Manila
Philippine Culinary Cup

Philippines’ Leading Hotel Residences
Lanson Place Mall of Asia
World Travel Awards

Offices

Energy Efficiency Excellence Award for Large Green Buildings
ThreeE-com Center
5th Energy Efficiency Excellence Awards

LEED v2009 Core and Shell Development – Gold Certified
FourE-com Center
U.S. Green Building Council & Green Business Certification Inc.

Sustainability Recognition Award
Lanson Place Mall of Asia
Manila Bulletin Sustainability Forum

First Muslim-Friendly Accommodation Establishment in the Davao Region
Park Inn by Radisson Davao
Department of Tourism

Filipino Brand of Service Excellence (FBSE) Recognition
Park Inn by Radisson Davao
National Filipino Brand of Service Excellence (FBSE) Summit and Recognition Ceremony by the Department of Tourism

Special award for Innovative Use of Technology
Park Inn by Radisson Clark
Department of Energy (DOE) Awards for Energy Efficiency

Best Diversity and Inclusion Strategies Award
Park Inn by Radisson North EDSA
HR Excellence Awards Philippines

**Gold (Plated Bibingka)
Gold (Valenciana)**
Park Inn by Radisson Iloilo
16th National Food Showdown

Buzz Award
Park Inn by Radisson Bacolod
Bacolod Inasal Festival

Blue Heart Award
Radisson Blu Hotel Cebu
Inter-Agency Council Against Trafficking 7

LEED v4.1 Operations and Maintenance: Existing Buildings – Gold Certified
FiveE-com Center
U.S. Green Building Council & Green Business Certification Inc.

PEZA IT-Economic Zone Certified
The Core Towers
Philippine Economic Zone Authority



Hans T. Sy Is 2025 MAP Management Person of the Year

The Management Association of the Philippines (MAP) named Hans T. Sy (HTS), Executive Committee Chairman of SM Prime, as its 2025 Management Person of the Year.

The MAP Management Person of the Year honors business and government leaders who exemplify excellence in management and have made significant contributions to nation-building, serving as role models for current and future generations.

The 49th recipient of the prestigious award, HTS was recognized for his lifelong commitment to environmental stewardship, social inclusion, good governance and resilience.

MAP also cited HTS for promoting employee welfare, professional development and work-life balance while building an organization exemplifying the UN Global Compact Women’s Empowerment Principles.

The award also recognizes his pioneering work in disaster risk reduction, including co-founding ARISE Philippines in 2015 and serving as the first Filipino private-sector representative to the UN Office for Disaster Risk Reduction (UN-DRR).



Receiving this award is both an honor and a responsibility.

It is a reminder to do more for our country.

Beyond SM Prime, HTS serves as Adviser to SM Investments Corporation, Chairman of China Banking Corporation and Chairman of National University.

Under his leadership as SM Prime President from 2004 to 2016, the Company expanded across the Philippines and China, pioneering flood-resilient structures, solar power generation, and water recycling systems. He personally supports vulnerable children through Child Haus, providing critical healthcare to indigent pediatric cancer patients.

HTS is the third member of the Sy family to receive the MAP award, following his father Henry Sy Sr. (1999) and sister Teresita Sy-Coson (2016). The award was conferred on November 24, 2025.

FEATURE STORY

How SM properties pioneered flood-resilient structures, solar power generation and water recycling systems



Designing for Resilience

Opened in 2008, SM City Marikina exemplifies flood-resilient commercial design. Elevated on 246 concrete stilts above the Marikina River floodplain, it allows floodwaters to pass beneath the structure.

During Typhoon Ondoy in 2009, the mall withstood the flooding and served as a refuge for affected residents.



Pioneering Clean Energy

SM City North EDSA was the first mall in the Philippines to install a large-scale rooftop solar photovoltaic system, launching a 1.5 MW facility in 2014.

Through this initiative, the mall generates clean energy on-site, reduces reliance on the power grid, and demonstrated the viability of large-scale solar solutions in high-traffic commercial developments.



Smart Water Recycling

SM properties incorporate water recycling systems that collect and treat rainwater and wastewater for reuse in toilet flushing, irrigation and cleaning.

These systems reduce freshwater demand, improve operational efficiency and support more resilient operations, particularly in areas facing water stress or seasonal shortages.



Humility encourages collaboration, creativity and innovation because ego is kept out of decision-making.

Message from The Chairman

To our shareholders,

In 2025, we weathered challenges that tested our business acumen and fundamental values.

Economic growth slowed to its weakest non-pandemic pace in 14 years, as government spending, private investment and household consumption slowed amid governance concerns, negative sentiment, weather disruptions and pressure on household finances.

Foreign tourism arrivals recorded modest gains for the year, while inbound visitor spending declined significantly amid softer economic conditions in China and South Korea.

Higher travel costs and infrastructure constraints also weighed on the overall visitor experience, weakening the Philippines' competitiveness relative to its regional peers.

Against this backdrop, the business environment demanded more than operational excellence from our Company. It required resilience built on culture.

Humility and Unconventional Thinking

Our resilience does not come from strategy or planning alone. While both matter, humility and out-of-the box thinking are what shaped SM Prime into the company it is today. These are the qualities our founder and my father, Henry Sy, Sr., demonstrated throughout his life and embedded in our organization.

He taught us that humility drives performance. It encourages collaboration, creativity and innovation because ego is kept out of decision-making. In admitting that we do not have all the answers, we create the conditions for better judgment and faster execution.

At the same time, he approached periods of crisis with clear judgment and a willingness to act against prevailing sentiment. Where others saw risk and imminent failure, he saw an opportunity to build something bold, permanently altering our growth trajectory.

SM Makati, SM North EDSA, SM Megamall and the Mall of Asia are enduring examples of his unconventional thinking.

Growth in 2025 and Beyond

In 2025, volatility pushed us to listen more closely to our customers and partners. That helped us make decisions faster and respond more effectively on the ground.

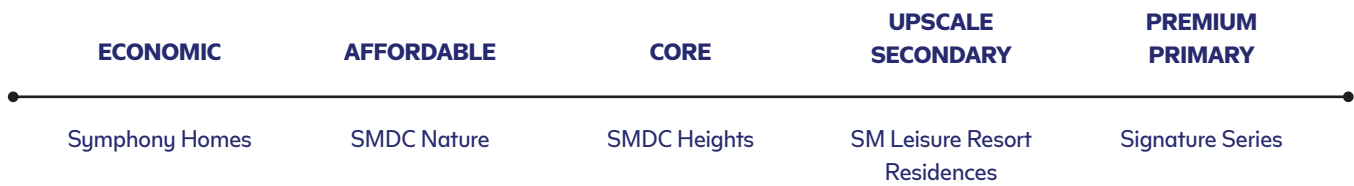
As a result, the Company delivered earnings expansion above GDP, deployed capital with discipline, and realized stronger synergies across our business units.

We also made significant progress in new growth areas. We expanded our regional footprint across malls and residences, and completed the sand pouring phase of a coastal land development project in October.

At the same time, we launched Signature Series, our premium primary residential brand, together with new SMDC sub-brands—SMDC Heights, SMDC Nature, and Symphony Homes.

With this clear brand architecture, we bring discipline to how our residential offerings are defined and the markets they serve.

SM RESIDENCES ACROSS THE VALUE SPECTRUM



We expect 2026 to be an even tougher year, as governance issues and geopolitical risks continue to affect investor and consumer confidence. Climate-related risks are also expected to add further pressure to business conditions.

Our focus will be on expanding our commercial property portfolio beyond Metro Manila, with new malls and MICE facilities to be launched in Batangas, Cabanatuan, Laguna and Zamboanga. This creates a more balanced geographic footprint and strengthens our Company’s resilience over time.

Before year-end, we will open the SMX Convention Center and the SM Seaside Arena within our seaside estate, reinforcing Cebu’s position as a premier destination for both domestic and international visitors.

During the period, we also plan to develop and launch integrated estate developments in other parts of the country. We will draw on the strength of the SM ecosystem to attract investments, create employment and broaden economic participation across regions.



Board Changes

On August 15, 2025, we welcomed former Supreme Court Senior Associate Justice Estela M. Perlas-Bernabe to our Board as an Independent Director, succeeding Atty. Darlene Marie B. Berberabe, who stepped down to serve as Solicitor General of the Philippines. We thank Atty. Berberabe for her service and contributions during her tenure. We wish her well as she takes on this important role in public service.

Justice Perlas-Bernabe’s depth of legal and governance experience further strengthens the Board’s oversight as the Company advances its long-term strategy. We look forward to working with her as part of the Board.

In Closing

Although 2025 was a volatile year, SM Prime continued to perform and execute its plans with remarkable stability. That outcome reflects the collective effort behind the Company.

I thank our Board of Directors for their strategic oversight and sound judgment throughout the year.

I am equally grateful to our shareholders, business partners and customers for choosing SM.

To our employees, thank you for your resolve during a difficult year. Your willingness to listen, adapt and work hard gave us the resilience needed to navigate these challenges.

We cannot predict what the year ahead will bring. What gives us confidence is not our scale or leadership position, but a clear understanding of who we are and how we work.

Let us move forward guided by the values that have carried us this far.



HENRY T. SY, JR.
Chairman

Interview with The President

SM Prime President Jeffrey C. Lim reflects on a year shaped by unmet growth expectations, governance challenges and natural calamities. He provides his assessment of the Company’s performance in 2025 and the factors that influenced results.

Recognizing the challenges faced by the Philippine property sector, he discusses how the SM Prime portfolio is being positioned for resilience across cycles, the risks defining the future, and the lessons shaping the organization.

As the Company enters its next phase of growth, he also shares his outlook and priorities for 2026.



Q1 Please give us your overall assessment of SM Prime’s performance in 2025, in the context of the operating and macro environment.

2025 reflected the resilience of our business. Entering the year, we expected a more favorable macro environment to improve overall conditions.

In reality, operating conditions proved more volatile. Natural calamities and a pullback in government spending weighed on economic activity and investor sentiment.

Take-up in our core residential segment remained muted, mainly because of affordability pressures and competition from other developers and the secondary market.

Our commercial portfolio performed better and helped carry the overall results.

Overall, I think we did well given the conditions. Consolidated revenues increased by 1% to Php 141.1 billion, while total costs and expenses dropped by 4% to Php 69.4 billion.

This resulted in a 7% increase in consolidated net income to Php 48.8 billion. Almost 70% of our revenues and earnings were generated by our commercial properties.

Q2 What were the key drivers of performance during the year, and how did results compare with management’s expectations?

Our performance during the year was driven by portfolio expansion, adaptive execution, and the synergies created across our integrated portfolio.

Each business unit contributed in different ways, allowing us to offset areas of softness with segments that continued to perform well and maintain overall momentum.

With more leasable space, new brands and customer-focused events, we saw stronger occupancy, tenant sales, event bookings and foot traffic.

Our malls and MICE facilities even reached their highest occupancy and visitor levels to date.

These metrics matter to us because they reflect the trust our tenants place in us and the strength of our connection with customers.

Even in difficult times and a highly competitive environment, we are grateful that our properties remain part of everyday life in the communities we serve.



“
We have been
more intentional
in our portfolio
expansion.”

Q3 The year was marked by significant macroeconomic shifts, yet the Company continued to invest aggressively. How did you balance growth investments with financial discipline and shareholder value?

In 2025, we stayed the course with a strategy centered on disciplined growth and balance sheet strength. Despite a complex macroeconomic environment, we raised Php 62.1 billion, more than doubling our 2024 activity. This was anchored by a landmark USD 350 million international debut, signaling strong global confidence in our business model.

Combined with robust operating cash flow, we channeled Php 81.9 billion into capital spending, focusing on mixed-use hubs, provincial expansion, land acquisition and coastal

land development. We returned Php 15.1 billion to shareholders through dividends and share buybacks, while continuing to reduce leverage by retiring nearly Php 39.4 billion in maturing debt.

I am most proud that despite this scale of investment and capital returns, our balance sheet remained resilient and well within our internal leverage thresholds. We ended 2025 with a Net Debt-to-Equity ratio of 46:54.

We also maintained strong liquidity and funding flexibility because of our stable cash flows and prudent capital management.

Q4 How does the current portfolio position the Company to remain resilient across cycles, and where are you deliberately being more selective?

If you look at our portfolio, you will see that it is strategically anchored in master-planned mixed-use ecosystems, whether vertical or horizontal.

By clustering our malls, residences, hotels, and offices into these synergistic hubs, we create self-sustaining economic engines that remain resilient even when the broader economy fluctuates.

Over the years, we have been more intentional in our portfolio expansion by prioritizing adaptive developments.

This means moving away from standalone retail in favor of multi-purpose districts that can be recalibrated as consumer habits evolve.

We are also doubling down on climate-resilient infrastructure and provincial expansion in high-growth corridors. This selectivity ensures that our portfolio grows both in scale and shareholder value.

Q5 What were the most significant risks or challenges the Company managed in 2025, and what lessons are shaping your decisions going forward?

Our agility was tested by a residential market imbalance, climate disruptions, and a period of macroeconomic pessimism. These challenges have fundamentally sharpened our strategic focus.

To address the residential mismatch, we deliberately reduced our launches, pivoting instead to more stable, underserved markets.

Regarding climate change, we have moved beyond mitigation. We are now systematically incorporating advanced resilient technologies into every mall scheduled for redevelopment or construction, future-proofing our assets against physical risks.

Finally, to counter market pessimism, we looked inward. We focused on engagement that truly resonates—motivating our employees and supporting our communities. By staying focused on meaningful impact, we ensure SM Prime remains a source of stability and optimism, regardless of broader sentiment.

Q6 What are your key priorities for 2026, and how do these initiatives align with the Company’s long-term vision for value creation?

Looking ahead to 2026, our priorities include operational excellence, customer-centricity, sustainability and strategic expansion. The first three will allow us to generate cycle-resistant value, and a stable financial runway for our strategic expansion.

Regarding our fourth priority, we are focusing on premium primary residential projects in resilient markets, the continued scaling of our integrated estates, and our coastal land development project.

These represent the next phase of our growth, but we are approaching them with cautious optimism and measured execution to ensure our pace aligns with prevailing market conditions.

By prioritizing these high-potential segments with a disciplined pace, we are building high-quality, sustainable communities while securing the premium land bank necessary for the next decades.

Q7 What message would you like to leave with shareholders and other stakeholders as the Company braces for another challenging year?

While 2025 was a strong year despite a less-than-ideal market, it also reminded us that our progress is shared.

I want to personally thank our Board for its steady guidance, our employees for their hard work and commitment, and our customers, communities, and shareholders for the trust they continue to place in us.

We expect 2026 to remain challenging, with heightened geopolitical tensions moderating growth and creating major supply chain disruptions.

Through it all, we will stay focused and deliberate in how we operate, and deeply committed to creating lasting, purposeful value for those who depend on us.



PERFORMANCE AND OUTLOOK



Malls

In 2025, SM Supermalls marked its 40th anniversary with a bold expansion plan aimed at transforming its malls into future-ready spaces that anchor regional growth and affirm its place as the preferred “third space” of Filipinos.

The largest shopping mall operator in the Philippines, SM Supermalls ended the year with 89 malls nationwide and nine outlets in second- and third-tier cities in China, representing a gross floor area of 9.7 million square meters locally and 1.8 million square meters overseas.

The majority of SM Supermalls’ tenants are micro, small and medium enterprises (MSMEs), reflecting its commitment to supporting local businesses.

2025 Highlights

The mall business delivered resilient growth on the back of higher occupancy, tenant sales, rental income and contributions from new malls. Revenues topped Php 85.1 billion, a 7% increase from Php 79.7 billion. In the Philippines, long-term occupancy reached a record 96%, up from 93% the previous year, while rental income increased by 7% to Php 59.8 billion from Php 56.1 billion.

Revenue growth was driven by the entry of market-first brands and specialty concepts, as well as revenues from mall exhibits and newly opened malls and expansions.

In 2025, SM City Laoag and SM City La Union opened in May and October, respectively, each adding over 92,000 square meters of gross floor area. The year also reflected the full-year contribution of SM City Caloocan and SM City J Mall, which opened in May and October 2024, respectively.

89

Malls

9.7M

Gross Floor Area
(in m²)

All figures for PH only



1.4B

Total Foot Traffic

96%

Long-Term Occupancy Rate

Php 22B

CAPEX

All figures for PH only

During the year, SM Supermalls also added new retail space in Iloilo, Cebu, Davao and Bacolod, and recorded the full-year contribution of retail space added in Pasig and Parañaque.

SM mall foot traffic dominated the industry, rising to approximately 1.4 billion due to a broader mix of retail and experiential offerings, and innovative mall attractions.

Outlook

2026 marks the start of a five-year capital expenditure program to expand the SM mall network to over 100 malls nationwide, with five flagship and premier malls and 12 to 15 new lifestyle malls scheduled for delivery by 2030. Over the same period, 16 existing malls are also scheduled for major redevelopment.

More than Php 150 billion, or around Php 30 billion per year for 2026-2030, has been allocated to new builds, upgrades and expansions. However, capital deployment will be optimized to maintain



balance sheet strength amid escalating geopolitical risks because of the US-Israeli strikes against Iran.

In 2026, SM Supermalls will open three new, key destination malls in General Trias, Cavite, Zamboanga City, and Tagum City, Davao Del Norte as well as one flagship mall in Sta Rosa, Laguna—all contributing a gross floor area of approximately 466,000 square meters.

An additional 88,000 square meters of floor area will be introduced through the expansion of existing malls in Batangas, Davao and Iloilo during the year.

New brands and pioneering destination concepts are expected to support foot traffic and tenant sales amid challenging macroeconomic conditions.

Improvements in tenant mix, affiliate synergies, space productivity and mall activations could also help stabilize demand.

Rising costs and supply chain disruptions are expected to compress margins. To mitigate the impact of such external pressures, the company will focus on driving operational efficiencies across its mall network.

FEATURE STORY

SM Supermalls’ bold new era: All for you

True to its history and DNA, SM Supermalls is moving against the prevailing current.

At a time when many businesses are pulling back or deferring investments, SM Supermalls is pressing forward with an unprecedented expansion program designed to usher in a new era of retail leadership.

Central to this five-year program is the repositioning of SM malls as true “third spaces”, daily communal places that complement home and work (or school).

More than retail destinations, SM malls are evolving into venues for personal experiences, community interaction and shared milestones.

From “Instagrammable” layouts and elevated experiences to inclusive, family-friendly spaces, the intent is to deepen relationships across generations while upholding the values that have defined the SM brand.

“For two consecutive years, SM Supermalls was named the strongest ASEAN retail brand by Brand Finance,” said SM Supermalls president Steven T. Tan.

“Our challenge now is to live up to this honor and ensure our malls maintain strong emotional connections with our customers.”

Brand Finance is the world’s leading brand valuation consultancy. Each year, it evaluates over 5,000 of the world’s largest brands.

In 2025, SM Supermalls earned a Brand Strength Index (BSI) score of 95.0 out of 100, the highest among Philippine brands.

Recognizing its scale and impact on communities, SM Supermalls is aligning its bold evolution with regional growth and

sustainable development. Its malls are increasingly acting as economic anchors, stimulating local employment, attracting complementary developments and strengthening ecosystems outside Metro Manila.

Climate-resilient features are also embedded in the design, construction and redevelopment to ensure mall assets remain adaptive and 100% future-proofed by 2030.

In choosing to invest through uncertainty, SM Supermalls is reaffirming a long-held SM belief: that scale carries responsibility, and that long-term value is built by serving communities.



Artist’s rendering only



Residences

SM Residences is the umbrella brand for all the residential developments under SM Prime. It includes economic, mid-range, premium and leisure developments.

SM Development Corporation (SMDC), the core residential arm, delivers affordable, well-designed homes for the broader market. Its portfolio includes SMDC Heights, SMDC Nature and SMDC Symphony Homes.

Signature Series is the premium primary residential line, spanning both vertical and horizontal developments. Over the medium term, it plans to introduce bespoke projects in Metro Manila, Southern Luzon and Cebu.

SM Leisure Resort Residences (SM LRR) develops upscale second homes within integrated communities designed for holistic living. Its flagship destinations—Tagaytay Highlands and Hamilo Coast—combine premium amenities with expansive natural landscapes.

2025 Highlights

Residential sales declined by 11% to Php 42.5 billion from Php 47.8 billion mainly due to lower revenue recognition in the core segment.

From Php 46.1 billion, SMDC revenue contracted by 13% to Php 39.9 billion because of slower construction accomplishment and elevated sales cancellations.

SM LRR revenue surged by 54% to Php 2.6 billion from Php 1.7 billion on the back of higher revenue recognition from project completions and strong sales in prior periods.

Php
48.9B

Reservation
Sales

Php
182.1B

Total
Inventory

Total segment figures

28.0k

Total Inventory
(in units)

2,315

Land Bank
(in hectares)

Php
16.9B

CAPEX

Total segment figures

Project launches declined by 32% year-on-year to Php 7.8 billion from Php 11.6 billion, with new releases limited to the economic segment.

In 2025, Symphony Homes launched 2,155 units in Mabalacat, Pampanga. The year before, SMDC introduced 2,747 units across Parkville, Glade, Vail and Cool, while SM LRR launched 234 units in M Village and Highlands Residences’ Ochre Tower. All of these projects are located outside Metro Manila.

With tempered launches, consolidated residential inventory increased by 5% to 28,036 units from 26,793. Consistent with the core segment’s recent shift toward lower-priced projects, total inventory sales value rose by 6% to Php 182.1 billion from Php 172.5 billion. Only 13% of total inventory comprises ready-for-occupancy units, mostly within the core segment.

Total reservation sales fell by 22% to Php 48.9 billion from Php 63.0 billion, as tighter buyer qualification requirements continued to moderate mid-segment sales take-up.

Core reservation sales dropped by 23% to Php 46.7 billion from Php 60.8 billion, while the leisure segment remained steady at Php 2.2 billion.

In 2025, capital expenditures in the residential segment reached Php 16.9 billion, down 27% year-on-year from Php 23.1 billion. Capital deployment slowed due to fewer project completions, following organizational changes implemented to accelerate execution going forward.

Outlook

SM Residences expects macroeconomic headwinds and geopolitical risks to temper demand, particularly in the core segment. Entry into the upscale market could provide a stabilizing counterweight.

SMDC revenue recognition and gross margins are seen to moderate in 2026. However, the company remains focused on project completion and turnover to support take-up and financial performance.

To maintain tighter inventory control, SMDC is pacing new launches while selectively expanding into growth areas outside Metro Manila. New projects will focus on mid-rise and economic products aimed at addressing underserved or unmet demand.

Signature Series is expected to begin contributing to reservation sales with the launch of its first development in the first half of 2026.

Signature Series will initially invest approximately Php 25 billion to develop residential clusters, neighborhood retail, civic spaces and pocket parks within the 284-hectare Susana Heights Estate. Infrastructure upgrades and new amenities within the existing Susana Heights Village are also planned to enhance the overall living experience. Residential lots will start at a minimum size of 500 square meters.

At the same time, SM LRR continues to advance its development program. Key milestones include the completion and turnover of Trealva, the maiden residential community at Midlands West; the completion of Primrose Parks; and the turnover of Horizon Terraces’ Redstone Tower and completion of Scottsdale Villa.

Meanwhile, Pico Terraces is slated for completion and turnover to buyers in 2027, while new residential offerings with marina and sea views are being prepared for launch.

FEATURE STORY

SMDC: Clearer Segmentation for Targeted Growth



Brand refresh sharpens product segments to meet changing customer needs and life stages

In 2025, SM Development Corporation (SMDC) undertook a brand refresh to sharpen its positioning across distinct sub-markets within the core residential segment.

The move signals a shift from a primarily high-rise condominium developer to a more clearly segmented, lifestyle-oriented residential platform.

Under the new brand architecture, SMDC has three product lines designed to align more precisely with distinct customer needs, life stages and price points.

SMDC Heights focuses on vertical living in prime urban locations, offering high-rise developments designed for accessibility, connectivity and proximity to commercial and transport hubs. The segment is geared toward upwardly mobile professionals,

entrepreneurs and urban achievers who prioritize location, efficiency and long-term capital appreciation.

SMDC Nature centers on mid-rise, lower-density communities that prioritize open space, natural light and wellness-oriented design. It caters to early nesters, young families, retirees and homeowners seeking a simpler, more manageable home—one that offers everyday comfort and breathing room without giving up access to city conveniences.

SMDC Symphony Homes expands the platform into house-and-lot developments in emerging growth corridors. It serves growing families, first-time homeowners and returning overseas Filipinos seeking long-term stability, ownership of land and the flexibility of suburban scale.

This clearer segmentation enhances customer targeting, strengthens brand differentiation and supports more disciplined capital allocation.

It also allows SMDC to respond to structural shifts in demand, including geographic decentralization, increased interest in wellness-led design and growing preference for affordable landed formats.

As the residential market recalibrates and SM Prime’s residential portfolio expands, SMDC’s updated brand architecture positions the company for resilient growth, grounded in clearer segmentation, stronger brand coherence and alignment with long-term demographic and urban development trends.



Hotels and Convention Centers

SM Hotels and Conventions Corporation (SMHCC) develops and operates tourism and MICE facilities in the Philippines, generating revenue from room bookings, venue leasing, and food and beverage (F&B) sales.

Its portfolio includes 10 hotels across luxury (Conrad Manila, Radisson Blu Hotel Cebu), leisure (Taal Vista Hotel, Pico Sands Hotel), and business segments (Park Inn by Radisson, Lanson Place Mall of Asia), together with stand-alone convention centers and mall-based trade halls.

SMX Convention Center is the country’s largest privately owned convention center group, with eight branches, consisting of SMX Manila, Aura, Clark, Davao, Bacolod, Olongapo, and the Megatrade and Sky Hall Seaside Cebu trade halls.

2025 Highlights

The tourism and MICE business unit delivered another record performance in 2025, expanding by 9% from Php 7.8 billion to Php 8.5 billion. Higher room rates, event bookings and F&B sales offset the impact of lower room occupancy. The full-year operations of Lanson Place Mall of Asia likewise contributed to the exceptional results.

Luxury properties recorded the highest occupancy levels during the year, followed by business hotels. Leisure hotel occupancy declined owing to temporary room closures for upgrades and refurbishment works. Average daily rates (ADR) across the portfolio rose 2% year-on-year.

MICE and special events continued to play a key role in SMHCC’s performance. All venues recorded higher bookings, with the exception of one site located in a province impacted by natural calamities during the second half of the year.

2,602

Hotel Rooms

42k

Total Leasable Area (in sqm)



63%

Hotel
Occupancy

55%

Convention
Centers
Occupancy Rate

8.5M

Annual
Event Visitors

SMX Manila remained the most booked MICE venue, followed by SMX Clark and SMX Aura. SMX Olongapo recorded the highest growth rate in both event visitors and bookings, led by Big Bad Wolf Books, a global reading advocacy movement that stages the “world’s biggest book sale”.

Total event bookings jumped by 10% from 1,480 to 1,632, with most of the growth coming from regional sites. These events boosted foot traffic to SMX properties by 34%, surging from 6.4 million to over 8.5 million.

Major events staged at SM convention centers and trade halls in 2025 included flagship trade exhibitions and consumer shows such as PhilConstruct, WOFEX, SIGMA, the Manila International Auto Show and the Travel Tour Expo, along with bridal fairs and large-scale cosplay conventions.

Outlook

Foreign tourist arrivals are expected to rise in 2026 as the Philippines assumes the chairmanship of the Association of Southeast Asian Nations (ASEAN). More than 600 ASEAN-related meetings, including ministerial gatherings and a leaders’ summit, are scheduled across key cities nationwide.

While these events are projected to attract thousands of delegates, trade show participants, and international buyers, domestic tourism is likely to ease amid inflationary pressures and rising fuel prices.

In this environment, SMHCC will continue to expand capacity in a disciplined manner, with a clear focus on long-term demand alignment and value creation.

SMX Convention Center Seaside Cebu is set to open in the fourth quarter of 2026, establishing a solid presence in a major MICE hub.

SMXCITE—an 18,000-square-meter exhibition complex within the SM Mall of Asia Complex—is scheduled for completion in early 2027.

Designed to be the country’s largest international exhibition venue, it will double the capacity of SMX Manila and strengthen the Philippines’ ability to attract foreign trade shows and conventions.

The hotel portfolio is also positioning itself for demand rebound. Park Inn by Radisson SM City Dasmariñas is slated to open in the fourth quarter of 2027, followed by a new Park Inn by Radisson in Sta. Rosa, Laguna in the first quarter of 2029, supporting business and leisure demand in emerging growth corridors.

FEATURE STORY



By 2026, Taal Vista Hotel will complete a new chapter in its long history. Premium function rooms and the spa are being upgraded to restore polish to an 86-year-old Tagaytay landmark. But the heart of this renewal is something far more personal.

In the 1950s, a young Henry Sy Sr., known to many as Tatang, would visit what was then Taal Vista Lodge. He favored a particular spot on the grounds where the ridge opens to the lake and the volcano beyond. There, he would sit and imagine the life he wanted to build. He once said the lodge would be his someday. Years later, it was. Such was the power of his vision and determination.

After acquiring the hotel, he would remind its employees, “mahalin ninyo ang Taal Vista.”

He said this not as an owner guarding the value of a property, but as someone deeply attached to the place. Taal Vista was a sanctuary for his early dreams and a place he would often return to for perspective.

The Presidential Villa:
A legacy, elevated

SM Hotels offers a grand stay inspired by one man’s vision and love for Tagaytay.



Artist’s rendering only

That history now finds its most intimate expression in the Presidential Villa.

Once Tatang’s private penthouse, the space has been transformed into a 630-square-meter residence above the cool ridges of Tagaytay.

A private lift opens to a generous master suite, two additional bedrooms with balconies, a formal dining room, and a spacious living area. Outside, a vast deck offers sweeping views of Taal Lake.

The Presidential Villa is defined as much by the life lived inside it. Families will mark milestones. Couples will celebrate anniversaries. Children will make memories that last. And as sunset settles over the lake, something about the place invites everyone to dream a little bigger.



Artist’s rendering only



Offices and Warehouses

The Commercial Properties Group (CPG) oversees the leasing and property management of 15 mall-adjacent offices and seven stand-alone offices, as well as six warehouses.

Strategically located across Metro Manila and high-growth urban centers, SM Offices buildings serve multinational and domestic companies in finance, retail, technology, logistics, and business and knowledge process outsourcing (BPO/KPO), as well as global corporate centers (GCCs).

SM warehouse facilities are located in Laguna, Manila, Parañaque, Pasig and Taguig, providing logistics support to third-party e-commerce and third-party logistics (3PL) tenants, as well as SM Group affiliates. Backed by SM Prime’s land bank, CPG is well-positioned to deliver build-to-suit and core-and-shell facilities that support rapid fit-out and start-up nationwide.

2025 Highlights

CPG stand-alone office and warehouse revenues slipped by 2%, from Php 5.5 billion to Php 5.4 billion primarily due to tenant fit-outs and upgrades of CPG’s 2 biggest warehouse facilities.

Occupancy at stand-alone offices remained steady due to the net effect of new tenant sign-ups that were off-set by contract non-renewals.

22

SM Offices Buildings

891k

Leasable Office Space (in sqm)



81%

SM Offices
Occupancy Rate

6

Warehouse
Properties

229k

Leasable
Warehouse
Space (in sqm)

Over-all effect on rental recognition of warehouses declined from 100% to 90% because two facilities were temporarily off-line due to a scheduled first-quarter third-party tenant fit-out and a fourth-quarter facility upgrade.

Net take-up across the office portfolio reached nearly 56,000 square meters (sqm), representing a 24% increase from the previous year. The newly-signed accounts include government agencies and multinational firms.

At the end of 2025, SM Offices had 891,000 sqm of leasable space, with 77% located in Metro Manila.

The consolidated office occupancy rate improved from 80% to 81%, driven by strong take-up in mall-based office spaces. This reflects sustained demand for workspaces within established commercial estates.

Tenant mix comprised 57% third-party processing firms, followed by traditional companies at 24% and shared services at 19%.

Announced upcoming projects include SixE-com Towers in Mall of Asia Complex, NV Tower in Sta. Rosa, Laguna, SM North Block Towers in Bacolod, SM Northwing Towers in Cebu City, Clark Tech Hub Tower 11, SM Lanang Tower in Davao, SM Bictuan Tower in Paranaque, and SM North EDSA Tower 3 in Quezon City, which will have a combined gross leasable area (GLA) of over 300,000 sqm.

Outlook

SM Offices expects demand to remain stable as tenants move to lock in favorable terms amid a challenging macroeconomic and geopolitical backdrop.

Office leasing activity outside Metro Manila is likely to stay firm. Lower operating costs, improving connectivity and a deep talent pool continue to make these markets attractive to locators seeking long-term value.

By offering high-quality office space in flexible formats, SM Offices is optimistic that it can respond effectively to evolving tenant requirements while strengthening its position in key markets.

Warehouse occupancy is expected to return to full capacity by the second half of 2026, following the completion of scheduled fit-outs and facility upgrades started in 2025.

FEATURE STORY



Steps from Manila Bay and the SM Mall of Asia (MOA), SixE-com Center is a 14-story twin-tower development in a prime commercial district.

Designed by Arquitectonica—the firm behind the Microsoft Headquarters in Paris, the Bronx Museum in New York, and the International Finance Center in Seoul—this 60,000-square-meter project completes the E-Com Technology Campus, an office district specifically engineered to accommodate large-scale multinational corporations establishing regional headquarters in the Philippines.

At SixE-com Center, the Arquitectonica design language translates into a rhythmic interplay of angular volumes.

Distinct vertical structures generate upward momentum, while strategic negative spaces pull natural light deep into the interior floor plates to enhance occupant wellness and productivity.

SM Offices: Delivering World-Class Workspaces

An iconic premium office address rises within the Mall of Asia Complex



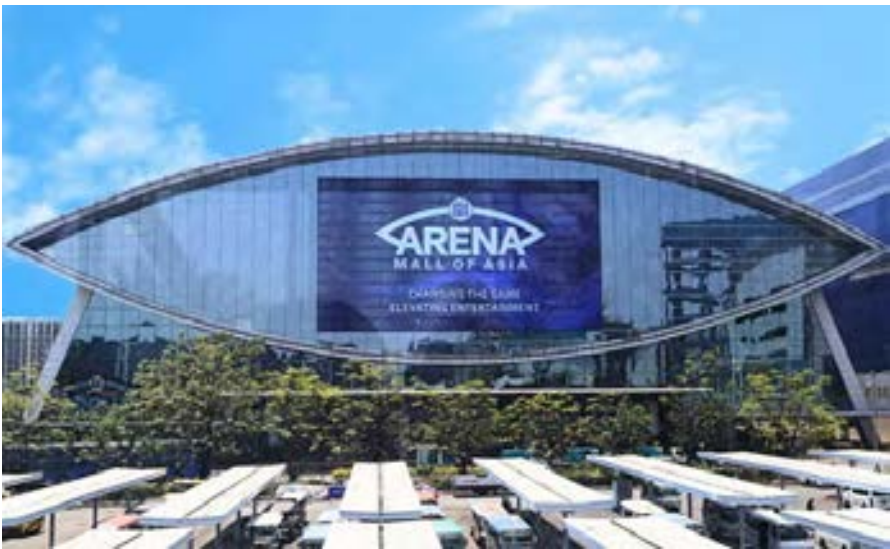
This architectural edge is backed by a commitment to sustainability. Pre-certified LEED Gold, SixE-com Center integrates energy-efficient systems, water-saving features and healthy indoor environments to ensure long-term operational viability.

The twin-tower structure features premium materials, high-speed elevators, 100% back-up power and advanced HVAC systems. Its generous, flexible floor plates support everything from traditional layouts to collaborative, hybrid workspaces. Tenants also have access to the E-com Center signature sky garden at the 5th floor podium level.

As companies and their teams evolve and scale, working at SixE-com Center becomes a strategic advantage. Designed for high performance, operational continuity and long-term growth, the building offers a future-ready platform where organizations can strengthen their presence and compete with confidence.



CORPORATE GOVERNANCE



Corporate Governance

SM Prime remains steadfast in its commitment to corporate governance (CG) best practices. Good corporate governance is critical to the Company’s long-term goals and success, as it provides a solid foundation for building corporate reputation and maintaining investor and stakeholder trust.

To ensure continued alignment with corporate best practices, the Board of Directors approved an update to the Company’s Corporate Governance Manual (CG Manual) on November 10, 2025.

These provisions were incorporated into the manual to keep abreast of the evolving regulatory landscape.

In 2025, SM Prime earned prestigious regional and local recognition for its corporate governance practices.

The Company ranked among the Top 50 ASEAN PLCs and the Top 5 PLCs in the Philippines in the ASEAN Corporate Governance Scorecard Assessment.

For the third consecutive year, the Institute of Corporate Directors conferred the Five Golden Arrow Award upon the Company, the highest distinction in the program.

SM Prime adopts policies that exceed the minimum regulatory requirements, reinforcing a commitment to fairness, accountability and transparency.

These principles form the foundation of the Company’s Corporate Governance (CG) framework, which is integrated into its structure, operations and stakeholder engagements.

These practices are detailed in the Manual on Corporate Governance, Integrated Report, Board Committee Charters and Code of Business Conduct and Ethics.

As a publicly listed company on the Philippine Stock Exchange (PSE), SM Prime complies with the Revised Corporation Code, the PSE Listing and Disclosure Rules, and regulations mandated by the Securities and Exchange Commission (SEC).

The Company aligns its internal policies with the ASEAN Corporate Governance Scorecard (ACGS), which espouses international best practices.

Stakeholders and regulators can access comprehensive disclosures, corporate policies, and financial and sustainability reports via the company website, which is maintained to ensure information remains accurate and current.

SM Prime creates sustainable value through product quality and service excellence, driven by a commitment to the welfare of its customers, communities and the environment.

Governance Structure

Board of Directors

The Board of Directors serves as the foundation of SM Prime’s corporate governance, ensuring the achievement of the Company’s vision and mission while upholding the values of hard work, innovation, integrity, teamwork and sustainability.

Composed of competent and dedicated members with diverse industry expertise, the Board plays a pivotal role in steering the Company’s strategic development.

The eight members are elected by shareholders during the Annual Stockholders’ Meeting (ASM) and serve a one-year term until the subsequent ASM.

Board Governance

Led by the Chairperson, the Board of Directors serves as the highest governing body and sits at the helm of the Company’s governance structure.

The Board is committed to upholding the highest standards of governance for the benefit of the Company, its stockholders, and its broader stakeholder base. Its duties and responsibilities are summarized in the following table.

Duty	Responsibilities
Strategic Direction and Planning	- Formulating the Company’s long-term vision and mission - Establishing and overseeing the strategic framework and business objectives - Performing other responsibilities as mandated
Board Governance and Accountability	- Maintaining a publicly available Board Charter - Maintaining a transparent Board nomination and election policy, disclosed in the Corporate Governance Manual - Disclosing any transactions related to Board members’ holdings of SM Prime shares within three (3) business days
Oversight of Management and Talent	- Selecting and evaluating management and control functions - Ensuring an effective succession planning program for directors, key officers, and management - Overseeing the performance management framework to ensure adherence to high standards
Risk Management, Control and Compliance	- Ensuring an effective internal control system and risk management framework - Ensuring the implementation of Anti-Money Laundering and Counter-Terrorism Financing strategies and programs - Implementing a policy and system for related party transactions (RPTs) and other significant transactions - Other duties and responsibilities as may be assigned by relevant regulations such as issuances of the SEC
Sustainability and Ethical Standards	- Aligning the remuneration of key officers and Board members with the Company’s long-term interests - Overseeing the company’s sustainability policies and ensuring alignment with economic, environmental, social, and governance (EESG) best practices

Board Committees

The Board may establish special committees, whether temporary or permanent, and define their terms, composition, powers and responsibilities in accordance with the Company’s By-Laws, Manual on Corporate Governance and Board Charter. These committees support the Board in implementing best practices while driving sustainable growth, enhancing corporate value and delivering strong returns to shareholders.

Board committees focus on critical areas, including audit, risk management, related party transactions, corporate governance and sustainability. Through these bodies, the Board ensures the effectiveness of the Group’s internal control systems and risk

management frameworks in addressing key operational risks.

Each committee operates under a formal charter that delineates its composition, duties and oversight responsibilities regarding internal controls, risk management, sustainability, compliance and performance evaluation. These charters are reviewed and updated regularly to align with evolving corporate strategy and new regulatory developments, including relevant laws and SEC issuances. All Board Committee Charters are publicly available on the company website.

To enhance the efficiency of Board operations, the following committees have been established:

A. The Executive Committee

The Executive Committee assists the Board in performing the following duties:

- Overseeing the implementation of corporate strategies and long-term goals
- Reviewing and addressing major issues facing the organization
- Monitoring business group operations and defining performance improvement goals

Executive committee meetings were held almost every week in 2025. Attendance was 100% in nearly all meetings.

In accordance with the CG Manual, all Executive Committee actions are reported to the Board at the next Board meeting for review or modification as needed.

Executive Committee

Members	Designation	Directorship
Hans T. Sy	Chairperson	Non-Executive
Henry T. Sy, Jr.	Member	Non-Executive
Jeffrey C. Lim	Member	Executive
Herbert T. Sy	Member	Non-Executive
Elizabeth T. Sy	Member	Non-Director
John Nai Peng C. Ong	Member	Non-Director

B. The Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities to shareholders by ensuring the quality and integrity of the Company’s accounting, financial reporting, auditing practices, risk management and internal control systems, as well as adherence to overall corporate governance best practices.

This 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.

The Committee met four (4) times in 2025, with 100% attendance in all meetings.

Audit Committee

Members	Designation	Attendance			
Committee Meeting Dates		2/17	4/29	8/4	11/11
Amando M. Tetangco, Jr. (ID)	Chairperson	✓	✓	✓	✓
Darlene Marie B. Berberabe (ID) ¹	Member	✓	✓	-	-
Estela M. Perlas-Bernabe (ID) ²	Member	-	-	-	✓
J. Carlitos G. Cruz (ID)	Member	✓	✓	✓	✓
Jorge T. Mendiola ³ (NED)	Member	✓	✓	-	-
Jose T. Sio (Non-Director)	Adviser	✓	✓	✓	✓

¹ Atty. Berberabe’s term ended following her appointment as Solicitor General of the Philippines.
² Retired Justice Estela M. Perlas-Bernabe was elected to the SMPH Board and became member of the Audit Committee on August 15, 2025, to serve the unexpired term of Atty. Darlene Marie B. Berberabe.
³ Mr. Mendiola was a member of the Audit Committee until April 29, 2025

C. The Board Risk Oversight Committee

The Board Risk Oversight Committee supports the Board in monitoring the Company’s Enterprise Risk Management system to ensure its functionality

and effectiveness. This Committee facilitates the implementation of a comprehensive and integrated risk management process across the organization.

Board Risk Oversight Committee

Members	Designation	Attendance			
Committee Meeting Dates		2/17	4/29	8/4	11/11
J. Carlitos G. Cruz (ID)	Chairperson	✓	✓	✓	✓
Amando M. Tetangco, Jr. (ID)	Member	✓	✓	✓	✓
Jorge T. Mendiola (NED)	Member	✓	✓	✓	✓
Jose T. Sio (Non-Director)	Adviser	✓	✓	✓	✓

D. The Corporate Governance and Sustainability Committee

The Corporate Governance and Sustainability (CGS) Committee assists the Board in performing its governance responsibilities, including functions formerly assigned to the Nomination and Remuneration Committee.

This Committee ensures the alignment of the CG Framework with local and international best practices by reviewing and recommending improvements to company policies including the CG Manual.

The Committee maintains that effective corporate governance practices are central to the Company’s resilience and ability to maximize long-term shareholder value.

The Committee is also responsible for the Company’s sustainability reporting and for apprising the Board of significant sustainability concerns raised by stakeholders. It provides recommendations to the Board regarding targets and strategies to improve the Company’s sustainability performance.

For the year 2025, the Committee had five (5) meetings with 100% attendance in all meetings.

Corporate Governance and Sustainability Committee

Members	Designation	Attendance				
Committee Meeting Dates		2/17	4/29	8/4	8/14	11/11
Estela M. Perlas-Bernabe (ID) ⁴	Chairperson	-	-	-	-	✓
Darlene Marie B. Berberabe (ID) ⁵	Member	✓	✓	-	-	-
J. Carlitos G. Cruz (ID)	Member	✓	✓	✓	✓	✓
Amando M. Tetangco, Jr. (ID)	Member	✓	✓	✓	✓	✓

⁴ Retired Justice Estela M. Perlas-Bernabe was elected to the SMPH Board and became member of the Corporate Governance and Sustainability Committee on August 15, 2025, to serve the unexpired term of Atty. Darlene Marie B. Berberabe.

⁵ Atty. Darlene Marie B. Berberabe’s term ended following her appointment as Solicitor General of the Philippines.



Directorship in other Reporting Companies

Director	Name of Reporting Company	Nature of Dictatorship
Henry T. Sy Jr.	Synergy Grid & Development Phils., Inc SM Investments Corporation	Chairperson
		Vice Chairperson
Amando M. Tetangco, Jr.	SM Investments Corporation Belle Corporation ⁶ Converge Information and Communications Technology Solutions, Inc. Shell Pilipinas Corporation	Chairperson Independent Director Independent Director
		Independent Director
		Independent Director
J. Carlitos G. Cruz	Vivant Corporation SP New Energy Corporation ⁷	Independent Director Independent Director
Estela M. Perlas-Bernabe	Aboitiz Power Corporation Converge Information and Communications Technology Solutions, Inc. San Miguel Food and Beverage, Inc. BDO Unibank, Inc.	Independent Director Independent Director
		Independent Director
		Independent Director
Hans T. Sy	China Banking Corporation SM Investments Corporation	Chairperson Adviser to the Board
Herbert T. Sy	China Banking Corporation SM Investments Corporation	Director Adviser to the Board
Jeffrey C. Lim	Concrete Aggregates Corporation	Director

⁶ Mr. Tetangco served as an Independent Director of Belle Corporation until May 2024.

⁷ Mr. Cruz served as an Independent Director of SP New Energy Corporation until December 2023.

E. The Related Party Transactions Committee

The Related Party Transactions Committee aids the Board in reviewing all material related party transactions (RPTs). The Committee’s mandate includes evaluating RPTs to ensure they are undertaken on terms no less favorable to the

Company than those offered to unaffiliated third parties under similar circumstances, as well as overseeing the implementation and periodic review of the RPT policy. The Committee held one meeting in 2025 with 100% attendance.

Related Party Transactions Committee

Members	Designation	Attendance
Committee Meeting Date		2/17
Estela M. Perlas-Bernabe (ID) ⁸	Chairperson	-
Darlene Marie B. Berberabe (ID) ⁹	Chairperson	✓
Amando M. Tetangco, Jr. (ID)	Member	✓
Jorge T. Mendiola (NED)	Member	✓

⁸ Retired Justice Estela M. Perlas-Bernabe was elected to the SMPH Board and became member of the Related Party Transactions Committee on August 15, 2025, to serve the unexpired term of Atty. Darlene Marie B. Berberabe.
⁹ Atty. Darlene Marie B. Berberabe's term ended following her appointment as Solicitor General of the Philippines.

Board Remuneration

The Corporate Governance and Sustainability (CGS) Committee ensures that the remuneration of directors and key officers aligns with the long-term interests, business policies and strategy of the Company. In accordance with the Code of Ethics, employee compensation and rewards are determined based on individual and Company performance. Furthermore, the Board Remuneration Policy outlines the process for determining compensation for executive directors and senior management.

Members of the Board receive a reasonable per diem for each regular or special Board or committee meeting attended. Total compensation paid to directors for their services is disclosed annually in the Definitive Information Statement. In compliance with SM Prime’s By-laws and relevant regulations, this total amount does not exceed 10% of the Company’s pre-tax income from the preceding year. Additionally, in accordance with the Manual on Corporate Governance, no Board member may participate in discussions or determinations regarding their own compensation.

The Company’s fixed remuneration for employees is subject to annual merit increases. Variable remuneration consists of performance-based retention, enhance performance aligned with long-term goals and safeguard the long-term health of the Company.

compensation and rewards determined by individual and overall company performance. This compensation structure is designed to improve retention, enhance performance aligned with long-term goals and safeguard the long-term health of the Company.

Board Performance and Evaluation

Board members participate in an annual self-assessment to evaluate their individual and collective effectiveness. The process enables each director to assess participation in discussions and involvement in decision-making, helping strengthen governance practices and identify areas for improvement. The Corporate Governance and Sustainability (CGS) Committee facilitates the exercise.

Each year, the CGS Committee facilitates the evaluation of the Board, its Committees, individual Directors, the Chairperson, the President and other key officers based on the duties and responsibilities outlined in the SM Prime Revised Manual on Corporate Governance and By-laws.

This evaluation is conducted during the first quarter to assess the previous year’s performance. The process serves as a venue for identifying needs regarding training, continuing education or other

forms of support. Evaluation forms also cover services provided to the Board, including the quality and timeliness of information, the frequency and conduct of meetings and accessibility to Management, the Corporate Secretary and Board advisers.

Every three years, the assessment is supported by an independent external facilitator in compliance with the SEC Code of Corporate Governance for Publicly-Listed Companies.

In 2025, the Institute of Corporate Directors (ICD) was engaged to conduct a third-party led evaluation of the Board’s performance. The scope of this evaluation includes the Board’s structure and composition, responsibilities and duties, board processes, dynamics and relationships and corporate governance practices.

The following are the results of the evaluation conducted by ICD:

- The diversity within the Board brings unique perspectives and expertise, and the active participation of directors during discussions enhances the decision-making process, resulting in robust and comprehensive strategies.
- The Board atmosphere is conducive to productive exchange and discussion. The positive dynamics between the Chairman, President, directors, and committees foster a collaborative and respectful environment.
- The leadership of the Chairman and President is particularly commendable, as they are open to feedback, respected for their character, openness, ability to lead and provide clear vision and direction.

Quarterly Activity Summary

Period	Date	Number of Meetings
Q1	February 17	1
Q2	April 29	3
Q3	August 4 and August 15	2
Q4	November 10 and December 1	2

- The Board demonstrates a strong understanding of real estate trends and consumer preferences crucial or navigating the dynamic market environment.
- The Board’s focus on Business Intelligence, Data Science, and Long-Term Strategy reflects forward-thinking and proactive governance approach.

The results of the assessment, including recommendations, were presented to the Board by the CGS Committee during the first quarter meeting.

Subsequently, the Board reviewed these results and the recommendations provided by the ICD. Through the CGS Committee, the Board monitored the progress of these initiatives and implemented performance improvements to further strengthen its oversight function.

Board Meetings and Attendance

Regular board meetings are held quarterly and are scheduled in advance before the start of each year. Special meetings may be called as needed.

In accordance with corporate governance best practices and the Company’s Manual on Corporate Governance, the Board receives materials and documents containing matters for discussion at least five (5) working days before each scheduled meeting.

The Board of Directors held eight meetings in 2025. All meetings achieved 100% attendance by members of the Board of Directors, which complies with SEC attendance requirements.

Training and Continuing Education Program

In accordance with its Manual on Corporate Governance and the Board Charter, SM Prime provides a comprehensive eight-hour orientation program for new directors and four hours of continuing training annually for existing members. This program covers the expected contributions of each director, an overview of the Board and its committees, the Company’s business operations, corporate governance practices and other relevant matters.

Board members and key officers of the SM Group actively attend various training programs each year to remain updated on new laws and regulations, evolving governance standards and market trends

that may impact the Company’s business, corporate governance and sustainability efforts. In 2025, newly appointed director Ms. Estela M. Perlas-Bernabe attended the Director Onboarding Program on September 8.

Board Support

All members of the Board have direct and independent access to the Corporate Secretary, the Compliance Officer and Management. Their qualifications, duties and responsibilities are stated in the MCG. The Company ensures that Board members, key officers and Board Advisers regularly attend the annual corporate governance training and participate in the Company’s continuing education programs.

25-Jul-25	3-Sep-25	3-Oct-25
2025 Annual Corporate Governance Seminar	Vision Forward: Navigating AI and ESG in Banking	Advanced Corporate Governance Training
BDO Unibank, Inc.	China Bank Corporation	Institute of Corporate Directors
Artificial Intelligence and its Impact on Business Changing Consumer Behavior as it Applies to Business and Banking Stewardship as the Guiding Principle for your Board and People Agenda	The AI Revolution That’s Rewriting Banking’s Playbook AI in Philippine Banking: Adoption, Governance & the Road to Responsible Innovation Investing in People: Empowering Human Capital in Banking’s AI Era Corporate Governance Briefing: Climate Risks and its Systemic Cascade to Financial Risk and Opportunity	Global Economic Outlook Local Economic Outlook The Future of Work Harnessing AI for Business Transformation Technology Trends Update – The AI Race and Horizon Scanning

Directors

Name	Directorship			
Henry T. Sy, Jr.	Chairperson/Non-Executive Director	-	-	✓
Amando M. Tetangco, Jr.	Vice Chairperson/Lead Independent Director`	-	-	✓
Estela M. Perlas-Bernabe	Independent Director	✓	-	✓
J. Carlitos G. Cruz	Independent Director	-	-	✓
Hans T. Sy	Non-Executive Director	-	✓	-
Herbert T. Sy	Non-Executive Director	-	✓	-
Jorge T. Mendiola	Non-Executive Director	-	-	✓
Jeffrey C. Lim	Executive Director	-	✓	-
Teresita Sy-Coson	Board Advisor	✓	-	-
Elizabeth T. Sy	Board Advisor	-	-	✓
Edward K. Lee	Independent Board Advisor	-	-	✓

Key Officers

Name	Position			
John Nai Peng C. Ong	Chief Finance Officer, Chief Compliance Officer and Corporate Information Officer	-	-	✓
Marvin Perrin L. Pe	Chief Audit Executive	-	-	✓
Joana B. Tiangco	Chief Risk Officer	-	✓	✓
Elmer B. Serrano	Corporate Secretary and Alternate Compliance Officer	-	-	✓
Arthur A. Sy	Assistant Corporate Secretary and Alternate Corporate Information Officer	-	-	✓



Management

President

The President is responsible for the minimum internal control mechanisms of management operations and is accountable for the Company’s organizational and procedural controls. Reporting directly to the Board, the President provides timely information and serves as the primary interface between the Board and employees. Furthermore, the President is responsible for overseeing Company operations and managing human and financial resources in accordance with the strategic plan. As the only executive director, the President is assisted by Senior Management, including the Heads of various Business Units.

Corporate Secretary

The Board is assisted by a Corporate Secretary, who is not a member of the Board of Directors and whose role is distinct from the Chief Compliance Officer to ensure the effective discharge of governance duties. The Corporate Secretary supports the Chairs of the Board and its committees in preparing agendas, notifies members before every meeting and assists the Board in making business judgments in good faith.

In addition, the Corporate Secretary gathers and analyzes records, documents and information—including updates to relevant rules, laws and regulations—to keep the Board abreast of matters essential to the conduct of their responsibilities. The functions of the Corporate Secretary are defined in the Company By-laws and the CG Manual.

Chief Compliance Officer

The Chief Compliance Officer (CCO) ensures that the organization adheres to corporate principles and best practices. The CCO monitors, reviews, evaluates and ensures the compliance of the corporation, its officers and directors with the relevant laws, the Company’s CG Manual, rules and regulations and all governance issuances of regulatory agencies. The Board, through the CCO, reviews the Business Units’ strategies and targets and monitors their progress towards achieving the Company’s strategic objectives.

Chief Audit Executive

The Chief Audit Executive (CAE) is appointed by the Board and oversees the organization’s internal audit activity. The CAE establishes a risk-based internal audit plan that includes policies and procedures to determine internal audit priorities consistent with organizational goals. The CAE reports periodically to the Audit Committee on internal audit performance.

Chief Risk Officer

The Chief Risk Officer (CRO) serves as the primary advocate for Enterprise Risk Management (ERM) and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation.

In collaboration with Management, the CRO updates the Risk Oversight Committee, the Corporate Governance and Sustainability Committee and the Related Party Transactions Committee, providing them with recommendations and reports.

Board Diversity

As part of SM Prime’s corporate governance best practices, the Board has adopted a Board Diversity Policy aimed at creating and maintaining an atmosphere of constructive challenge and debate. This policy requires the right balance of skills, competence, experience and perspectives among directors. Other factors considered include diversity in business experience, competencies, knowledge, skills, age, ethnicity and gender.

The Corporate Governance and Sustainability Committee affirms that the Board maintains the appropriate mix required to effectively perform its responsibilities and uses a Board Matrix to monitor progress in achieving diversity objectives. The measurable diversity objectives of the Board are as follows:

- 1.) At least one (1) female Independent Director; and
- 2.) At least 50% of the members of the Board are with background or experience in (a) Real Estate or Engineering; (b) Business Administration or Management; and (c) Finance or Accounting.

Board Composition					
Director’s Name	Directorship	Age	Date First Elected	No. of Years as Director	Expertise
Amando M. Tetangco, Jr.	Lead Independent	73	April 2021	5	Accounting, Audit and Control, AMLA, Banking, Corporate Governance, Economics, Finance, Healthcare, Transport and Logistics, Public Policy
J. Carlitos G. Cruz	Independent	65	April 2021	5	Accounting, Audit and Control, Banking, Energy, Finance, Risk Management, Tax
Estela M. Perlas-Bernabe	Independent	73	August 2025	Less than one year	Legal, Banking, Finance, Real Estate, Arbitration, Corporate Governance, Sustainability
Henry T. Sy, Jr.	Non-Executive	72	April 1994	32	Real Estate, Sales, Marketing, Energy
Hans T. Sy	Non-Executive	70	April 1994	32	Real Estate, Banking, Engineering, Education, Sustainability
Herbert T. Sy	Non-Executive	69	April 1994	32	Real Estate, Banking, Operations, Retail
Jorge T. Mendiola	Non-Executive	66	December 2012	13	Real Estate, Operations, Retail
Jeffrey C. Lim	Executive	64	April 2016	10	Real Estate, Operations, Accounting, Investor Relations, Audit, Sustainability

SM Prime has one (1) female Independent Director on the Board. The diversity objectives, along with the attributes, expertise and affiliations stated in the Board Matrix, are well-represented by the current Board of Directors.

Board Independence

A majority of the SM Prime Board is composed of Non-Executive and Independent Directors. The Company has three (3) Independent Directors who possess all the necessary qualifications and none of the disqualifications to hold the position, alongside four (4) Non-Executive Directors out of eight total Board members. The Board appointed a Lead Independent Director to serve as an intermediary between the Chairperson and other directors when necessary.

Mr. Amando M. Tetangco Jr. serves as the Lead Independent Director and Vice Chairperson. His role reinforces mechanisms for disclosure, the protection of shareholder rights, equitable treatment of shareholders and accountability for both the Board and Management in instances where Management has clear conflicts of interest.

Directors with a material interest in any transaction with the Company are expected to abstain from related deliberations. No Independent Director has served for more than nine (9) years.

Non-Executive Directors of SM Prime meet with the External Auditor at least once annually without the presence of Management personnel or executives. This meeting verifies that the External Auditor

was provided sufficient access to records and information for the financial audit and allows the Board to discuss issues raised by the audit team. The Non-Executive Director meeting for 2025 was conducted on December 1.

Nomination and Election of Board of Directors

In accordance with SM Prime’s By-laws, CG Manual and company policies, any stockholder, including minority stockholders, is entitled to nominate a candidate for Board membership for consideration by the Corporate Governance and Sustainability Committee.

Recommendations should be submitted to the CGS Committee through the Office of the Corporate Secretary. The Committee prepares the final list of candidates after reviewing the qualifications and disqualifications set forth in the relevant corporate documents.

To identify candidates, the CGS Committee may engage professional search firms or use other external sources. Furthermore, in accordance with the Board Diversity Policy, no director or nominee shall be discriminated against on the basis of age, ethnicity, culture, skills, competence, knowledge or gender.

The profiles of director nominees are provided in the Company’s Definitive Information Statement or SEC Form 20-IS, which is distributed to stockholders and posted on the company website at least 28 days before the scheduled Annual Stockholders’ Meeting.

Corporate Governance
Related Policies

Manual on Corporate Governance

On November 10, 2025, the Board approved the latest amendments to the Manual on Corporate Governance. These updates incorporate relevant SEC issuances, establish guidelines for specific governance processes and institutionalize best practices. The amendments include the following:

- Engagement of Board Advisers and providing structure to the role;
- Process and timeline relevant to Board vacancies;
- Institutionalizing the disclosure of summary of trading transactions by directors and officers;
- Review of sustainability issues, and engagement of third-party assurance on the Company’s sustainability report;
- Established guidelines for Directors on accepting nominations and offers to serve in other organizations;

- Emphasize communicating relevant Company information to stakeholders beyond the Annual Stockholders’ Meeting (ASM);
- Guidelines and requirements on ASM Minutes in line with SEC MC No. 11 s. 2024; and
- Update the mode of dissemination of the Manual to employees and stockholders, among others.

These updates strengthen the Company’s governance framework and elevate internal standards by providing clarity on governance processes and disclosures relevant to investors and other stakeholders.

All directors, officers and employees are expected to comply with the provisions of the Revised Manual on Corporate Governance. The Compliance Officer is tasked with monitoring compliance and imposing penalties for noncompliance. As of the date of this report, the Company is fully compliant with the Manual and has no deviations from the SEC Code of Corporate Governance.

Code of Ethics

As outlined in the SM Prime Code of Ethics, directors, officers and employees are committed to conducting business in accordance with the ethical standards that have driven the Company’s growth and success.

This Code outlines the principles that guide the performance of duties and responsibilities, including transactions with investors, creditors, customers, contractors, suppliers, regulators and the general public.

SM Prime complies with all applicable laws and regulations, including those related to financial reporting, fair trade and competition, the environment, data privacy, insider trading, non-discrimination, conflict of interest, corporate social responsibility, among others.

ASEAN Corporate Governance Scorecard

To uphold its commitment to good corporate governance, SM Prime adheres to practices based on the ASEAN Corporate Governance Scorecard (ACGS) while incorporating principles espoused by the Organization for Economic Cooperation and Development (OECD).

The ACGS assessment, conducted by the Institute of Corporate Directors (ICD) and their ASEAN counterparts, measures performance in various focus areas. These include facilitating the rights and equitable treatment of shareholders and stakeholders, ensuring transparency and accountability through the timely disclosure of material information and determining how the

Board guides the company strategically, monitors management and ensures accountability to the company and shareholders.

Integrated Annual Corporate Governance Report

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

This report contains adherence to various recommendations as espoused by the SEC’s CG Code for PLCs, PSE CG Guidelines for Listed Companies and practices taken from the ASEAN Corporate Governance Scorecard. The report is

submitted annually to the SEC and may be viewed on the company website and via PSE EDGE (<https://edge.pse.com.ph/>).

Governance Policies and Practices

To complement the principles provided by the Revised Manual on Corporate Governance and Code of Ethics, SM Prime developed several policies and programs that deal with specific implementation areas.

All directors, officers and employees are expected to abide by the Code of Ethics and related company policies. In 2025, there were no reported incidents of non-compliance with the Conflict of Interest Policy.

Policy/Practices	Brief Description
Insider Trading Policy	Directors, officers and employees are prohibited from trading SMPH shares, five (5) trading days before and two (2) trading days after the disclosure of any material, stock price-sensitive information. SM Prime issues reminders of the trading ban to its directors, key officers and covered persons, before the release of financial reports or the disclosure of other material information to ensure compliance with the policy. Trading done by directors and officers are also reported within three (3) business days of the transaction.
Related Party Transactions (RPT)	Full disclosure of the details, nature, extent and all other material information on transactions with related parties in the Company’s financial statements and quarterly and annual reports to the SEC and PSE shall be observed at all times. Details of material related party transactions entered into by the Company are required to be reviewed by the Related Party Transactions Committee in accordance with the RPT Policy, to ensure these are conducted at arm’s length. The RPT Policy also adheres to the SEC Memorandum Circular on Rules on Material Related Party Transactions.
Conflict of Interest	All directors and employees are prohibited from engaging in transactions that result in conflicts of interest and are mandated to promptly disclose actual or perceived conflicts of interest, such as acceptance of gifts and entertainment, interest in businesses of suppliers, competitors or customers, participation in other organizations or activities, and close personal relationships in the Company or its affiliates and subsidiaries.

Policy/Practices	Brief Description
Conflict of Interest	Based on the Company’s MCG, a director with a material interest in any transaction affecting the Corporation shall abstain from taking part in the deliberations of the same. The Lead Independent Director’s role is to provide leadership to the Independent Directors and advise the Board on matters where there may be an actual or perceived conflict of interest. Directors, officers and employees are prohibited from trading SMPH shares, five (5) trading days before and two (2) trading days after the disclosure of any material, stock price-sensitive information. SM Prime issues reminders of the trading ban to its directors, key officers and covered persons, before the release of financial reports or the disclosure of other material information to ensure compliance with the policy. Trading done by directors and officers are also reported within three (3) business days of the transaction.
Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy)	SM Prime prohibits the solicitation or acceptance of gifts and travel in any form from a business partner, directly or indirectly, by any director, officer or employee of the Company. The policy is intended to ensure integrity in procurement practices and the selection of the most appropriate business partner in each instance. The Company prohibits any form of bribery and corruption and advocates directors, officers and employees not to tolerate these dealings, whether direct or indirect.
Policy on Accountability, Integrity and Vigilance (Whistleblowing Policy)	This policy aims to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Any director, officer, employee, customer, shareholder, vendor, supplier and other stakeholders may accomplish an incident report on suspected or actual violations of the Code of Ethics, the Company’s Code of Conduct or any other applicable policy, law or regulation. The policy provides for a conduct of investigation of the incident report, and includes provisions for non-retaliation against the filer of the incident report. Upon receipt of such report, Management conducts an investigation on its merit, subject to due process, and impose applicable penalties and sanctions thereafter.
Creditors’ Rights	SM Prime shall respect agreements with creditors, manage loans according to lending objectives, ensure timely repayment of loans and interests, thoroughly honor loan conditions as agreed, and competently operate the business to assure creditors about the Company’s healthy financial standing and loan repayment capabilities.

Policy/Practices	Brief Description
Supplier Selection	SM Prime adheres to the principles of healthy competition, equal opportunity and fair treatment of business partners. As such, the selection of suppliers follows an open, competitive and non-discriminatory process. The Company implements a vendor enrollment process to screen the qualifications of prospective vendors and suppliers. Such qualifications include legality of entity or business, adequacy of financial strength, compliance with SM Prime policies such as conflict of interest disclosure requirements and ethical standards, and support to environmental missions, health and safety culture.
Guidelines on Placement of Advertisements	This prohibits the placement of advertisements in publications that solicit ad placement prior to the release of the official results of an awarding process conducted by the publication, and where SM Prime or any of its subsidiaries, director, officer or employee is one of the nominees vying for the award. The Company may consider placing advertisements in such publications as part of its overall marketing strategy, but only after the release of the results of the awarding process and where it will not create reasonable doubt that such ad placement influenced in any way an award given to the Company or to any of its subsidiaries, director, officer or employee.
Alternative Dispute Resolution System	SM Prime establishes an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances see fit.
Data Privacy	SM Prime collects, uses, protects, handles data subjects’ personal data in accordance with Republic Act No. 10173, or the Data Privacy Act of 2012, and its Implementing Rules and Regulations and other issuances. A Board-appointed Data Protection Officer is tasked to oversee data privacy compliance and manage data protection risks consistent with applicable rules, regulations and issuances of the National Privacy Commission.



Policy/Practices	Brief Description
Non-Executive Directors’ Meeting with External Auditor	Non-Executive Directors shall have separate periodic meetings with the External Auditor, and Heads of Internal Audit, Compliance, and Risk Management, without the presence of Executive Directors to ensure proper checks and balances are in place.
Notification of Directorship Prior Acceptance	SM Prime requires all Directors to exercise due discretion in accepting and holding directorships outside of the Company. As such, Directors are required to notify the Board, through the Corporate Secretary, immediately upon receipt of invitation or nomination from a publicly listed company.
Third-Party Facilitated Board Evaluation	In line with the Company’s efforts to improve Board performance and practice of good corporate governance principles, the Board is subject to an annual evaluation and facilitated by a third party every three years. This practice aims to address areas of improvement and monitoring of progress of recommendations.
Sustainability Reporting	The MCG espouses disclosure of material and reportable non-financial and sustainability matters, as well as conduct of an independent third-party assurance, using a globally-recognized framework and in accordance with SEC rules. The report emphasizes the management of economic, environmental, social and governance issues of the business.
Succession Planning Policy	The policy provides for an effective succession planning program that addresses human resource requirements for mission-critical positions, adds value to the Company’s employee development efforts and ensures the stability and continuity of the Company mission and goals through smooth organizational and operational transitioning.



Communication and Compliance

SM Prime recognizes that the growth of a corporate governance culture depends on promoting awareness of core principles. Accordingly, the Company continues to strengthen its training and orientation programs.

Through the orientation program managed by the Human Resources Department (HRD), new employees receive an overview of the components within the Corporate Governance Framework, the Code of Ethics and related policies, which are accessible via an internal portal.

The program emphasizes the importance of business ethics, informs employees of their rights and obligations and outlines best practices for promoting a strong work ethic. In line with this, the HRD requires all employees to complete a three-part corporate governance course annually, which covers the following:

- **Confirmation.** Confirm that employees have read and understood and agree to comply with the Company’s Code of Ethics, Code of Conduct, Insider Trading Policy, Conflict of Interest and Handling Policies, and Guidelines on Acceptance of Gifts and Travel Sponsored by Business Partners (Anti-Corruption Policy), Information Security Guidelines, among others.
- **Handling Conflict of Interest Situations (E-Learning Course).** Familiarize employees with the proper disposition of actual or perceived Conflict of Interest situations.
- **Disclosure Survey.** Disclose each employee’s affiliations, interests, relationships and/or transactions relevant to the full disclosure of all actual, apparent or possible conflicts of interest.

The Company’s security personnel, including third-party security partners, undergo a 10-day training program that include topics on laws relevant to upholding human rights such as, but not limited to the following:

- Legal aspect: Law on arrest, search and seizures (Revised Penal Code and Philippine Constitution)
- Law on handling of Children in Conflict with the Law
- R.A. 9262: Anti-Violence Against Women and Their Children Act of 2004
- R.A. 11313: Safe Spaces Act

SM Prime remains committed to sustainable and responsible business practices in all stages of its operations, its policies and to applicable laws and regulations.

No administrative cases have been filed against SM Prime regarding anti-competitive behavior or violations of antitrust and monopoly laws.

While the Company and certain business units are parties to lawsuits or claims arising in the ordinary course of business, these matters are not substantial and have no material impact on the Company’s business, operations or financial condition.

Disclosure and Transparency

SM Prime maintains its dedication to providing its shareholders and the public with high standards of timely and accurate disclosure.

The Company ensures that all corporate disclosures are full, accurate and submitted to regulators in a timely manner.

The information posted on the company website is reviewed regularly to ensure it remains accurate and up to date. The website features a dedicated Corporate Governance section containing the Revised Manual on Corporate Governance, the Annual Corporate Governance Report and Scorecard, the Code of Ethics and other relevant policies and information.

SM Prime recognizes its continuing disclosure obligations under the PSE Listing and Disclosure Rules and the SEC Securities Regulation Code. The Company reports its quarterly and full-year financial results through the SEC, PSE and PDEX to provide shareholders, investors and the public with a balanced and informed assessment of its performance, position and prospects.

Key corporate updates are shared with the media through press releases and quarterly media briefings conducted by the Corporate Communications Department. Moreover, the Company maintains active engagement with its investors and covering analysts.

The Investor Relations Team conducts structured activities, including quarterly briefings, non-deal roadshows, one-on-one meetings and participation in investor conferences. Presentation materials from quarterly briefings, along with SEC and PSE filings, are available for download on the company website. Quarterly briefings are disclosed to the PSE at least three (3) days before the scheduled event.

Transactions of Directors and Officers

SM Prime submits timely disclosures regarding the beneficial ownership of its directors and key officers to the SEC and PSE using SEC Form 23-B. This filing is subsequently uploaded to the company website.

The Insider Trading Policy requires directors and key officers to notify the Compliance Officer of all dealings in SMPH shares within three (3) business days of the trade. Furthermore, all directors and key officers must certify annually that they have not violated the policy. A cumulative annual report regarding the trading activity and shareholdings of directors and key officers is disclosed on the company website.

Annual Stockholders’ Meeting

The Annual Stockholders’ Meeting (ASM) provides stockholders with the opportunity to raise concerns, offer suggestions and vote on relevant issues. Voting methods are clearly defined and explained before the meeting to ensure stockholders can exercise their voting rights and participate fully. Stockholders

are also entitled to cumulative voting in the election of the Board of Directors as provided under Section 23 of the Revised Corporation Code.

The ASM on April 29, 2025, was conducted physically and broadcast via livestream for registered stockholders. The Board of Directors adopted resolutions allowing stockholders to participate via remote communication and exercise their right to vote in absentia. SM Prime maintains a secure online voting facility where registered stockholders can cast votes in real time. This ensures that shareholders who are unable to attend in person can still participate and vote.

The Notice of Meeting and other important information were distributed through alternative modes by publication in two newspapers of general circulation in both print and online formats on March 21 and 22, 2025. This provided sufficient and relevant information to encourage active participation.

The minutes of the ASM were posted on the company website within 24 hours of the meeting’s adjournment. These minutes contain the matters discussed and resolutions reached along with shareholder questions and corresponding responses.

To ensure all concerns are properly addressed, the Chairperson of the Board, Directors, President, Committee Chairpersons, members of Management, Corporate Secretary, Compliance Officer, Internal Auditor and External Auditors are always present during the ASM.

Rights, Roles and Protection of Stakeholders

The Revised Manual on Corporate Governance upholds the rights of stockholders and protects the interests of minority shareholders. It is the duty of the Board of Directors to promote these rights, remove impediments to their exercise and provide avenues for stockholders to seek redress for the violation of their rights.

Rights of Shareholders

Voting Right. All stockholders are entitled to one (1) share, one (1) vote, except in the election of directors where the cumulative voting system is followed. Stockholders, whether individual or institutional, through their representative, are encouraged to personally attend the ASM to exercise their voting rights, thereby allowing them to individually elect candidates to the Board of Directors and vote on matters requiring stockholder approval. Proxy voting is likewise permitted and is facilitated through proxy forms available on the company

website and distributed with the Notice of Meeting. As authorized by the Board, stockholders may also vote through remote communication or in absentia. The Company ensures that guidelines for participation and procedures for in absentia voting by stockholders are clearly defined.

Right of Inspection. All stockholders have the right to inspect corporate books and records, including but not limited to minutes of Board meetings and stock registries, during reasonable hours on business days in accordance with the Revised Corporation Code of the Philippines. They are also entitled to receive copies of the Company’s Annual Report and financial statements without cost or restriction.

Right to Information. All stockholders may request the Company to provide periodic reports about its directors and officers, as well as matters for which Management is accountable. Moreover, minority shareholders are granted the right to propose the holding of meetings, and the right to propose items in the agenda of the meeting, provided these are for legitimate business purposes and in accordance with law, jurisprudence and best practice.

Right to Dividends. All shareholders have the right to receive dividends subject to the discretion of the Board of Directors. The policy of the Company is to provide a sustainable dividend stream to its shareholders. The Board 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 its declaration.

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

Employee Welfare

All officers and employees are selected, engaged and compensated based on qualifications and performance. Employees are treated fairly and with respect and dignity. The Company ensures that individual and collective rights are upheld.

SM Prime maintains a safe, productive and conducive workplace and complies with all applicable health, safety and environmental laws to safeguard employees’ health and rights. Opportunities for career advancement are provided based on clear performance and qualification

criteria to ensure equal opportunity for all employees to grow and realize their full potential.

Business Continuity

SM Prime implements risk management and control structures to safeguard its workforce, operations and customers against emergencies as well as natural and man-made disasters through its Business Continuity Management System (BCMS).

The BCMS aims to protect the Company’s reputation, meet commitments and ensure the continued operation of the organization, particularly its critical business functions, with greater speed, skill and confidence. This system provides an effective framework for identifying potential business threats, assessing their impact on the organization and implementing appropriate controls.

Training and Employee Development

SM Prime offers a diverse range of learning and development opportunities aligned with the Company’s business objectives. These programs are designed to sharpen the skills required for current roles while preparing employees for greater responsibilities as future leaders.

The comprehensive training framework covers professional growth, soft skills, leadership development, functional training and key topics such as compliance, the Code of Ethics and Conflict of Interest policies, among other relevant areas.

For governance-related issues or concerns, stakeholders may contact:

MS. JOANA B. TIANGCO
Assistant Vice President – Enterprise Risk Management and Corporate Governance

7/F MOA Square, Seashell Lane corner Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP 1-A, 1300 Pasay City, Metro Manila, Philippines
E: corp@governance@smprime.com

Enterprise Risk Management

Resilience has become essential in a business environment marked by rapid change, growing uncertainties and evolving stakeholder expectations. In this context, SM Prime recognizes that effective risk management plays a key role in safeguarding stability and supporting long-term value creation.

SM Prime continues to strengthen its ability to anticipate, understand and respond to risks that may influence the achievement of its strategic and operational objectives. It embraces the reality that risks are inherent in its operations and that the pursuit of value requires a delicate balance between risks and rewards.

Guided by this perspective, SM Prime advances its capacity to navigate complexity, support sound and risk-informed decision making, and uphold its commitment to building a resilient and future-ready enterprise.



To manage risk in a structured manner, SM Prime is guided by an Enterprise Risk Management (ERM) Framework aligned with ISO 31000:2018 and COSO ERM Framework (2017). This framework establishes a consistent approach to identifying, assessing, treating and monitoring risks to create, protect and preserve value across the organization.

ERM is integrated into the critical facets of the business, including corporate governance, strategic planning, performance management and internal controls.

Risk Governance

Anchored on the principle of shared responsibility, SM Prime’s risk governance structure embeds risk management across all levels of the organization, with clearly defined roles, responsibilities and accountabilities.

The Board of Directors, through the Board Risk Oversight Committee (BROC), provides the leadership and direction needed to maintain an effective and integrated risk management system.

The BROC exercises active oversight of the enterprise risk management process, including matters related to risk strategy, policies and governance.

This governance structure is supported by the Three Lines of Defense model. The first line consists of process owners within the Business Units (BUs) who own and manage risks inherent in their operations.

The BU Heads are ultimately accountable for ensuring that risks are identified, assessed and managed at their level.

The second line is composed of organizational support functions that provide guidance, review, monitoring and challenge to the first line.

The Enterprise Risk Management Department (ERMD) together with the appointed Business Risk Champions (BRCs) and the Compliance Functions form the core of this layer.

The ERMD, headed by the Chief Risk Officer, leads the Company’s risk initiatives by developing frameworks and policies, delivering risk advisories, conducting ERM-related training and capacity building sessions, facilitating risk communication, and monitoring and reporting key enterprise risks.

BRCs support these efforts by ensuring consistent implementation of ERM programs within their respective Business Units.

The third line of defense is the Internal Audit function. It provides independent and objective assurance on the adequacy and effectiveness of the risk management activities carried out by both the first and second lines.

This ensures that the overall control environment remains sound and aligned with best practices.



Risk Culture

A risk-aware culture is grounded in leadership commitment. Leaders set the tone from the top by modeling responsible risk-taking and ensuring risk practices remain aligned with the Company’s core values.

Training and awareness initiatives play an equally important role in building a risk-conscious mindset across the organization. Risk management concepts are reinforced through regular training sessions, awareness campaigns and targeted communications that deepen understanding and promote active participation.

The Company’s risk appetite further strengthens this culture by defining acceptable boundaries which enables employees to make informed decisions that support both performance and accountability.

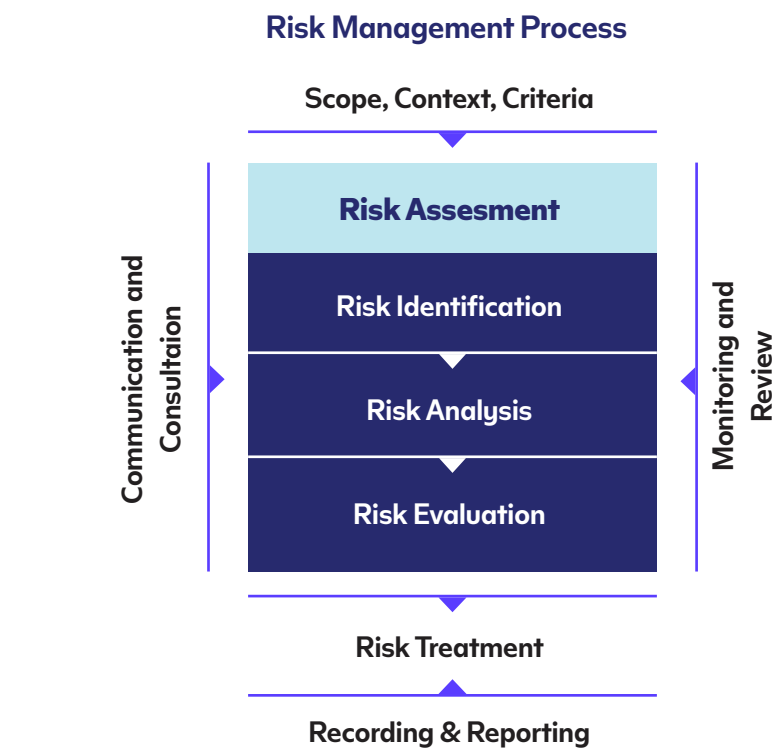
Risk Management Process

At the core of the ERM Framework is the consistent and continuous execution of the risk management process. This process provides a systematic and comprehensive method for understanding, managing and monitoring risks. It begins with establishing the internal and external contexts that shape the Company’s operating environment.

From this foundation, risks are identified, analyzed and evaluated based on their likelihood and potential impact, then prioritized in line with the Company’s risk appetite.

Appropriate treatment actions—whether to accept, mitigate, transfer or avoid—are then developed to reduce residual exposure to acceptable levels. Ongoing monitoring and review help assess the effectiveness of these strategies, track shifts in the risk profile and confirm whether responses are implemented as intended.





Throughout the process, clear documentation and structured reporting support transparency and risk-informed decision making at all levels. Open communication and continuous consultation with

stakeholders ensure that risk information is shared, validated and integrated into plans and actions, thereby strengthening the overall effectiveness of risk management across the Company.



Key Enterprise Risks

Based on SM Prime’s current risk profile, the following have been noted as its key risks:

1. Strategic Risk

Strategic risk arises from external and internal factors that may affect the Company’s long-term direction, competitive position and ability to achieve its strategic objectives. These include macroeconomic shifts, geopolitical instability, regulatory changes, evolving market dynamics, shifts in consumer behavior, competitive pressures and risks associated with major investments and large-scale developments.

Strategic risks are formally taken up at the Board level, where they are reviewed and addressed as part of the organization’s overall governance framework. Further, ERMD facilitates high-level risk identification and assessment sessions with BU Heads.

These discussions ensure that both existing and emerging risks are regularly evaluated, particularly those related to economic volatility, changes in regulations and industry-wide disruptions. Insights from these assessments allow the Company to calibrate its strategies, investment priorities and resource allocations.

2. Operational Risk

Operational risk remains one of the Company’s most significant exposures given the scale and complexity of its activities. These risks may arise from human error, process or system failures, or external events that can disrupt normal operations.

The broad scope of operational risk includes critical areas such as legal and compliance obligations, safety and security, process execution and business continuity.

Ensuring effective management of operational risk is essential to maintaining operational resilience.

• Legal and Compliance Risk

SM Prime is exposed to legal and compliance risks arising from potential gaps in complying with evolving laws, regulations and contractual obligations.

These risks cut across the project development and operational lifecycle and may relate to land use and environmental requirements, construction and safety standards, sales and marketing regulations, anti-money laundering obligations (where applicable), data privacy compliance, among others.

The Company manages these risks through an enterprise-wide compliance program and coordinated legal oversight.

The Legal Department supports regulatory submissions, reviews contracts and manages disputes to safeguard the Company’s interests.

The Compliance Office, under the Chief Compliance Officer, oversees policy monitoring, regulatory impact assessments and independent reviews, supported by the assessment and monitoring activities of dedicated Compliance groups.

The BUs remain accountable for securing and maintaining the permits and accreditations necessary for their operations, while Internal Audit provides an independent assurance on the adequacy and effectiveness of related controls.

Through these measures, SM Prime promotes consistent adherence to legal and regulatory requirements and sustains a culture of responsible and compliant operations.



• Safety and Security Risk

Ensuring the safety and security of customers, tenants, employees and the communities where it operates is a fundamental priority for SM Prime.

Safety and security risks are inherent in day-to-day operations, and the Company addresses these through comprehensive programs designed to prevent incidents, strengthen preparedness and support effective emergency response.

All BUs maintain established Emergency Response Procedures and conduct regular drills and training sessions to ensure staff readiness during emergencies.

In malls, the Customer Relations Services team conducts internal audits to assess safety and security practices, complemented by periodic evaluations from external security consultants.

These assessments cover physical security, communication systems, documentation, personnel safety, equipment adequacy and overall emergency response capability, helping ensure that any gaps are identified and addressed in a timely manner.

Aside from security audits, compliance with occupational

safety and health standards is reinforced through the establishment of Safety Committees with designated safety officers, as well as the conduct of tenant safety audits and trainings.

Training programs include mandatory safety seminars on workplace safety and health hazards, along with the implementation of Hazard Identification, Risk Assessment and Control, and job hazard analysis to proactively manage risks in the work environment.

SM Prime also promotes workplace health and safety through annual physical examinations, wellness programs and on-site medical support.

The SM Emergency Response Team, composed of trained first aiders, is deployed across properties to assist employees, customers and the public during emergencies. In addition, the Company regularly participates in national simultaneous fire and earthquake drills led by government agencies to further strengthen preparedness and enhance coordination with external responders.

These combined measures reinforce SM Prime’s commitment

to maintaining safe and secure environments across all its developments.

• **Process Execution Risk**

Process execution risk refers to potential inefficiencies, gaps or failures in business processes that may disrupt operations, affect service quality or result in financial losses. To mitigate this risk, SM Prime conducts regular evaluations of workflows and operating procedures to identify opportunities for improvement and ensure that control points are properly embedded and functioning as intended. As the organization grows, maintaining consistency becomes increasingly important, which is why SM Prime continues to institutionalize standardized processes across BUs to promote uniformity, minimize errors and support operational excellence.

A dedicated Business Process Management team plays a central role in this effort by guiding process reviews, documenting procedures and facilitating the adoption of best practices across the organization. The team supports BUs in redesigning processes, strengthening internal controls and embedding performance measures that promote consistent and efficient execution.

SM Prime also enhances capability-building initiatives to reinforce delivery standards and operational effectiveness. Continuous digitalization efforts are underway through automation and adoption of digital tools. These initiatives collectively contribute to more efficient operations and help sustain a high level of service across all BUs.

• **Business Continuity Risk**

SM Prime continues to advance its operational resilience framework

by addressing business continuity risks that may arise from natural disasters, infrastructure and utility disruptions, technology failures and other unexpected events that could impair assets or interrupt critical operations.

To ensure a consistent level of preparedness across the organization, the Company works with BUs to maintain updated business continuity plans and crisis management protocols, which are regularly tested through simulation exercises and drills. These activities allow teams to validate response procedures, strengthen coordination and reinforce organizational readiness.

A major component of SM Prime’s business continuity strategy is the systematic rollout of the Business Continuity Management System (BCMS) across its malls. The program establishes a uniform approach to preparedness and recovery and reflects the Company’s commitment to meeting the highest standards of business continuity.

In 2025, eighty-two (82) malls out of eighty-nine (89) operating malls achieved certification under ISO 22301:2019, which

is the international standard for Business Continuity Management Systems.

The certification is conducted annually by TÜV SÜD PSB Philippines and provides independent assurance that the malls comply with globally recognized business continuity requirements.

The Company expects three (3) additional malls to obtain certification by the end of 2026.

In the coming years, SM Prime also plans to further align other BUs with the mall’s BCMS framework to strengthen enterprise-wide resilience.

The Company complements these efforts with preventive maintenance programs, regular safety inspections and facility enhancements aimed at reducing vulnerabilities that can lead to operational disruptions. With a disaster recovery plan in place, redundancy arrangements and alternative setups for critical systems help ensure that essential operations can continue or resume within acceptable timeframes in the event of a disruption.



To mitigate the financial impact of unexpected incidents, SM Prime maintains comprehensive insurance coverage, including Property All Risk Insurance with business interruption coverage, Comprehensive General Liability Insurance and Sabotage and Terrorism Insurance, among others.

In addition, tenants and contractors are required to maintain their own insurance policies as part of the Company’s risk mitigation measures. These programs collectively provide protection against losses arising from fire, natural catastrophes and other insured events, and support recovery through coverage for repairs, asset replacement and loss of income during operational downtime.

3. Financial Risk

SM Prime manages a range of financial risks that may affect its liquidity position, profitability, capital structure and long-term financial stability. These risks are managed through established policies, prudent capital management practices and continuous monitoring of market and economic conditions.

Treasury policies guide the management of cash flows, investments and borrowing activities, which ensure financing decisions align with projected business needs and market conditions.

To manage interest rate and foreign exchange exposures, the Company maintains a mix of fixed and floating rate loans and uses derivative instruments such as cross currency swaps, principal only swaps, non-deliverable forwards and interest rate swaps. These natural and financial hedging strategies help reduce the impact of market volatility and contribute to more stable earnings.



Liquidity risk is managed through careful planning and monitoring of actual and projected cash flows. The Company regularly evaluates financial market conditions to identify opportunities to secure funding through bank loans, debt issuances or potential equity offerings. This proactive approach ensures adequate liquidity for operational requirements, debt servicing and growth initiatives.

Credit risk is managed by continuously monitoring receivables and maintaining clear collection policies across BUs. As an added safeguard, the Company also requires security deposits from tenants to help mitigate potential defaults.

Broader market risks are managed by diversifying across target markets and reducing reliance on a single customer or segment. Active engagement with local and national bodies supports early awareness of policy changes that may affect operations or investments.

Inflationary pressures are mitigated through disciplined cost management practices, including weekly construction reviews, exploration of alternative materials and technologies, physical hedging for key materials and the use of contingency allowances to help absorb cost fluctuations.

4. Reputational Risk

Reputational risk continues to be a key focus, as stakeholder trust underpins the strength of the Company’s brand and image.

Issues arising from service lapses, negative publicity or operational setbacks can affect public perception. SM Prime manages this risk through a multi-faceted approach that includes regular stakeholder engagement, consistent customer experience and service delivery, and a comprehensive crisis management plan for reputation related events. The Company also employs structured dispute resolution processes to address concerns in a timely and transparent manner.

These efforts are supported by a robust compliance system to ensure adherence to laws, regulations and internal policies, as well as playbooks for social media management and customer sentiment. Strong customer engagement, coupled with a commitment to ethical business practices, further reinforces the Company’s reputation for reliability and integrity.

5. Information Security and Technology Risk

In pursuit of maintaining sustainable growth, competitiveness and excellent customer experiences, SM Prime continually optimizes its digital infrastructure and positions information technology as central to the design and success of its strategies.

The Company continues to execute its security roadmap in alignment with recognized frameworks and its risk management objectives.

The SM Prime Information Security Risk Management Framework, anchored to the Company's ERM Framework, is designed to promote information security risk management across the organization.

The framework adopts the risk management guidelines under ISO 27001:2022 and references the latest CIS Controls, the NIST Risk Management Framework and the Data Privacy Act of 2012.

To strengthen detection capabilities, the Company embeds centralized monitoring across network, cloud and endpoint environments.

It implements automated triaging and keeps incident response playbooks continuously updated in line with the evolving information technology landscape.

The expansion of coverage and the hardening of system configurations support the improvement of endpoint and ransomware protection.

Access reviews and dormant account cleanup activities are regularly performed to maintain access security.

The Company reduces critical vulnerabilities through enhanced remediation tracking that applies

risk-based prioritization and accountability.

Targeted phishing simulations are run periodically, and high-risk roles are required to participate in strengthened information security awareness training.

These efforts lead to increased detection and reporting of suspicious activities.

SM Prime also recognizes data privacy risk as a key information security risk, with widespread regulatory, reputational, third-party and cybersecurity risk implications.

A holistic approach to safeguarding Company data remains crucial to organizational success.

Through the Data Privacy Compliance Team, its Officers and Privacy Champions, privacy impact assessments and treatments are provided for systems and processes handling personally identifiable information.

The team works closely at a cross-functional level with risk management and information security teams as part of integrated information security risk management.

As risks remain dynamic, the Company continuously enhances its risk maturity and sustains monitoring and layered defenses for residual risks that stem from zero-day vulnerabilities, third-party and supply chain exposures, advanced phishing, identity theft and incidents involving insider threat.

6. Sustainability and Climate Risk

SM Prime recognizes that long-term growth is heavily tied to sustainability.

The inherent effects of climate change and relatively carbon-intensive operations are detrimental to the Company's longevity and continued growth.

Managing such risks involves assessing the impact of initiatives and strategies on people, communities and the environment.

The Company continuously aims for ethical and sustainable growth, rooted in good corporate governance.

This commitment to sustainability is embodied in the Sustainability and Climate Risk Management Framework, aligned with the ERM Framework.

The alignment ensures that the identification, assessment, management and monitoring of sustainability and climate-related risks and opportunities are fully integrated into the enterprise risk management system.

The following material sustainability-related and climate-related risks are identified by the Company for 2025:

- Challenges in meeting global decarbonization pathway;
- Water stress due to scarcity; and
- Supply chain disruption from extreme climate-related weather events.

Throughout this report, efforts in sustainability and climate risk management are reported in accordance with the International Financial Reporting Standards (IFRS) Sustainability Standards, IFRS S1 and S2, and SASB, as applicable (refer to Section related to IFRS S1 and S2 Disclosures Direct Responses).

Board of Directors



Henry T. Sy, Jr. Chairperson

Henry T. Sy, Jr. has served as a director of SM Prime since 1994 and was appointed Chairman of the Board in 2014.

He oversees real estate acquisitions and development activities for the SM Group including identifying, evaluating and negotiating potential sites as well as providing design input.

He currently serves as 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 for Synergy Grid & Development Phils., Inc. as well as BigBoss Cement, Inc. and Data Lake, Inc.

Mr. Sy holds a Bachelor's Degree in Management from De La Salle University.

Amando M. Tetangco, Jr. Vice Chairperson and Lead Independent Director

Amando M. Tetangco, Jr. was elected as Vice Chairman and Independent Director of the Board of SM Prime in April 2021. He is concurrently the Chairman of SM Investments Corporation and an Independent Director of Converge ICT Solutions, Inc. and Shell Pilipinas Corporation. He also holds directorships in Manila Hotel and Toyota Motor Philippines.

He serves as a trustee for St. Luke's Medical Center, the Tan Yan Kee Foundation and the Foundation for Liberty and Prosperity. Additionally, he is 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 served as the third Governor of the Bangko Sentral ng Pilipinas (BSP) and Chairman of the Monetary Board for two consecutive 6-year terms from July 2005 to July 2017.

A career central banker for over four decades, he joined the Central Bank of the Philippines on March 25, 1974. During his tenure as Governor, he held government positions including Chairman of the Anti-Money Laundering Council, the Financial Stability Coordination Council and the Philippine International Convention Center.

He served as Vice-Chair of the Agriculture Credit Policy Council and as 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 served as the Alternate Executive Director of the International Monetary Fund in Washington, D.C. from 1992 to 1994. Before joining the Central Bank, he worked in the Management Services Division of SGV and Co. from 1973 to 1974.

On the international stage, he represented the country at 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 group and the Center for Latin American Monetary Studies.

He served as the Governor for the Philippines at the International Monetary Fund and as Alternate Governor at the World Bank and the Asian Development Bank. At the Bank for International Settlements, he chaired the Meeting of Small Open Economies. He also chaired international committees including 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 received multiple international recognitions as a top central bank governor and was chosen as MAP Management Man of the Year in 2015. He was conferred an Honorary Doctorate in Management by the Asian Institute of 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 as a BSP scholar. He attended various training programs at institutions including the Harvard Business School and the New York Institute of Finance.

J. Carlitos G. Cruz Independent Director

J. Carlitos G. Cruz was elected as an Independent Director of the Board of SM Prime in April 2021. He is concurrently an independent director of Transnational Diversified Group, Inc., Federal Land, Inc. and Asialink Finance Corporation including related companies such as Global Dominion Financing Incorporated, South Asialink Finance Corporation, Global Cebuana Finance Inc., Cebuana Cycle Financing, Inc., AFC SME Finance Inc., Global SME Loans, Inc., Wisefund Finance

Corp., Cycle Financing Corp., Surecycle Financing Corp., Cepat Kredit Financing, Inc., Forbes Lending Solutions Corporation and Annapolis Finance, Inc. He also serves as a director for MarcoPay and its subsidiaries MCP Finance, Inc. and MCP Insurance Management and Agency, Inc. and acts as an independent trustee of the MPIC Beneficial Trust Fund. Additionally, he is an independent director of the listed company Vivant Corporation and a member of the Makati Business Club, Inc. and the Management Association of the Philippines.

He joined SGV and Co. (EY Philippines) in 1981 and was admitted to the partnership in 1995. He was appointed Chairman and Managing Partner from 2017 to 2019. Concurrent with his role as SGV Chairman and Managing Partner, he served as Chairman and President of the SGV Foundation. He became President of the Association of Certified Public Accountants in Public Practice (ACPAPP) in 2017 and assumed the presidency of the ACPAPP Foundation in 2018. Mr. Cruz has been active in supporting government efforts to promote business and trade by participating in presidential business delegations to various countries including Thailand during the terms of President Joseph Estrada, President Corazon Aquino and President Rodrigo Duterte; Europe and Japan during the term of President Benigno Aquino III; and Russia during the term of President Rodrigo Duterte.

He has received numerous awards including the Parangal San Mateo from the Philippine Institute of Certified Public Accountants, the highest honor given to a CPA for significant contributions to the accountancy profession. He was also recognized by the Philippine Regulatory Board of Accountancy as a recipient of the Accounting Centenary Award of Excellence, which honors the 100 most notable CPAs in Philippine history. In 2025, Mr. Cruz was awarded the St. Francis of Assisi Peace Fellow Award by the Lourdes School of Quezon City for exhibiting exemplary leadership and outstanding service in his field.

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 at the Harvard Business School in 2007.

Darlene Marie B. Berberabe Independent Director Resigned following her appointment as Solicitor General

Atty. Darlene Marie B. Berberabe was elected as an Independent Director of the Board of SM Prime in April 2021 and resigned following her appointment as Solicitor General of the Philippines.

She served as Dean of the UP College of Law and held directorships in Joy-Nostalg Solaris Inc., Palm Concepcion Power Corporation, PA Alvarez, Katapult Digital, UnionDigital Bank and MacroAsia Corporation. She was also a faculty member of the Philippine Judicial Academy and served on the Boards of Trustees of The Outstanding Women in Nation Service, the Philippine Heart Association, and the UP Law Alumni Foundation.

Atty. Berberabe previously served as an associate lawyer at Quisumbing Torres Law Firm with a specialization in labor law. She later joined Procter & Gamble Philippines where she served as Senior Counsel and a member of the Leadership Team. In 2010, she was appointed by the President of the Philippines as the CEO of Pag-IBIG Fund. Her professional recognition includes the Outstanding CEO in Asia award from ADFIAP, Outstanding CEO in the public sector from Asia CEO, inclusion in The Outstanding Women in Nation Service in 2013 and recognition as one of the 100 Most Influential Filipino Women in 2014.

She graduated summa cum laude with a degree in Philosophy from the University of the Philippines in 1989 and served as the class valedictorian. She also holds a Masters in Philosophy and was the first female Philosophy instructor at the university where she taught for 10 years. She graduated salutatorian of her class at the UP College of Law in 1999 while working as a student.

Estela M. Perlas-Bernabe Independent Director Since August 15, 2025

Estela M. Perlas-Bernabe retired as a Senior Associate Justice of the Supreme Court of the Philippines on May 14, 2022. She was appointed as an Independent Director of the SM Prime Board in August 2025 to serve the unexpired term of Atty. Darlene Marie B. Berberabe.

Since February 2025, she has been a member of the Panel of Arbitrators of the Singapore International Arbitration Centre. She serves as an independent director of BDO Unibank, Inc., BDO Private Bank, Aboitiz Power Corporation, San Miguel Food & Beverage, Inc., Converge Information and Communications Technology Solutions, Inc. and Petrogen Insurance Corporation. She is also a director of the PHILJA (Philippine Judicial Academy) Development Center, Inc. and a trustee of the Foundation for Liberty and Prosperity.

Justice Perlas-Bernabe served the Philippine Judiciary in various capacities. She was appointed as an Associate Justice of the Supreme Court in 2011 and served as Division Chairperson of the Second Division from 2019 until her retirement in 2022. She also served as the Bar Examinations Chairperson in 2019. Prior to her appointment to the Supreme Court, she was an Associate Justice of the Court of Appeals from 2004 to 2011, a Regional Trial Court Judge in Makati City from 2000 to 2004 and a Metropolitan Trial Court Judge in the same city from 1996 to 2000. After passing the bar in 1977, she served as a Technical Assistant in the Supreme Court under the Office of Court Administrator Lorenzo Relova.

In recognition of her stellar career, the Supreme Court established the Senior Associate Justice Estela Perlas-Bernabe Exemplary Career Jurist Award, an award bestowed to a distinct set of justices who have served the judiciary at all levels and achieved a zero-backlog record upon every promotion.

Her numerous distinctions include the Judicial Medal of Distinction (2022), the Distinguished Alumni Award for the Judiciary (2018), Gawad Dangal ng Lipi (2012), the Gawad Parangal as Outstanding Alumna for Dedicated Service to Country and People (2008), the Court of Appeals Award for Exemplary Performance (2007) and the Natatanging Babaeng Hukom (2003).

She was a law professor at the Ateneo Law School from 2009 to 2011 and engaged in private legal practice as a Senior Partner at Bernabe Perlas Morte & Associates from 1993 to 1996. She also worked in the private and public sectors from 1978 to 1993 at China Banking Corporation, Paramount Finance Corporation and the National Home Mortgage Finance Corporation.

Justice Perlas-Bernabe completed her Bachelor of Science in Commerce, Banking and Finance at St. Paul College of Manila, graduating magna cum laude in 1972. She earned her law degree from the Ateneo College of Law, graduating as class salutatorian in 1976 and passing the bar in 1977 with a rating of 85.15%.

Jeffrey C. Lim **Executive Director and President**

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 and was elected to the Board of Directors of SM Prime in April 2016.

He concurrently holds various board and executive positions in the Company's subsidiaries and serves as a director of Concrete Aggregates Corporation.

He was recognized as Asia's Best CEO in the 15th Asian Excellence Award by Corporate Governance Asia and as Eminent Leader in Asia (2024) by the Asia Corporate Excellence and Sustainability Awards (ACES). He is a recipient of the Asian Institute of Management Alumni Achievement Award and was conferred the Global Management Accounting Hall of Fame Award by the Institute of Certified Management Accountants in 2019. From 2017 to 2022, he was awarded Asia's Best CEO for Investor Relations by Corporate Governance Asia.

Mr. Lim previously served as Chief Finance Officer and Executive Vice President of SM Prime, where he led strategic planning, finance and treasury functions as well as business development, investor relations and information technology.

During his tenure, he received various honors including Asia's Best CFO for Investor Relations for 2015-2016 by Corporate Governance Asia, the Chief Finance Officer of the Year Award in 2012 by ING Bank and the Financial Executives Institute of the Philippines, and the Best CFO in the Philippines Award in 2012 by Finance Asia. Prior to joining the Company in 1994, he worked for a multinational corporation and for SGV & Co.

After earning a Bachelor of Science degree in Accounting from the University of the East in Manila, he became a Certified Public Accountant and completed the Management Development Program at the Asian Institute of Management.

Hans T. Sy **Non-Executive Director**

Hans T. Sy serves as Chairman of the Executive Committee of SM Prime and has been a director of the company since 1994. He previously served as President of SM Prime until September 2016 and held key leadership roles in companies engaged in banking, real estate development, mall operations as well as leisure and entertainment.

He currently serves as Adviser to the Board of SM Investments Corporation, Chairman of China Banking Corporation and Chairman of National University.

In recognition of his commitment to environmental stewardship, good governance and community resilience, as well as his people-centered leadership



and advocacy for diversity and social inclusion, Mr. Sy was named Management Person of the Year in 2025 by the Management Association of the Philippines.

This award is one of the country's most prestigious business honors, bestowed upon distinguished leaders whose management practices have made significant contributions to national progress and helped reshape societal values.

His other honors include being named Adopted Son and Honorary Mayor of Bacolod City (2025), the Tambuli Lifetime Achievement Award (2024), Honorary Fellow of the Institute of Corporate Directors (2024), Outstanding Filipino Retailers President Award (2024), Dangal ng Pilipino sa Pag-agapay sa Ligtas na Sambayanan (2023) and the Ten Outstanding Filipino (TOFIL) Award (2022), among others.

Mr. Sy holds a Bachelor of Science in Mechanical Engineering degree from De La Salle University.

Herbert T. Sy **Non-Executive Director**

Herbert T. Sy has been a director of SM Prime since 1994. He serves as an Adviser to the Board of SM Investments Corporation and is currently Chairman of Supervalu Inc., Super Shopping

Market Inc. and Sanford Marketing Corporation. A director of Alfamart Trading Philippines Inc. and China Banking Corporation, he also sits on the boards of several other companies within the SM Group and has worked with SM companies engaged in food retail for over 35 years.

He is actively involved in the SM Group's supermarket operations including the acquisition, evaluation and negotiation of potential sites.

Mr. Sy holds a Bachelor's degree in Management from De La Salle University.

Jorge T. Mendiola **Non-Executive Director**

Jorge T. Mendiola has been a director of SM Prime since 2012 and currently serves as a director of SM Retail, Inc. He began his career at The SM Store as a special assistant to the senior branch manager in 1989 and rose to become its president in 2011, a position he held for four years. He is also a director of the Philippine Retailers Association.

Mr. Mendiola holds a Master's degree in Business Management from the Asian Institute of Management and an A.B. Economics degree from Ateneo de Manila University.

Board of Directors and Advisers

1. Henry T. Sy, Jr.
Chairperson

2. Amando M. Tetangco, Jr.
Vice Chairperson and
Lead Independent Director

3. J. Carlitos G. Cruz
Independent Director
4. Darlene Marie B. Berberabe
Independent Director
Resigned following her appointment
as Solicitor General

5. Estela M. Perlas-Bernabe
Independent Director
Served the unexpired term of
Atty. Darlene Marie B. Berberabe
6. Jeffrey C. Lim
Executive Director and President

7. Hans T. Sy
Non-Executive Director

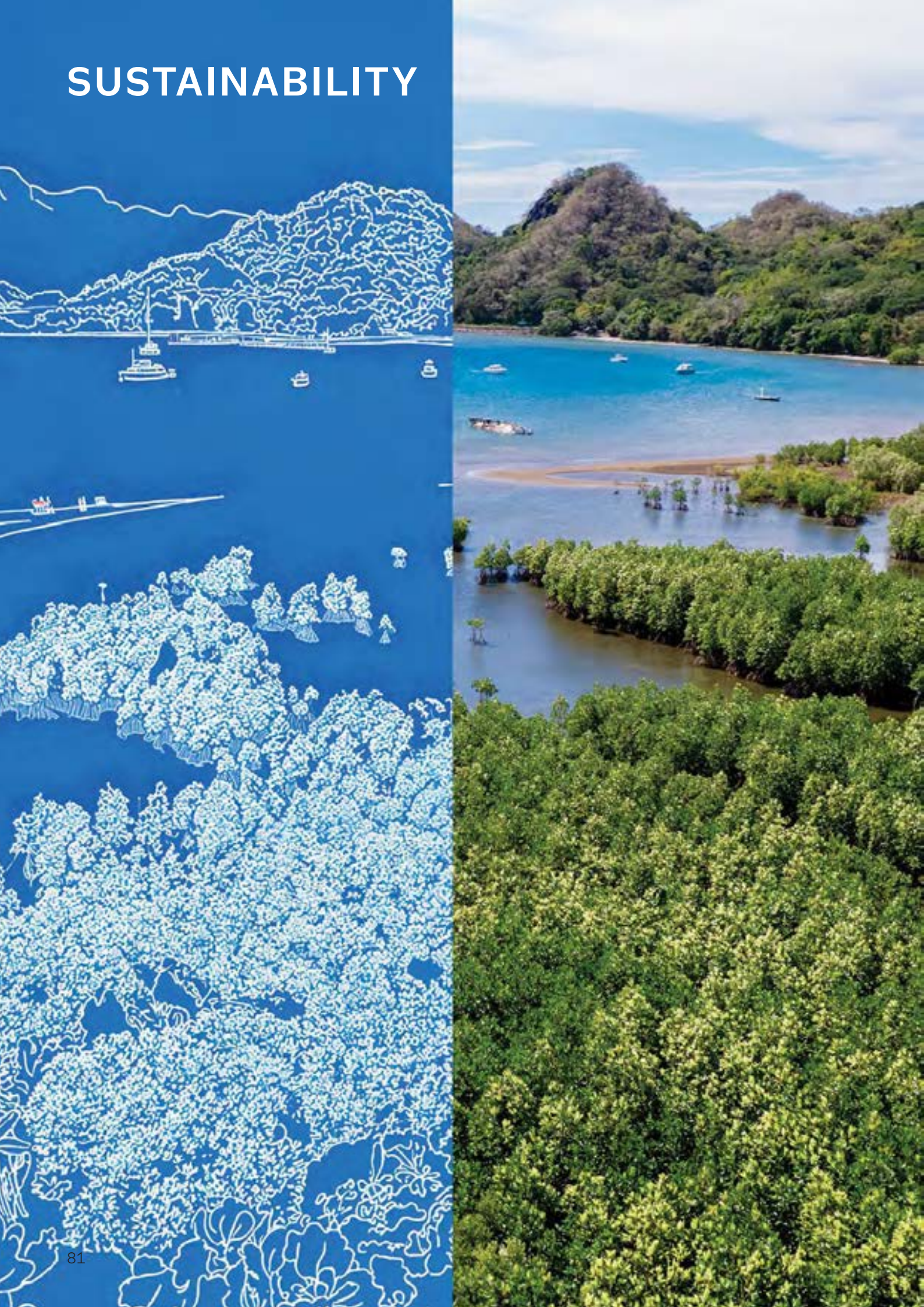
8. Herbert T. Sy
Non-Executive Director

9. Jorge T. Mendiola
Non-Executive Director
10. Teresita T. Sy-Coson
Adviser to the Board

11. Elizabeth T. Sy
Adviser to the Board

12. Edward K. Lee
Independent Adviser to
the Board





Value Creation and Materiality

SM Prime’s growth is anchored in a resilient business model that transcends traditional real estate. Since the 1985 opening of our first flagship mall, SM North EDSA, our trajectory has been defined by foresight: transforming infrastructure into catalysts for national development.

By integrating our retail, residential, office, hospitality and MICE developments, we create resilient urban ecosystems that drive economic activity, foster inclusivity and provide essential services during times of uncertainty.

Our commitment is simple yet profound: to develop and manage innovative, integrated property developments that elevate the Filipino quality of life.

Guided by our “sustainability-first” mindset, we ensure that every asset—from a community mall to a sprawling integrated estate—operates as a driver of long-term shared prosperity.

Our Double Materiality Framework

We treat Environmental, Social and Governance (ESG) principles not as a compliance checklist, but as a strategic performance driver. Our double materiality lens ensures we manage what matters most to both our financial health and our stakeholders:

Financial Materiality: Identifying sustainability risks, such as climate-related operational disruptions or evolving regulatory standards, that directly impact our cost of capital, asset valuations and long-term viability.

Impact Materiality: Acknowledging our footprint as the nation’s largest property developer and taking accountability for our environmental and social outcomes, from resource consumption to community resilience.

To maintain rigorous standards, we follow a structured approach to reporting and accountability:

**Step 1:
Governance and
Compliance**

Aligning internal audit and SEC mandates to ensure data integrity and operational readiness.

**Step 2:
Global Integration**

Adopting TCFD, IFRS S1/ S2, GRI, and GRESB to align with global investor benchmarks.

**Step 3:
Targeted Commitments**

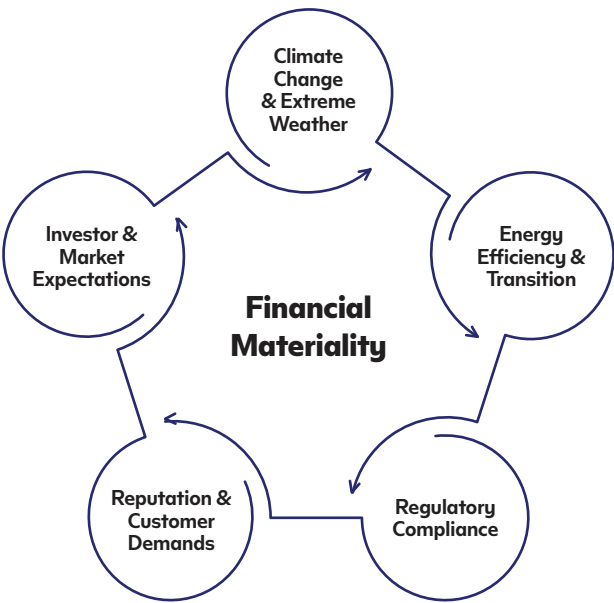
Committing to Science-Based Targets initiative (SBTi)-aligned emission targets and the UN SDGs to drive tangible results.

Financial Materiality

We view sustainability as a hedge against risk and a driver of value. Our financial resilience is built upon:

Climate Adaptation as Investment:

To enhance our portfolio and minimize long-term costs, we partner with industry experts to develop and implement climate-resilient designs. Resilience is integrated throughout our asset lifecycle: from evaluating 100-year flood risks during land acquisition and site development to deploying water catchments and efficiency technologies in daily operations. This approach protects asset value, reduces insurance premiums and lowers long-term recovery expenses.



Energy Efficiency and Renewable Transition: With over 100 MWp of solar capacity across 59 properties and 60% clean energy sourcing via Retail Competition and Open Access (RCOA), we insulate our operations from energy market volatility. This, in turn, ensures stable, predictable energy costs for our tenants and communities. Ongoing efforts, including Heating, Ventilation and Air Conditioning (HVAC) optimization and lighting retrofits, continue to manage our energy intensity year-on-year.

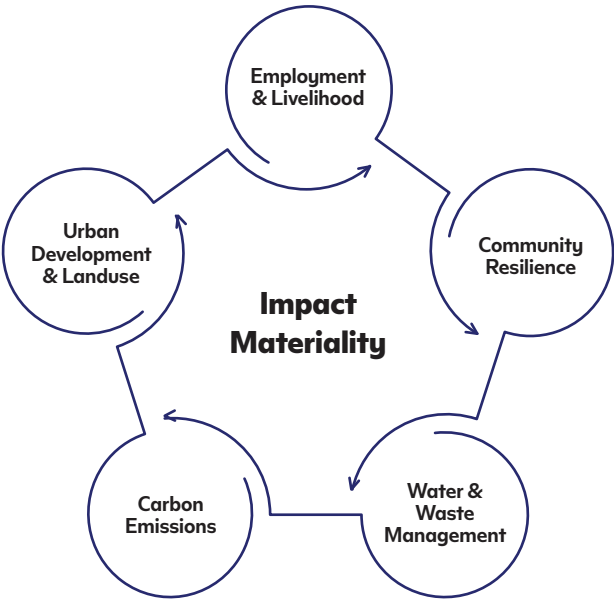
Market Demand and Reputation:

Meeting international sustainability standards attracts ESG-focused investors, which can lower financing costs and maintain investor trust. Our adoption of biophilic, sustainable design aligns with evolving consumer preferences, driving foot traffic, sales and tenant retention. Additionally, our properties function as disaster relief centers, providing essential community infrastructure during calamities. These actions turn our sustainability commitments into measurable financial and social outcomes.

Impact Materiality

Development at our scale carries significant environmental and social responsibility. We address this by integrating climate-resilient design and adaptive master-planning across our portfolio, while positioning our malls as vital community infrastructure during crises. We drive these outcomes through:

Low-Carbon Growth: We decouple growth from carbon intensity using green-certified designs (LEED, EDGE, BERDE) and advanced technologies (IoT, Proptech) to optimize operations. We also systematically retrofit older assets and increase our renewable energy mix through strategic procurement. These initiatives minimize operational overhead, mitigate grid volatility and enhance the market competitiveness of our portfolio.



Resource Stewardship: We drive resource stewardship through our “SM Waste-Free Future” program and water circularity initiatives. By championing waste diversion—via proper segregation, community incentives and plastic recovery—we institutionalize circularity. Concurrently, our rainwater harvesting and treatment plants minimize flooding and raw water extraction. These efforts ensure we responsibly manage the essential resources that support our malls and the communities we serve.

Social License to Operate: We measure our success according to the vibrancy of the communities we build, and the role we play in their growth. Our malls serve as critical social infrastructure, fostering job creation, MSME development and local resilience. We are equally committed to an inclusive workplace.

Stakeholder Engagement

At SM Prime, stakeholder engagement is a continuous process of building trust through transparent and consistent engagement with the communities, partners, investors and institutions we serve. It affects how we plan, operate and manage risk across our developments.

By embedding stakeholder insights into decision-making, we align our priorities with stakeholder expectations and emerging risks. This approach

reinforces our social license to operate, deepens accountability and enables more responsive, inclusive and resilient developments. In doing so, our stakeholders become partners in creating outcomes that generate shared value over the long term.

On this section, we summarize the results of our 2025 stakeholder engagement and how these insights have been translated into the Company’s actions and responses.

Stakeholder	Issues and Concerns	Stakeholder Needs and Expectations	Strategic Action and Response	Engagement Frequency and Channels
Employees				
Create and sustain value across development projects and retail assets, contributing to the Company’s financial strength, brand positioning and long-term success.	• Labor Practices Learning and Development • Diversity, Equity and Inclusion • Occupational Health and Safety • Talent Attraction and Retention • Business Ethics • Climate Adaptation and Resilience • Risk and Crisis Management	Operational Efficiency and Employee Welfare: Long work hours, limited work-life balance and extended approval timelines Engagement and Communication: Inclusion of all employees in engagement activities, timely guidance on KPIs and work tools for new hires, connectivity challenges for tenured employees Sustainable Solutions and Continuous Monitoring: Long-term solutions for recurring issues, continuous monitoring for early detection and proactive management for timely resolution of potential concerns Career Development and Work-Life Integration: Expanded training programs for career growth, optimized shifts for work-life balance, salary adjustments and mentoring programs	Workload Management: Staffing adjustments, process improvements, and training for efficiency HR Council Discussions: Evaluation of concerns, joint proposals to Management and direct Business Unit resolutions Issue Resolution: Closure of concerns from previous engagement activities before the next Work-Life Integration: Flexible work shifts for better work-life balance Career Development: Expanded training programs, learning opportunities and internal mobility for growth	Ongoing Communication: Daily interactions through MS Teams, Messenger and Viber for real-time updates Quarterly Engagements: Townhalls, departmental meetings and performance check-ins to align goals and gather feedback Annual Events: Performance reviews, engagement surveys and training programs for development Monthly Activities: Events, pulse surveys, team-building activities and other initiatives Blended Formats: A mix of face-to-face and virtual engagements for townhalls, policy cascades and engagement programs

Stakeholder	Issues and Concerns	Stakeholder Needs and Expectations	Strategic Action and Response	Engagement Frequency and Channels
Customers				
Drives the development and management of distinctive retail destinations that foster customer loyalty, tenant prosperity and long-term organizational value.	• Customer/Tenant Health, Well-being and Safety • Community Engagement and Investment • Labor Practices • Green Practices • Environmental Compliance • Resource Management and Efficiency	Information Requests and Clarifications: Frequent inquiries on rules, guidelines and operational concerns Convention Space and Hotel Service Issues: Limited space availability, peak season rates concerns and occasional service lapses Property and Payment Concerns: Delayed unit turnover, payment posting, sales negotiations, title follow-ups, property issues and restructuring requests. Mall Tenant and Operational Feedback: Rental negotiations, space availability, store design and building operations Market Trends and Policy Changes: Monitoring global trends and government policies to manage supply, convention demand and local regulations.	Regular Coordination Meetings: Planning, task assignments and issue resolution through team discussions Customer Feedback and Interaction: Monitoring feedback via SM feedback platform, ReviewPro, surveys and TripAdvisor with immediate action on concerns Delayed Project Turnover Management: Task force oversight, backlog resolution and regular construction updates Mall Tenant Communication: Previews, business reviews and store opening timelines for tenant updates Timely Responses: 24-hour response commitment and prompt updates on internal processes and approvals	Communication Channels: Emails, hotlines, social media, chatbots and surveys for continuous customer engagement Sales and Marketing Activities: B2B meetings, sales calls, marketing events, social media, Viber communities, email and text blasts and CRM efforts Customer Interaction: Daily engagement via reservation lines, contact centers, loyalty programs and the Stay Please app. Events and Associations: Participation in memberships, coffee chats, Culinaire events, tradeshow and tenant engagement activities Regular Engagement: Daily to annual interactions, including permit management, tenant support and government bid participation for smooth operations and compliance

FEATURE STORY



Sustainable Guest Experiences

SM Hotels and Conventions Corp. (SMHCC) integrates circular economy principles directly into its business model by focusing on resource efficiency and regenerative practices.

Across its hospitality and event operations, SMHCC institutionalizes closed-loop systems and community-based material recovery to drive long-term value for guests, communities, and the environment.

Food waste is a significant contributor to global greenhouse gas emissions, accounting for 8–10% of the annual total according to the United Nations Environment Programme. SMHCC addresses this through Plate for the Planet, a program focused on systematic waste reduction and supply chain optimization.

Initiated in 2019 in collaboration with the World Wide Fund for Nature (WWF Philippines), the program utilizes several key operational levers.

Rigorous training and kitchen audits identify and eliminate wastage at the source through back-of-house precision. Culinary teams prioritize plant-forward options and locally sourced ingredients to reduce the carbon footprint of dining via intentional menu engineering.

To complete the cycle, on-site biodigesters process food waste into compost, which is then redistributed to hotel gardens and partner farms. The success of this program in maintaining food waste per cover below industry averages earned it international recognition at the 2025 World Sustainable Travel and Hospitality Awards in Dubai.

The Tela Tales program applies circularity to textile management by repurposing condemned linens—items no longer meeting guest-room standards—into new products. This initiative serves both environmental and social objectives by diverting more than 10,000 yards of linen from landfills to date.

The program provides economic opportunity as stay-at-home mothers in partner communities are trained to upcycle these materials into bags, toys and amenities, creating a steady source of supplemental income. This lifecycle extension maximizes the utility of textile assets and transforms operational waste into retail-quality goods.

Sustainability at SMHCC is maintained through high-efficiency infrastructure and the elimination of high-impact disposables. Since 2019, SMX convention centers have utilized bamboo cutlery and compostable materials to mitigate waste.

SM hotels integrate sustainable housekeeping practices by replacing single-use plastic amenities and individually wrapped soaps with high-quality, large-format dispensers for shampoo and body wash. Sustainable vendors are prioritized through green procurement policies.

To further reduce the environmental footprint per guest stay, the installation of hallway water refill stations encourages the use of reusable tumblers, significantly decreasing the consumption of bottled water.

Stakeholder	Issues and Concerns	Stakeholder Needs and Expectations	Strategic Action and Response	Engagement Frequency and Channels
Multi-sector and Sustainability Partners				
Drive project growth by integrating deep local community insights and market intelligence into strategic financial decisions, ensuring sustainable profitability and long-term value creation.	• Community Engagement and Investment • Local economic development	Waste Management Challenges: Costly and inefficient waste disposal; landfilling is cheaper but unsustainable. Circularity and improved processing needed as costs rise. Sustainability Programs and Investor Attraction: New programs enhance awareness, attract investors and strengthen partnerships for long-term planning. Operational Concerns: Response times, accreditation processes and payment lead times pose challenges, particularly for MSMEs managing cash flow. Compliance and Program Implementation: Essential for meeting sustainability targets, ensuring proper governance, verification and financial accountability Marine Protected Areas and Awareness: Ongoing protection, awareness campaigns and co-created programs to prevent illegal poaching and boost customer engagement	Waste Management Initiatives: Enhanced waste segregation and increased plastic collection in compliance with the Extended Producer Responsibility Act of 2022; joint venture with GUUN Co. Ltd (GUUN) to generate “fluff fuel” from non-recyclable waste materials Effective Engagement: Stakeholder insights gathered through engagement questions, regular meetings and partner catch-ups Immediate Issue Response: Urgent concerns addressed promptly to align with company goals Communication and Synergy: Press releases promote rooftop solar photovoltaic (PV) projects; expanding partnerships strengthens sustainability efforts Partnerships and Assessments: WWF collaboration for underwater assessments to guide Marine Protected Area (MPA) protection	Direct Engagements: Ongoing interaction with municipal offices, factories, property managers and schools through education programs Media Events and Meetings: Regular press conferences, orientations and media events to promote sustainability initiatives Program Launches and Collaborations: Engagements through launches, press briefings, social events and partnerships Quarterly and Monthly Engagements: Project-based interactions occurring quarterly or monthly for continuous collaboration Proposal Approval and Integration: Sustainability-aligned proposals are reviewed, approved and integrated after stakeholder coordination

FEATURE STORY

The SM Mall of Asia Complex: A Resilient Urban Ecosystem



Spanning 67 hectares, the SM Mall of Asia (MOA) Complex demonstrates the practical application of resilient urban planning within a coastal setting.

Rather than relying on standard construction, the project utilizes geotechnical and structural engineering to manage exposure to earthquakes and storm surges.

Stability relies on wick drains and deep-pile foundations that mitigate liquefaction in reclaimed soil.

Coastal protection includes a 4.5-meter seawall equipped with wave-return technology to redirect surge energy.

Site-wide, the MOA Complex exceeds National Building Code requirements through elevated road networks and structural facades engineered to withstand wind speeds of 270 kph.

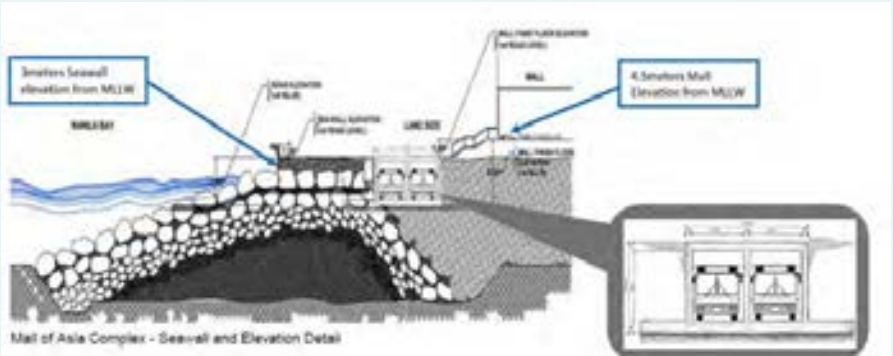
Infrastructure is designed for operational continuity, positioning the complex as a community refuge during emergencies.

Real-time data collection via Earthquake Recording Instruments supports this preparedness.

Such design choices institutionalize disaster risk reduction, treating safety as a primary component of capital investment.

The MOA Complex provides a model for how large-scale developments can maintain structural integrity and community safety in high-risk zones.

By prioritizing engineering rigor, the project demonstrates that sustainable urbanization requires proactive planning against natural hazards, ensuring the long-term viability of the community it serves.



FEATURE STORY



Future-Ready Workspaces

SM Offices develops and leases Grade A office and logistics spaces within integrated, transit-oriented estates. Its portfolio combines green building standards, smart infrastructure and strategic locations to meet the evolving requirements of multinational tenants, BPOs and growth industries.

Integrated Design and Location Strategy

Office developments are positioned within established commercial centers and transport nodes, improving accessibility to rail lines, bus systems and pedestrian networks. This approach reduces commute time and supports workforce well-being while strengthening tenant attractiveness and retention.

Biophilic design principles are incorporated across developments through landscaped decks, pocket gardens and open-air spaces. These features provide access to natural light, ventilation and green environments within dense urban settings.

Workplace design is calibrated to support employee focus, wellbeing and collaboration, reflecting the role of the office as both a productive and restorative environment.

Certified Green Buildings and Resource Efficiency

Resource efficiency underpins the physical network. SM Offices adopts internationally recognized green

building standards, with multiple developments achieving Leadership in Energy and Environmental Design (LEED) Gold certification. Certified properties include ThreeE-com Center, FourE-com Center and FiveE-com Center at the Mall of Asia Complex, Mega Tower in Ortigas Center, Aura Tower in Bonifacio Global City, and North Towers in Quezon City.

These buildings integrate energy-efficient systems, water-saving technologies and optimized building envelopes to reduce operational intensity. Design and engineering decisions are guided by performance targets and long-term operating efficiency, ensuring consistency with evolving regulatory and market expectations.

Digital Systems for Operational Resilience

A centralized digital infrastructure supports real-time monitoring and control of building systems. Advanced Building Management Systems (BMS) use sensors to track energy consumption, occupancy and environmental conditions. Digital dashboards consolidate energy and water data, allowing for proactive, data-driven decision-making and continuous optimization.

Developments such as the Core Towers in Sta. Rosa, Laguna adopt this approach, combining 24/7 building operations with high-speed telecommunications infrastructure to support business continuity for BPO, technology and professional services tenants.

Workplace Experience and Community Integration

Workspaces are designed to support diverse workforce needs through accessible amenities and mixed-use environments.

Developments incorporate retail, fitness, residential and transport linkages, enabling daily convenience and reducing friction in work routines. Electric vehicle charging stations are available in select properties, supporting the transition to lower-emission mobility.

Shared spaces such as sky gardens and open plazas provide areas for interaction and work breaks, reinforcing social connection within the workplace.

In 2026, SM Offices plans to formalize green leasing clauses to strengthen collaboration with tenants on energy efficiency, water stewardship and waste reduction.

Stakeholder	Issues and Concerns	Stakeholder Needs and Expectations	Strategic Action and Response	Engagement Frequency and Channels
Suppliers and Business Partners				
Secure responsible and performance-driven supply partnerships that ensure on-time delivery, quality excellence and ESG compliance across development and operational phases.	• Sustainable Procurement Processes • Project Delivery and Quality • Corporate Policies and Risk Management • Business Ethics • Environmental Compliance	Specifications Mismatch and Quality Issues: Products not meeting requirements or quantities, occasional substandard quality Delivery Delays and Lead Time: Missed delivery timelines and lead time challenges Price Increase Requests and Inflation: Price hike requests due to inflation and unexpected cost surges System-Related Issues and Payment Terms: Challenges with gross receipts (GR) posting, lead time and payment terms Delayed Payments to Suppliers: Timely payments, clear and structured communication, streamlined processes	Supplier Responsiveness: Suppliers can schedule meetings with Management via Supplier Relations to address concerns Addressing Price Increases: End users and consultants explore cost-effective alternatives without compromising quality Supplier Briefings and Re-orientation: Regular sessions ensure suppliers understand procedures, submit SOAs on time and clear outstanding payables Regular Business Updates: Orientation, memos and meetings to keep suppliers informed Constant Communication: Ongoing discussions on product and delivery improvements, innovations and operational updates through town halls and virtual meetings	Supplier Accreditation: Pre-engagement requirement, compliance with SM Sustainable Supply Chain Policy, site visits to plants and showrooms Bidding and Awarding: Zychus Vendor Ordering system launched in Q1 2025 for process efficiency Communication: Annual emails on ethics and gift policies, frequent updates on specifications, pricing and delivery, meetings for issue resolution Events and Training: Participation in expos, trade fairs, supplier seminars and online briefings for industry updates Site Inspections: Walkthroughs of ongoing projects, reviews of completed supplier and contractor projects for quality and compliance

Stakeholder	Issues and Concerns	Stakeholder Needs and Expectations	Strategic Action and Response	Engagement Frequency and Channels
Local Communities				
Provide strategic insights into local community needs and concerns—including livelihoods, education, climate resilience and biodiversity—to inform responsible development and long-term value creation.	- Local Economic Development - Community Engagement and Investment - Community Health and Safety	Sustainability Concerns and Long-Term Solutions: Shift from short-term CSR to sustainable initiatives aligned with community needs and goals Operational Focus and Logistical Considerations: Prioritizing maintenance, operations, timing, safety and security Funding and Impact: Addressing funding needs to meet expectations, expand reach and institutionalize programs Expansion and Leadership: Scaling programs across locations by preparing and empowering local teams Community-Specific Projects and Sustainability Education: Tailoring projects to local needs, integrating skills and expertise	Regular Monitoring and Support: Ongoing monitoring, mentoring and coaching to sustain projects and address challenges Internal Programs: Supporting initiatives through internal programs that enhance sustainability efforts Enhanced Communication Strategies: Strengthening communication across multiple platforms for better outreach Community Engagement: Partnering with tenants, NGOs and government agencies to recruit volunteers and conduct community visits Effective Engagement Methods: Face-to-face discussions, annual meetings and improved digital engagement for volunteer efforts	Community Visits: Assess culture, behavior, socioeconomic conditions and skills to understand community needs Community Engagement Programs: Organize seminars, contests and initiatives like plastic reduction to boost awareness, involvement and sustainability Digital Communication: Use newsletters, bulletins and digital platforms for regular community updates Environmental and Fitness Initiatives: Implement programs like Adopt-A-River, effluent tests and fitness events for sustainability and health SM Cares and Ongoing Programs: Advocate for sustainability, inclusivity and empowerment through clean-up drives, institutional campaigns and regular activities

FEATURE STORY



Building Homes for Generations

SM Residences, through SM Development Corporation (SMDC) and SM Leisure Resort and Residences (SM LRR), operates on the principle that residential development must provide long-term value through health, economic stability and environmental stewardship.

In metropolitan areas, SMDC implements a localized version of the 15-minute city model. This strategic urban planning ensures that essential services—including workplaces, schools, wellness facilities, and green spaces—are situated within a short walk or commute from residential hubs. This proximity reduces carbon emissions and enhances daily efficiency.

Developments like SMDC Heights prioritize city-centered living by integrating residential units with Central Business Districts. To address biodiversity and open space, Bloom Residences in the southern corridor allocates 3.6 hectares, or 60% of its land, to greenery. This includes tree-lined walks, jogging paths, and pocket gardens that provide necessary ecosystem services and improve air quality in dense urban environments.

SM LRR manages its mountain and coastal estates through active conservation. These developments are designed to preserve the natural capital of their respective regions while providing residents with access to the outdoors. Since 2007, Hamilo Coast has collaborated with WWF-Philippines to manage

the marine biodiversity of Pico de Loro Cove. The partnership conducts regular Marine Protected Area assessments to safeguard critical habitats. These efforts support UN SDG 14, Life Below Water, by institutionalizing the sustainable use of marine ecosystems.

In the uplands, Tagaytay Highlands functions as a 320-hectare sanctuary for resident and migratory bird species, including the White-eared Brown-Dove and various raptors. Through the Adopt a Tree program, the community has planted nearly 500,000 trees. Proceeds from this environmental initiative fund the SM Foundation scholarship program, connecting ecological preservation with social mobility.

SMDC Nature integrates low-carbon design into master planning, embedding energy efficiency, resource conservation and mobility into its developments. Solar-powered systems in common areas reduce electricity use by up to 35%, while passive cooling and optimized daylighting further lower energy demand.

Water-saving systems and the use of locally sourced materials reduce both operational and construction-related impacts. Walkable layouts, shaded pathways, open parks and access to transit help limit reliance on private vehicles.

Stakeholder	Issues and Concerns	Stakeholder Needs and Expectations	Strategic Action and Response	Engagement Frequency and Channels
Investors and Analysts				
Shape strategic financial decisions through rigorous analysis, risk assessment and performance insights, ensuring resilient earnings and sustained portfolio growth.	• Resource Management and Efficiency • Community Investment and Engagement • Climate Adaptation and Resilience • Green Certifications • Environmental Compliance • Customer Health & Safety/Tenant Well-Being	Financial Results and Transparency: Investors mainly concerned with financial performance and project expansion Project Developments: Regular progress reports and milestone updates Sustainability Efforts and Data: Detailed insights on sustainability initiatives and their impact Continuous Communication: Ongoing, clear communication to maintain stakeholder trust and confidence	Managing Concerns: Addressed through physical and virtual meetings with top management Investor Relations: Regular updates via one-on-one calls, emails, property tours, NDRs, website, Investor Kit and quarterly calls.	One-on-One Meetings and Conference Calls: Scheduled based on investor and analyst requests for personalized engagement Non-Deal Roadshows and Conferences: Participation by invitation to present company performance and strategy Property Tours and Site Visits: Arranged upon request to provide firsthand insights into properties and projects Analyst and Investor Briefings: Hold post-ASM Analyst and Investor Briefing with key officers to provide updates; Hold quarterly Analyst and Investor Briefings to provide quarterly financial and operational results and updates. Regular Update Calls: Investors regularly request updates on company performance; main stakeholders have not sought new proposals

Stakeholder	Issues and Concerns	Stakeholder Needs and Expectations	Strategic Action and Response	Engagement Frequency and Channels
Government Partners				
Influences the overall growth of the projects by ensuring alignment with national and local policies and regulations for the environment.	• Local Economic Development • Alignment with the national ESG targets • Environmental Compliance • Occupational Health and Safety	Formal Correspondences and Appeals: Regulatory concerns addressed through formal letters, position papers, discussions and appeals Proactive Issue Resolution: Timely corrective actions to maintain compliance and prevent issues Annual Compliance Clearance: Submission of required documents and management alignment to meet regulatory requirements Open Communication and Training: Regular engagement with regulators, participation in seminars and role-based training for compliance Synergies and Relationships: Collaboration with government and industry stakeholders to facilitate regulatory processes, tax compliance and business permits	Inspection and Documentation: Most issues resolved during inspections; required documents provided for audit closure Government Record-Keeping and Compliance: Organizations may be required to provide proof of payments and remittances to facilitate government verification and ensure compliance Tax and Permit Challenges: Strict tax payment schedules, LGU assessment discrepancies and rising regulatory demands require extensive documentation Regulatory Actions and Transparency: Emphasis on timely, transparent and consistent regulatory processes, with a focus on clear guidelines, accountability and fair implementation Policy Changes and Political Influence: Evolving policies, personnel transitions and varying legal interpretations impact compliance, with economic and regulatory factors shaping decisions	Dialogues and Consultations: Regular participation in public consultations with energy stakeholders and government bodies Partnerships and Seminars: Collaboration with government agencies, including seminars and energy efficiency programs Annual Report Submissions: Timely submission of reports to regulators for legal and regulatory compliance Audits and Inspections: Participation in audits and inspections to maintain compliance and address issues proactively Award Ceremonies and Recognition: Engagement in industry recognition programs, highlighting achievements and contributions

FEATURE STORY



Engineering Mall Excellence

Marking its 40th year, SM Supermalls continues to advance retail development through engineering-led design, resource efficiency and resilient operations. Across 89 malls serving millions daily, sustainability is integrated from the outset and carried through the full asset lifecycle.

SM Engineering Design and Development Corporation (SMEDD)—SM Prime’s engineering arm responsible for the design, construction and maintenance of SM-owned malls and other commercial properties—incorporates resilience through site selection, microclimate-responsive planning and climate-adaptive design.

Flood mitigation systems, including water catchment basins and stilted structures, are deployed in high-risk areas to manage stormwater and protect surrounding communities. Building envelopes—such as Exterior Insulation Finishing Systems (EIFS) and reinforced curtain walls—are engineered to withstand wind speeds of up to 300 kph, supporting structural integrity and operational continuity during extreme events.

Operational performance is supported by long-standing investments in energy, water and waste systems.

Since the late 1990s, SM malls have implemented LED lighting, motion-sensor escalators, advanced cooling and ventilation retrofits, insulation systems and centralized building management

systems (BMS). Daylighting strategies, including skylights and open layouts, reduce electricity demand while improving indoor environmental quality. Wastewater treatment and reuse systems reduce dependence on potable water and ensure compliance with discharge standards, contributing to more efficient resource use across the portfolio.

In 2025, SM Supermalls opened two new malls that deploy water self-sufficiency and on-site energy systems.

SM City La Union incorporates a 760-cubic meter rainwater catchment system designed for flood control and water recovery, with multistage filtration and reverse osmosis enabling potable use. Its 543-square meter sewage treatment plant, with a 750-cubic meter capacity and Modified Continuous Aeration System, enables reuse for flushing, cooling and irrigation. Rooftop solar installations further reduce grid dependence and emissions.

SM City Laoag operates a self-sustaining water system through a Brackish Water Purification facility that converts deep well water into potable supply. Its sewage treatment plant enables extensive reuse, reducing water production costs by up to 50.49%. The property is solar-ready, with a projected 1–2 MW installation expected to offset 10–15% of energy demand and avoid up to 1,200 tons of CO₂ emissions annually.

Stakeholder	Issues and Concerns	Stakeholder Needs and Expectations	Strategic Action and Response	Engagement Frequency and Channels
Media Partners				
Strengthen brand visibility through proactive engagement with media partners to highlight key initiatives, sustainability commitments and major milestones. Strategic communications support positive public perception, increase awareness of projects and developments, and build trust among stakeholders and the broader community.	1. Customer & Tenant Experience • Customer Health & Safety • Customer Relations • Tenant Well-being 2. Project Development & Operational Excellence • Accessibility and Affordability of Real Estate Products • Project Delivery & Quality • Resource Management and Efficiency • Environmental Compliance 3. Sustainability & Climate Resilience • Climate Adaptation & Resilience 4. Governance & Ethical Business Practices • Corporate Governance • Business Ethics	Virtual access: Media partners request live streaming of briefings due to scheduling conflicts Processing Delays and Budget Constraints: Managing payment schedules and budget allocations to enhance media placements and engagement Increased Media Interest: Growing interest in media briefings with new project announcements, including requests for exclusive content, expedited response and multimedia formats Strengthening Media Relations: Regular engagements, informal meetings, access to spokespersons, rigorous procurement processes for media buys and distribution of strategic press releases to improve coverage quality	Budget Allocation: Media placements prioritized based on available resources and strategic priorities Standard Responses: Approved statements address most issues, with some matters deferred due to regulatory or legal considerations Effective Communication: Sustainability initiatives, tenant support programs and workspace innovations shared through press releases, media tours and features Management Engagement: BU management’s adaptability supports PR efforts, with media partnerships strengthened through roundtables, exclusive events, virtual tours and personal engagement	Media Briefings: Post-ASM and quarterly media briefings with key officers to provide material updates on financial and operational performance Press Releases and Communications: Regular updates through PSE disclosures and direct distribution to print, broadcast, online and social media, supported by sponsored content and timely responses to media inquiries and interview requests. Media Events and Desksides: Press conferences, launches, interviews, courtesy visits and appreciation events Partnerships and Engagements: Placements, sponsorships, media tours and other activities

Natural Capital

Our approach to sustainability is grounded in the stewardship of natural capital, recognizing the Company’s dependence on and impact on land, water, energy and biodiversity. These considerations are integrated into planning, development and operations to manage resource intensity, address environmental risks and support long-term value creation.

Through integrated infrastructure and community-focused development, SM Prime contributes to environmental conservation, climate resilience and inclusive growth. Developments are designed to support economic activity while improving resource efficiency and strengthening the resilience of the communities they serve. In 2025, we expanded our environmental programs across the portfolio, with a continued focus on energy transition, water reuse, waste reduction and nature-based solutions.

Sustainability Policy

Guided by the vision of our founder, Henry Sy, Sr., that business growth and social development are mutually reinforcing, we maintain safe and healthy working conditions, uphold the dignity of our workforce, and conduct our operations with integrity and environmental responsibility.

Our Sustainability Policy aligns with the Code of Ethics and global reporting standards, integrating economic, environmental, social and governance considerations across the value chain. It is implemented in partnership with employees, tenants, business partners and communities.

Key Commitments

SM Prime’s sustainability commitments are structured around the following priorities:

1	Resource Conservation and Efficiency	Enhance energy efficiency, conserve water through reuse and stormwater management, and advance a waste-free future through pollution prevention, recycling and circularity.
2	Disaster Resilience	Safeguard stakeholders and assets, minimize operational disruptions, and implement climate risk mitigation and adaptation measures aligned with UN, ARISE and national frameworks.
3	Climate Advocacy	Expand renewable energy use, support the adoption of sustainable technologies, and embed resilient, green design principles across developments, while promoting stakeholder awareness through sustainability workshops and community engagement.
4	Social Integration	Advance diversity, inclusion and the protection of human rights across operations, while strengthening social integration through programs that enable equitable access to opportunities. Support sustainable community development through MSME and public–private partnerships that promote shared prosperity, resilience and long-term social value.
5	Transparent Reporting	Measure and disclose sustainability performance through integrated reporting to reinforce accountability and stakeholder trust.

Operational Integration

Sustainability is embedded at the outset through development planning that integrates responsible land use, biodiversity considerations and green building practices.

These design decisions are carried through operations, guided by four sustainability pillars: energy efficiency, water stewardship, waste management and nature-based solutions.

Together, they provide a structured approach to managing resource use and environmental impact across the SM Prime portfolio.

This integrated approach strengthens resilience, manages environmental risks and supports long-term asset performance.



Energy Efficiency

SM Prime implements energy efficiency measures across its commercial developments. These include LED lighting, smart building systems and optimized heating, ventilation and air conditioning (HVAC) operations.

In addition to reducing electricity consumption and associated emissions, these measures support the Company’s long-term decarbonization pathway, including its target of achieving 100% renewable energy by 2035.

While we continue to rely on grid-purchased electricity for our operations, renewable energy use is steadily expanding through procurement and on-site generation.

As of 2025, more than 60% of our Retail Competition and Open Access (RCOA) arrangement are sourced from renewable energy.

Additionally, solar installations across 69 properties exceed 200,000 panels, with a total capacity of 116 MWp.

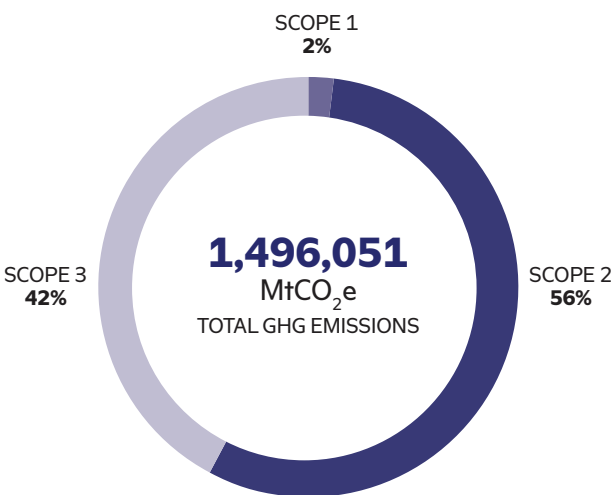
The Company monitors emissions across Scope 1, Scope 2 and Scope 3 categories. Total GHG emissions reached 1,496,051 MtCO₂e in 2025, with a combined Scope 1 and 2 emissions intensity of 0.05 MtCO₂e per square meter.

Emissions are primarily driven by electricity consumption and tenant operations, with Scope 2 and Scope 3 accounting for the majority of the Company’s carbon footprint.

Scope 2 emissions reflect the carbon intensity of grid-supplied electricity, which remains largely fossil

fuel-based under the National Grid Emission Factor (NGEF). In response, the Company is increasing its use of renewable energy through the RCOA program and the expansion of rooftop solar systems.

Scope 3 emissions are largely attributable to tenant energy consumption and fuel use. SM Prime continues to engage tenants and partners to address indirect emissions across its value chain. To support sustainable mobility, the Company expanded its electric vehicle charging network to 153 stations, with a combined capacity of 15.6 MW.



The table below presents SM Prime’s GHG emissions profile by scope for 2025. To strengthen transparency and comparability, the Company has introduced emissions intensity as a key metric, measured as GHG emissions per unit of output (MtCO₂e per square meter), providing a more normalized view of environmental performance.

Emissions Type	Scope	Definition	Drivers	Total	Emissions Intensity
Direct	1	Emissions from owned or controlled operations	Gasoline and diesel consumption Use of refrigerants Equipment maintenance and reconditioning	30,552 MtCO ₂ e	0.05 MtCO ₂ e/m ² (location-based)
Indirect	2	Emissions from the generation of purchased electricity, steam, heating or cooling consumed by the Company	Business expansion High energy consumption	838,079 MtCO ₂ e (location-based) 542,043 MtCO ₂ e (market-based)	0.04 MtCO ₂ e/m ² (market-based)
	3	All emissions, not included in Scope 2, occurring in the Company's value chain, including both upstream and downstream activities	LPG usage and purchased electricity by tenants	627,420 MtCO ₂ e	

Water Stewardship

Water management is supported by efficient fixtures, rainwater harvesting and wastewater treatment systems. These measures reduce consumption and ensure responsible discharge.

In 2025, total water withdrawal reached 18.1 million cubic meters from utilities, deep wells, desalination and rainwater sources. A recycling rate of 37% was achieved through treated wastewater reuse. Effluent discharge of 5.16 million cubic meters underwent rigorous treatment prior to release into water bodies, safeguarding ecosystems and community health.

Waste Circularity

SM Prime advances circular economy practices through waste reduction, segregation and diversion initiatives.

In 2025, our operations generated 238,022 tons of waste, of which 94% was non-hazardous. The

Company achieved an 80% diversion rate for non-hazardous waste through the #SMWasteFreeFuture program and the operation of the GUUN facility in Cebu, which processes a portion of residual waste into Refuse Derived Fuel (RDF) and compostable waste through a biodigester.

The remaining 6% of waste, classified as hazardous, was managed by DENR-accredited Treatment, Storage, and Disposal (TSD) facilities. In compliance with Republic Act No. 6969, these materials were handled by licensed transporters and treated to meet national safety standards, with all disposals verified via Certificates of Treatment (COT).

Additionally, 140 tons of consumer plastic waste and 8 tons of e-wastes were collected through accredited recycling channels and programs like Trash-to-Cash, e-waste recycling and Green Recycling (GR) machines. Paper recycling efforts also resulted in the equivalent of 25,011 trees saved. These initiatives ensure responsible processing and reinforce the Company's circularity efforts.

Nature-Based Resilience

Nature-based resilience is integrated into SM Prime developments through green spaces, sustainable landscaping and conservation programs that support ecosystem health and community wellbeing.

The Company also maintains a 25-hectare mangrove conservation area and supports three Marine Protected Areas in partnership with the World Wide Fund for Nature (WWF). These initiatives strengthen coastal protection, enhance biodiversity and contribute to climate adaptation.

In 2025, SM Prime joined six other conglomerates in supporting the Department of Environment and Natural Resources' (DENR) "Forests for Life" program, a nationwide initiative to restore critical forest areas and strengthen climate resilience.

The program targets the planting of 10 million trees over the next three years—double its original goal—across priority and flood-prone areas, including Ilocos Norte, Rizal, Leyte, Bataan, Bukidnon and Lanao del Norte. It is projected to sequester approximately 6.5 million tons of carbon dioxide by 2038, supporting the Philippines' climate mitigation efforts.

Climate Governance and TCFD Alignment

SM Prime embedded climate considerations into governance and strategic planning in 2025, strengthening resilience across its portfolio. Climate-related disclosures were aligned with TCFD recommendations and IFRS S2 requirements, supported by Board oversight and a dedicated Sustainability Technical Working Group (TWG).

Governance. The Board and TWG conducted structured annual reviews of climate-related risks and opportunities. Climate training was provided to senior leadership, while scenario analysis was integrated into strategic planning and enterprise risk management.

Strategy. Climate risks and opportunities were incorporated into investment decisions. In 2025, the Company continued to invest in energy efficiency, renewable energy integration, water and waste management, and resilient infrastructure.

Risk Management. The enterprise risk management framework assessed both physical risks, including extreme weather events, water scarcity and natural disasters, and transition risks such as regulatory changes and evolving market expectations. These assessments informed strategic and operational decisions.

Metrics and Targets. Emissions targets were refined in collaboration with WWF-Philippines to strengthen alignment with global climate goals. Measurement and reporting frameworks were enhanced to support consistent tracking of performance and progress.

Human and Social Relationship Capital

Our human and social relationship capital reflects the competencies, diversity, health and motivation of our workforce.

These capabilities—across design and planning, engineering, property management, leasing, sales and marketing, and customer service—enable the Company to plan, build and operate integrated developments that deliver long-term value.

With operations across the Philippines and parts of China, SM Prime sustains a coordinated workforce that shares resources, practices and response capabilities across locations. This structure supports operational continuity, strengthens adaptability and enables consistent service delivery under varying local conditions.

Shared Purpose and Workforce Enablement

SM Prime aligns its workforce around a shared objective of delivering inclusive and sustainable developments. Employee programs focus on well-being, professional growth and long-term engagement.

The Company provides competitive compensation and benefits, including extended leave, healthcare coverage and employee discounts across SM retail and commercial establishments.

Workplace practices promote inclusivity, participation and collaboration, supported by work environments designed for knowledge exchange and productivity.

In line with the continued expansion of SM Prime, employee headcount increased to 14,191 in 2025, up by over 3% from 13,718 in 2024. Growth was recorded across both male and female employee groups, with women continuing to comprise the majority over the past three years.

Employee Headcount

Year	Male	Female	Total
2025	6,300	7,891	14,191
2024	6,056	7,662	13,718
2023	5,757	7,170	12,927

*Restatement from 2024 Integrated Report of 13,747 in total, 7995 for male, 5,792 for female

The SM Prime workforce reflects a multi-generational profile, with employees aged 30 to 50 comprising the majority, followed by those below 30 and those aged over 50.

This composition underscores the Company’s sustained progress in maintaining a diverse workforce while scaling its talent base to support operational requirements and long-term development priorities.

Talent Management, Acquisition and Retention

SM Prime applies a five-pillar human capital framework: Recruit Right, Perform Right, Develop Right, Reward Right and Engage Right. This structure aligns workforce capability with business requirements while supporting career mobility and employee engagement.

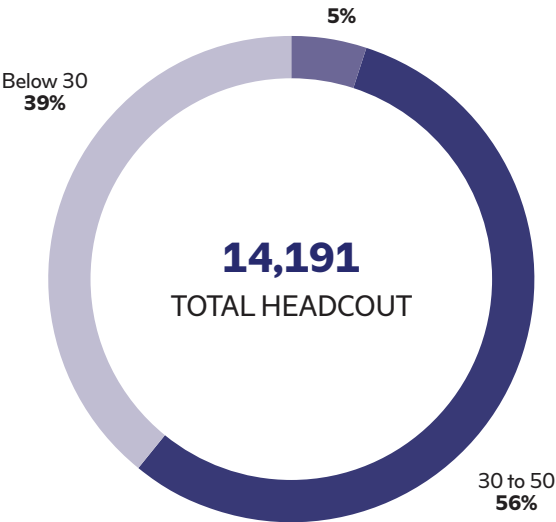
The SM Life Integration for Employees (SM Life) program serves as the primary platform for talent management and engagement, covering recruitment, performance, development, rewards and employee experience.

New Employee Hires

SM Prime applies a structured, data-driven approach to talent acquisition to support business priorities and organizational requirements.

New Hires

Year	Male	Female	Total
2025	1,244	1,593	2,837
2024	1,137	1,542	2,679
2023	1,706	2,110	3,816



Recruitment focuses on role fit, capability and long-term potential, supported by digital platforms, standardized processes and the use of executive search firms for highly specialized roles.

The Company monitors key metrics such as time-to-hire and quality-of-hire, while strengthening its pipeline through employer branding, early-career programs and inclusive hiring.

In 2025, the Company hired 2,837 employees, the majority of whom were female. The attrition rate stood at 16%, below the industry average of 18%, indicating stable retention.

Learning and Development

SM Prime invests in continuous learning to strengthen workforce readiness. Training programs focus on emerging capabilities, including data intelligence, artificial intelligence and productivity improvement.

Through the Digi-U eLearning platform, powered by LinkedIn Learning, employees access curated, on-demand courses for upskilling and reskilling. In 2025, the platform recorded a 90% engagement rate and an 83% utilization rate. Total training hours increased by 16% from the previous year or a total of 540,071 hours with an employee average of 38 hours in 2025.

Programs such as HR Link Up and internal learning sessions support knowledge sharing, leadership development and succession planning.

Training Hours

Year	Male	Female	Total
2025	237,909	302,162	540,071
2024	205,807	260,386	466,193
2023	172,700	215,087	387,787

The Company, in partnership with the Asian Institute of Management (AIM), implements an Executive Development Program to strengthen leadership capabilities, support strategic decision-making and align management practices with evolving business and sustainability priorities.

Aside from touching on leadership, behavioral, and technical courses, we also ensure roll-out of compliance courses beyond health and wellness. Among these are Anti Money Laundering Act, Data Privacy Act, Information Security, Sustainability and Code of Ethics.

Employee Engagement and Experience

Employee engagement is supported through structured and informal channels, including town halls, HR Circles, team interactions, volunteerism programs and company-wide activities. These initiatives strengthen alignment, reinforce organizational culture and support collaboration.

Digital platforms enhance access and efficiency. The SM Integrated Life Enablement (SMILE) system, powered by Darwinbox, streamlines HR processes, while the SM Life mobile application supports coaching, mentoring and peer recognition.

Diversity, Equity and Inclusion

SM Prime maintains workforce diversity across gender, geography and generations. Diversity, equity and inclusion are integrated into recruitment, compensation, development and workplace policies.

Many of SM Prime’s leaders trace their roots to the Visayas and Mindanao regions, while women represent 56% of the workforce. The Company supports the UN Women’s Empowerment Principles and complies with regulations that protect women and working parents.

Inclusive hiring extends to persons with disabilities through partnerships with organizations such as the Autism Society Philippines. Training programs support workplace readiness and awareness across conditions including autism, Down syndrome and Attention-Deficit/Hyperactivity Disorder (ADHD).

Policies on non-discrimination and workplace safety are enforced through training and reporting mechanisms, supporting a safe and inclusive work environment.

Pay parity is maintained across employee levels, with minimal variation in female-to-male salary ratios in 2025. This reflects the consistent application of compensation frameworks and disciplined governance over remuneration.



Salary Parity by Employee Level

Category	Average Female Salary: Average Male Salary		
	2025	2024	2023
Senior Management	1.05:1	1:1	1:1
Middle Management	1.02:1	1:1	1:1
Junior Management	1.02:1	1:1	1:1
Rank-and-file	1.03:1	1:1	1:1

Safety, Health and Wellness

SM Prime provides comprehensive support for employee health, safety and well-being, including healthcare benefits, annual medical assessments, insurance coverage and workplace clinics.

activities that support overall well-being. Workplace design features such as recreational and fitness facilities, open stairways and quiet spaces support physical and mental health.

Training programs cover occupational safety, emergency preparedness, disaster resilience and regulatory compliance. Monitoring systems and communication channels enable timely response to workplace risks.

Occupational health and safety performance improved significantly in 2025, with zero fatalities and zero lost-time injuries recorded for both employees and contractors. This improvement reflects strengthened safety controls, enhanced oversight, and the effective implementation of risk management practices.

Wellness initiatives include mental health programs, stress management sessions and employee-led

Occupational Health and Safety Performance

Employees	2025**	2024*	2023*
No. of fatalities	0	0	0
No. of lost-time injuries	0	0	1,833
Total Hours Worked	26,848,000	30,902,744	21,786,529

Contractors	2025**	2024*	2023*
No. of fatalities	0	1	2
No. of lost-time injuries	0	64	266
Total Hours Worked	7,346,000	62,924,540	167,965,824

*Data for contractors only includes SCMC
**Data includes the top 4 contractors for facility maintenance, administrative and security personnel. Contractors related to construction are not included since they are directly reporting their OHS data to the Department of Labor and Employment.

Community Engagement and Volunteerism

Employee engagement extends to volunteerism programs implemented by Business Units, partner organizations and SM Cares.

In 2025, 4,947 SM Prime employees contributed 21,580 volunteer hours across activities such as tree planting, blood donation, outreach programs, relief operations, environmental initiatives, among others.

Environmental programs included nationwide coastal clean-up activities involving over 50,000 volunteers, resulting in the collection of more than 210,000 kilograms of waste. Participation was supported by over 500 partner groups, including private organizations, government agencies, NGOs, schools, civil society and local communities.

Social inclusion initiatives, including Angels Walk and Happy Walk, mobilized over 18,000 participants in support of persons with disabilities.

These efforts contribute to environmental management and social inclusion objectives, while reinforcing employee engagement and participation in community-focused programs. Recognition

In 2025, SM Prime was recognized as one of the Philippines’ Best Employer Brands, with awards in employee volunteerism, leadership development and HR transformation. The Company was also certified as a Great Place to Work, with 83% of employees affirming a positive workplace experience, above the national benchmark of 65%.

SM Supermalls received multiple recognitions at the HR Asia Awards, including Best Companies to Work For, Sustainable Workplace, Most Caring Company and Tech Empowerment distinctions, as well as awards from the Economic Times Human Capital Awards and the HR Excellence Awards Philippines.

These recognitions reflect continued investment in workforce development and organizational practices.

Supply Chain

SM Prime integrates responsible procurement and supplier management into its operations to support quality, compliance and ethical standards across its developments. The supply chain is managed through structured processes that align with the Company’s governance framework and sustainability objectives.

Supplier accreditation is a core control. Prospective vendors undergo evaluation covering legal compliance, financial capacity, technical capability and adherence to environmental and social requirements. This ensures that only qualified and compliant suppliers are engaged, reducing operational and reputational risk.

Digital vendor portals support procurement execution. These platforms enable supplier registration, accreditation, documentation submission and status tracking, and provide access to procurement opportunities. The use of digital systems improves process efficiency, strengthens auditability and supports transparent supplier engagement.

Procurement practices are guided by policies that emphasize fairness, accountability and compliance. Suppliers are required to adhere to applicable laws and standards, including those related to labor, environment and ethical conduct. These requirements are aligned with the Company’s Code of Ethics, Anti-Corruption and Bribery Policy and Manual on Corporate Governance, ensuring consistency between internal controls and external partnerships.

Local Procurement and MSME Inclusion

Local Supplier Share	97%
Local Vendor Spend Share	99%
MSME Partners	16,900

Local sourcing remains a key feature of procurement. In 2025, SM Prime engaged 3,144 suppliers, of which 97% were locally based. Total procurement spend reached Php 21.7 billion, with 99% directed to local vendors. This approach supports supply chain resilience and contributes to local economic activity.

Micro, small and medium enterprises (MSMEs) form a significant part of the Company’s ecosystem. Approximately 16,900 MSME partners operated across SM Prime developments in 2025, participating as unique tenants, suppliers and service providers. Recognition programs such as the Champions’ Wall highlight partner contributions and strengthen long-term engagement.

Supplier capability is supported through training and engagement programs covering procurement processes, sustainability practices, safety standards and operational guidelines. These initiatives reinforce compliance and support consistent service delivery across the network.

SM Prime maintains ongoing communication channels with suppliers through its digital platforms and Business Units, enabling coordination, issue resolution and continuous improvement. Environmental and labor compliance remain integral to supplier accreditation and performance management, supporting responsible and sustainable supply chain practices.



SM Cares, the corporate social responsibility arm of SM Supermalls, implements programs that support environmental management, education and social inclusion across the communities served by SM Prime. Its initiatives leverage the scale and accessibility of SM's nationwide footprint to deliver measurable social and environmental outcomes.

Environmental Programs

SM Cares implements coastal clean-up activities to address marine pollution and support community health and flood risk reduction. In September 2025, it led its biggest cleanup yet at SM by the BAY in celebration of SM Supermalls' 40th anniversary.

Over 48,800 volunteers participated in simultaneous activities across 28 SM malls nationwide, strengthening public engagement in environmental stewardship under the #SMWasteFreeFuture program.

Education and Literacy

The Book Nook program provides accessible reading and learning spaces within SM malls. Since its launch, the initiative has expanded through donation drives and partnerships with libraries and learning centers.

In 2025, over 70,000 books were collected and distributed to 88 partner institutions, benefiting an estimated 219,936 learners, families and

educators. The program supports literacy development, community engagement and cultural awareness through accessible and inclusive learning spaces.

Social Inclusion

SM Cares implements programs that promote inclusion of persons with disabilities (PWDs) through partnerships with advocacy organizations. In 2025, large-scale events such as Angels Walk and Happy Walk mobilized tens of thousands of participants nationwide, raising awareness and supporting inclusion of individuals with autism and Down syndrome.

SM Prime and its Business Units also conduct emergency preparedness programs tailored for vulnerable groups, including PWDs and senior citizens, to improve disaster readiness and access to safety information.

Women and Community Programs

Programs supporting women focus on health, safety and community participation. In 2025, initiatives under Women on Fire, implemented in partnership with government agencies and development organizations, reached more than 25,000 participants.

These programs highlight the role of women in disaster preparedness and community resilience, while mall-based facilities such as breastfeeding stations support everyday needs of families.

Community Giving

To cap the year, SM Cares implemented its Besties of Joy program, now in its 12th year, enabling broad-based participation in supporting children nationwide through a buy-one, donate-one model.

In 2025, approximately 100,000 units were distributed to children across 72 partner communities, with participation from customers, tenants and corporate partners. The program expands access to basic goods and strengthens collaboration with local organizations.



Scan the QR code to learn more about SM Cares.

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

SM Prime net income is at ₱48.8 billion in 2025

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

	Twelve Months Ended December 31				
	2025	% to Revenues	2024	% to Revenues	% Change
Profit and Loss Data					
Revenues	141,107	100%	140,391	100%	1%
Costs and Expenses	69,376	49%	72,354	52%	-4%
Operating Income	71,731	51%	68,037	48%	5%
Net Income	48,848	35%	45,632	33%	7%
EBITDA	86,388	61%	82,167	59%	5%
	Dec 31 2025	% to Total Assets	Dec 31 2024	% to Total Assets	% Change
Balance Sheet Data					
Total Assets	1,093,879	100%	1,019,431	100%	7%
Investment Properties	665,641	61%	601,340	59%	11%
Total Debt	422,754	39%	389,920	38%	8%
Net Debt	395,109	36%	358,674	35%	10%
Total Equity	465,558	43%	433,093	42%	7%
	Consolidated				
	Dec 31 2025	Dec 31 2024			
Financial Ratios					
Current Ratio*	2.00	2.19			
Acid Test Ratio*	1.08	1.18			
Solvency Ratio	1.75	1.75			
Debt to Equity	48:52	47:53			
Net Debt to Equity	46:54	45:55			
Return on Equity	11%	11%			
Net Income Margin	35%	33%			
Asset to Equity	2.35	2.35			
Interest Coverage Ratio	6.61	5.90			
Debt to EBITDA	4.89	4.75			

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

Revenues

SM Prime recorded consolidated revenues of Php 141.11 billion in 2025, an increase of 1% from Php 140.39 billion in 2024, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of Php 83.57 billion in 2025, a 6% increase from Php 78.67 billion. Of this, 86% was contributed by malls, while 14% came from offices, hotels, and convention centers.

Real Estate Sales

SM Prime’s real estate sales amounted to Php 40.63 billion in 2025, coming from sales take-up and construction accomplishments of ongoing projects, including Gold Towers Residential-Offices and Ice Tower in Parañaque, Calm Residences in Laguna, Joy Residences in Bulacan, and Jade Residences in Makati.

Other Revenues

SM Prime’s other revenues stood at Php 16.91 billion in 2025, an increase of 7 from Php 15.81 billion. These include ice skating, bowling, amusement and recreation operations, sale of food and beverages in hotels, sponsorships and advertising revenues, and cinema and event ticket sales. Movies shown during the year include Final Destination: Bloodlines, The Conjuring: Last Rites, Demon Slayer: Kimetsu no Yaiba – Infinity Castle, Avatar: Fire and Ash, and Wicked: For Good.

Costs and Expenses

SM Prime recorded consolidated costs and expenses of Php 69.38 billion in 2025, a decrease of 4% from Php 72.35 billion, mainly due to lower operating expenses, including depreciation and amortization, taxes and licenses, marketing and selling expenses, utilities, and manpower costs. Gross profit margin on real estate was 57% in 2025.

Other Income (Charges)

Interest Expense

SM Prime’s consolidated interest expense was Php 13.08 billion in 2025. This relates to interest-bearing debt used for various capital expenditure requirements and to refinance existing debt, net of capitalized interest on proceeds used for construction and development of investment properties.

Interest, Dividend and Others - net

Interest, dividend, and other income (net) amounted to Php 2.34 billion in 2025, compared to Php 2.74 billion. This consists of interest income from cash and cash equivalents, dividend income from equity instruments, equity in net earnings from associates and joint ventures, and foreign exchange gains and losses.

Provision for income tax - net

SM Prime’s consolidated provision for income tax was Php 11.27 billion in 2025, compared to Php 10.30 billion.

Net income attributable to Parent

SM Prime’s net income attributable to the Parent increased by 7% to Php 48.85 billion in 2025, compared to Php 45.63 billion.

Balance Sheet

SM Prime’s total assets increased by 7% to Php 1,093.88 billion from Php 1,019.43 billion as of December 31, 2025 and December 31, 2024, respectively.

Cash and cash equivalents decreased to Php 27.65 billion from Php 31.25 billion, mainly due to capital expenditures and payments of dividends and maturing debts, net of collections from operations.

Receivables and contract assets decreased to Php 86.19 billion from Php 92.51 billion, mainly due to collections made during the year.

Equity instruments at FVOCI decreased to Php 19.01 billion from Php 21.19 billion, with a corresponding 12% decrease in net fair value changes to Php 15.63 billion from Php 17.81 billion, due to changes in fair values within the portfolio.

Derivatives (net) decreased to Php 3.26 billion from Php 4.72 billion, mainly due to net fair value changes on interest rate and foreign exchange swap transactions and maturities during the year. Net fair value changes on cash flow hedges decreased to an unrealized loss of Php 0.59 billion from an unrealized gain of Php 0.60 billion.

Prepaid expenses and other current assets decreased to Php 19.24 billion from Php 28.43 billion. These consist of advances to contractors and suppliers, and the current portion of input and creditable withholding taxes.

In 2025, input and creditable withholding taxes carried over from December 31, 2024, amounting to Php 11.31 billion, were reclassified as other noncurrent assets.

Investment properties increased to Php 665.64 billion from Php 601.34 billion, primarily due to ongoing integrated commercial developments, construction of new malls, hotels, and convention centers, and redevelopment of existing malls, net of depreciation.

Investments in associates and joint ventures increased to Php 35.53 billion from Php 33.11 billion, due to equity in net earnings, net of dividends received.

Property and equipment increased by 12% to Php 1.67 billion from Php 1.49 billion, primarily due to additions, net of depreciation.

Deferred tax assets (net) increased to Php 1.91 billion from Php 1.63 billion, while deferred tax liabilities (net) increased to Php 15.71 billion from Php 13.92 billion, mainly due to unrealized gross profit on real estate sales for tax purposes.

Other noncurrent assets increased to Php 159.35 billion from Php 126.79 billion, including the noncurrent portion of receivables from real estate sales, bonds and deposits for land acquisition, and input and creditable withholding taxes.

Income tax payable decreased to Php 0.94 billion from Php 1.61 billion, mainly due to payments, net of provisions.

Long-term debt and loans payable increased to Php 422.75 billion from Php 389.92 billion, mainly due to new loan availments, net of repayments.

Other noncurrent liabilities increased to Php 48.87 billion from Php 43.37 billion, due to higher retention payables and deferred output VAT related to residential sales.

Cumulative translation adjustment increased to Php 5.37 billion from Php 3.14 billion, due to foreign exchange movements. Meanwhile, remeasurement loss on defined benefit obligation increased by 8% to Php 0.85 billion from Php 0.79 billion, due to actuarial losses.

Treasury stock increased to Php 4.23 billion from Php 2.98 billion, due to share buybacks.

Non-controlling interests increased to Php 3.52 billion from Php 3.15 billion, due to higher net income attributable to non-controlling interests, net of dividends declared.

The Company has no known direct or contingent financial obligations that are material, including any default or acceleration of obligations. There were no contingent liabilities or assets recorded in the balance sheet. The Company also has no off-balance sheet transactions, arrangements, or obligations as of the reporting date.

As of December 31, 2025, retained earnings appropriated amounted to Php 170 billion, intended to fund capital expenditures for planned construction projects and land banking activities from 2026 to 2029.



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, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

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

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

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

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

Henry T. Sy, Jr.
Chairman

Jeffrey C. Lim
President

John Nai Peng C. Ong
Chief Finance Officer

Signed this 16th of February, 2026

SM PRIME

MOA Square, Seashell Lane cor. Coral Way.

Report of the Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities to ensure the integrity and adequacy of the financial reporting process, the internal control system, the audit process, and compliance with pertinent laws, rules and regulations. The Committee likewise oversees special investigations as may be necessary and reviews its Charter periodically.

In compliance with the Audit Committee Charter, the Revised Manual on Corporate Governance and pertinent laws, rules and regulations, we confirm that:

- The Audit Committee is composed of three (3) members, namely, independent directors Mr. J. Carlitos G. Cruz, Justice Estela M. Perlas-Bernabe (ret.) and Committee Chairperson, Mr. Amando M. Tetangco, Jr.
- We met four (4) times in 2025 on the following dates: February 17, April 29, August 4 and November 11. All meetings registered 100% attendance of all members.
- Each member of the committee possesses adequate knowledge and competence in Finance and Accounting processes.

Profile/Qualifications of the Members of Audit Committee:

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

Mr. Tetangco was the third Governor of the Bangko Sentral ng Pilipinas (BSP) and Chairman of the Monetary Board, and served for two consecutive 6-year terms from July 2005 to July 2017. He was a career central banker for over four decades, having joined the Central Bank of the Philippines on 25 March 1974. During his term as Governor, he held

other government positions, such as the Chairman of the Anti-Money Laundering Council, the Financial Stability Coordination Council, and the Philippine International Convention Center. He was also Vice-Chair of the Agriculture Credit Policy Council; and a member of the Capital Markets Development Council and the Export Development Council. Prior to his first appointment as Governor in 2005, he was Deputy Governor in charge of the Banking Services Sector, Economic Research and Treasury of the BSP. He also was the Alternate Executive Director of the International Monetary Fund in Washington, D.C. from 1992 to 1994. Before joining the Central Bank, he worked at the Management Services Division of SGV and Co. in 1973-74.

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

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

Mr. 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.

MR. J. CARLITOS G. CRUZ (Member, Independent Director) – Mr. J. Carlitos G. Cruz was elected as an Independent Director of the Board of Directors of SM Prime in April 2021. He is concurrently an independent director of Transnational Diversified Group, Inc., Federal Land, Inc., Asialink Finance

Corporation and related companies namely Global Dominion Financing Incorporated, South Asialink Finance Corporation, Global Cebuana Finance Inc., Cebuana Cycle Financing, Inc., AFC SME Finance Inc., Global SME Loans, Inc., Wisefund Finance Corp., Cycle Financing Corp., Surecycle Financing Corp., Cepat Kredit Financing, Inc., Forbes Lending Solutions Corporation and Annapolis Finance, Inc. and MarcoPay and its subsidiaries such as MCP Finance, Inc. and MCP Insurance Management and Agency, Inc., and an independent trustee of the MPIC Beneficial Trust Fund. He is also an independent director of Vivant Corporation which is a listed company. He is also a member of the Makati Business Club, Inc. and Management Association of the Philippines. Mr. Cruz joined SGV and Co. (EY Philippines) in 1981 and was admitted to the partnership in 1995. He was later on appointed Chairman and Managing Partner in 2017 until 2019. Concurrent with his role as SGV Chairman and Managing Partner, he was also Chairman and President of the SGV Foundation. He also became President of Association of Certified Public Accountants in Public Practice (ACPAPP) in 2017, and in 2018, assumed the presidency of the ACPAPP Foundation. Mr. Cruz has also been active in supporting the Government's efforts to promote business and trade by participating in Presidential business delegations to various countries, including Thailand during the terms of President Joseph Estrada, President Cory Aquino and President Rodrigo Duterte; Europe and Japan during the term of President Benigno Aquino III; and Russia during the term of President Rodrigo Duterte. Mr. Cruz graduated from the University of Santo Tomas with a Bachelor of Science in Commerce degree and is a Certified Public Accountant (CPA). He completed the Advanced Management Program of the Harvard Business School in 2007. He has been conferred with numerous awards, including the "Parangal San Mateo" from the Philippine Institute of Certified Public Accountants. The award is the highest honor given to a CPA in honor of his significant contributions to the accountancy profession. He was also conferred by the Philippine Regulatory Board of Accountancy as a recipient of the Accounting Centenary Award of Excellence given to the 100 most notable CPAs in Philippine Accounting history. In 2025, Mr. Cruz was awarded the St. Francis of Assisi Peace Fellow Award by the Lourdes School of Quezon City to selected alumni who have exhibited exemplary leadership and outstanding service in their respective fields.

JUSTICE ESTELA M. PERLAS BERNABE (Ret.) (Member, Independent Director) - Estela M. Perlas – Bernabe was Senior Associate Justice of the Supreme Court of the Philippines. She is a member of the Panel of Arbitrators of the Singapore

International Arbitration Centre since February 2025. She is also an independent director of BDO Unibank, Inc., BDO Private Bank, Aboitiz Power Corporation, San Miguel Food & Beverage, Inc., Converge Information and Communications Technology Solutions, Inc., and Petrogen Insurance Corporation. She is also a director of PHILJA (Philippine Judicial Academy) Development Center, Inc. and a trustee of the Foundation for Liberty and Prosperity.

Justice Perlas – Bernabe served the Philippine Judiciary in various capacities. She was appointed as Associate Justice of the Supreme Court in 2011 and was Division Chairperson of the Second Division from 2019 until her retirement in 2022. She was also the Bar Examinations Chairperson in 2019. Prior to her appointment to the Supreme Court, she was Associate Justice of the Court of Appeals from 2004 to 2011; Regional Trial Court Judge of Makati City from 2000 to 2004; and Metropolitan Trial Court Judge of the same city from 1996 to 2000. After passing the bar in 1977, she served as Technical Assistant in the Supreme Court under the Office of Court Administrator Lorenzo Relova.

In addition to her solid background in the Philippine Judiciary, she was also a law professor at the Ateneo Law School from 2009 to 2011 and engaged in private legal practice under Bernabe Perlas Morte & Associates as Senior Partner from 1993 to 1996. She also worked in various private and public offices from 1978 to 1993 namely, China Banking Corporation, Paramount Finance Corporation, and National Home Mortgage Finance Corporation.

Justice Perlas – Bernabe completed her Bachelor of Science in Commerce Banking and Finance at St. Paul College of Manila and graduated Magna Cum Laude in 1972. She earned her law degree in Ateneo College of Law, graduating as Class Salutatorian in 1976 and passed the bar in 1977 with a rating of 85.15%.

In recognition of her exemplary service and track record, the Supreme Court created an award in her name called "The Senior Associate Justice Estela Perlas- Bernabe Exemplary Career Jurist Award" an award bestowed to a distinct set of Justices of the Supreme Court who have served the Judiciary in all court levels, particularly from a trial court to a lower collegiate court and finally up to the Supreme Court, and have achieved a zero backlog or zero docket upon every promotion to the next-level court until their retirement from the Supreme Court. She also received various awards and distinctions namely, "Judicial Medal of Distinction" in 2022 (Supreme Court of the Philippines), "Distinguished

Alumni Award for the Judiciary" in 2018 (Ateneo de Manila Alumni Association, Inc.), "Gawad Dangal ng Lipi" in 2012 (Provincial Government of Bulacan), Gawad Parangal 2008 as Outstanding Alumna for Dedicated Service to Country and People (St. Paul University Manila), Court of Appeals Award for Exemplary Performance in 2007 (CA Award of Recognition for Outstanding Performance in Case Disposition), and Natatanging Babaeng Hukom in 2003 (Municipality of Plaridel, Bulacan), among others.

• We have reviewed and approved the following with regard to our independent auditor, SGV & Co., and our Internal Auditor:

- ✓ Their respective audit plans, scope, risk-based methods and timetables;
- ✓ Their assessment of internal controls, including controls over financial reporting; and
- ✓ The results of their examinations and Management's action plans to address pending audit issues;

• We have received and reviewed the report of SGV & Co. on significant accounting issues, changes in accounting principles and relevant pending tax legislations, which could impact SM Prime;

• We have reviewed and approved the results of all audit services provided by SGV & Co. and related audit fees;

• We have met independently with SGV & Co. to ensure that proper checks and balances are in place within the corporation;

• We have reviewed the internal control system of the Company based on the assessments completed and reported by internal and external auditors and found that the system is adequate and effective;

• We have discussed with SGV & Co. matters required to be discussed by prevailing applicable Philippine Auditing Standards, received written disclosures and the management letter from SGV & Co., as required by prevailing applicable Independence Standards, and discussed with SGV & Co. its independence;

• We have reviewed the financial statements of SM Prime Holdings, Inc. for the first quarter ended March 31, 2025, second quarter ended June 30, 2025, and third quarter ended September 30, 2025;

• After thorough review and discussion, and subject to the limitations on the Committee's roles and responsibilities, we recommended for Board approval, and the Board approved, the audited financial statements of SM Prime Holdings, Inc. for the year ended December 31, 2025; and

• We have reviewed and discussed the performance, independence and qualifications of the independent auditor, SGV & Co., in the conduct of its audit of the financial statements of SM Prime Holdings, Inc. for the year 2025. Based on the review of their performance and qualifications, the Committee also recommends the re-appointment of SGV & Co. as external auditor for 2026.



AMANDO M. TETANGCO, JR.
Chairperson



J. CARLITOS G. CRUZ
Member



ESTELA M. PERLAS-BERNABE
Member



Sycip Gorres Velayo & Co.
6700 Ayala Avenue
1226 Makati City
Philippines
Tel: (092) 8801 8807
Fax: (092) 8819 0972
sgv.ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
SM Prime Holdings, Inc.

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, 2025 and 2024, 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, 2025, 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, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of financial statements of public interest entities 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.



Integrated Report 2025 of SM Prime Holdings, Inc.



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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) application of the output method as the measure of progress in determining revenue from sale of real estate; (3) determination of the costs incurred as cost of real estate sold; and (4) 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 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 costs incurred to be recognized as cost of real estate sold, the Company accumulates materials, labor and overhead costs, including costs that were incurred but not yet billed by the contractor.

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

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

Audit Response

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



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

For the determination of the costs incurred as cost of real estate sold, we selected projects and traced the costs accumulated during the year, including those incurred but not yet billed costs, to supporting documents such as contractors billing invoices, certificates of progress acceptance, POC reports, official receipts and accomplishment reports, among others.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, 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, 2025 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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



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

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

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

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

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

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



A document item of Unim & Viasa (00004-100000)



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

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

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

SYCIP GORRES VELAYO & CO.

Juan Miguel P. Machuca

Juan Miguel P. Machuca
Partner

CPA Certificate No. 116998

Tax Identification No. 226-074-253

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

SEC Partner Accreditation No. 116998-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements,
with extension up to audit of 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

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

PTR No. 10765073, January 2, 2026, Makati City

February 16, 2026



A document item of Unim & Viasa (00004-100000)

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SM PRIME HOLDINGS, INC. AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEETS**

(Amounts in Thousands)

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 18, 25 and 26)	₱27,645,144	₱31,246,171
Receivables and contract assets (Notes 6, 18, 25 and 26)	86,190,422	92,506,904
Real estate inventories (Note 7)	74,107,710	76,927,527
Equity instruments at fair value through other comprehensive income (FVOCI) (Notes 8, 25 and 26)	717,171	794,433
Derivative assets (Notes 25 and 26)	3,298,744	780,087
Prepaid expenses and other current assets (Note 9)	19,242,478	28,426,708
Total Current Assets	211,201,669	230,681,830
Noncurrent Assets		
Derivative assets - net of current portion (Notes 25 and 26)	287,182	3,990,740
Equity instruments at FVOCI - net of current portion (Notes 8, 18, 25 and 26)	18,290,879	20,392,800
Investment properties (Notes 11, 16, 24 and 26)	665,641,251	601,339,921
Investments in associates and joint ventures (Note 12)	35,534,519	33,108,359
Property and equipment (Note 10)	1,666,905	1,493,295
Deferred tax assets - net (Note 23)	1,905,912	1,634,307
Other noncurrent assets (Notes 6, 9, 13, 18, 22, 25 and 26)	159,350,348	126,789,478
Total Noncurrent Assets	882,676,996	788,748,900
	₱1,093,878,665	₱1,019,430,730
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable (Notes 14, 18, 25 and 26)	₱13,762,649	₱17,312,356
Accounts payable and other current liabilities (Notes 15, 18, 25 and 26)	104,777,023	103,788,961
Current portion of long-term debt (Notes 16, 18, 25 and 26)	85,531,993	89,287,442
Current portion of derivative liabilities (Notes 25 and 26)	39,354	—
Income tax payable	943,694	1,606,324
Total Current Liabilities	205,054,713	211,995,083
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 16, 18, 25 and 26)	323,459,597	283,320,341
Tenants' and customers' deposits - net of current portion (Notes 15, 24, 25 and 26)	31,420,483	30,528,879
Deferred tax liabilities - net (Note 23)	15,709,068	13,923,287
Derivative liabilities - net of current portion (Notes 25 and 26)	286,564	50,447
Other noncurrent liabilities (Notes 15, 22, 25 and 26)	48,869,553	43,372,203
Total Noncurrent Liabilities	419,745,265	371,195,157
Total Liabilities	624,799,978	583,190,240

(Forward)



	December 31	
	2025	2024
Equity Attributable to Equity Holders of the Parent		
Capital stock (Notes 17 and 27)	₱33,166,300	₱33,166,300
Additional paid-in capital - net (Note 17)	38,068,655	38,164,173
Cumulative translation adjustment	5,368,753	3,135,756
Net fair value changes of equity instruments at FVOCI (Note 8)	15,628,583	17,807,766
Net fair value changes on cash flow hedges	(586,197)	604,031
Remeasurement loss on defined benefit obligation - net (Note 22)	(852,161)	(792,229)
Retained earnings (Note 17):		
Appropriated	170,000,000	100,000,000
Unappropriated	208,990,805	243,991,970
Treasury stock (Notes 17 and 27)	(4,227,113)	(2,984,695)
Total Equity Attributable to Equity Holders of the Parent	465,557,625	433,093,072
Non-controlling Interests	3,521,062	3,147,418
Total Equity	469,078,687	436,240,490
	₱1,093,878,665	₱1,019,430,730

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		
	2025	2024	2023
REVENUE			
Rent (Notes 11, 18 and 24)	P83,566,635	P78,673,921	P72,113,957
Real estate sales (Note 7)	40,632,813	45,904,595	42,040,409
Others (Notes 18 and 19)	16,907,567	15,812,356	13,943,175
	141,107,015	140,390,872	128,097,541
COSTS AND EXPENSES (Notes 18, 20 and 22)	69,376,249	72,353,754	66,818,300
INCOME FROM OPERATIONS	71,730,766	68,037,118	61,279,241
OTHER INCOME (CHARGES)			
Interest expense (Notes 6, 14, 16, 18 and 21)	(13,076,365)	(13,934,024)	(13,963,271)
Interest and dividend income (Notes 5, 6, 8, 13, 18 and 21)	2,392,172	2,228,723	2,185,156
Others - net (Notes 7, 10, 11, 12, 15 and 16)	(48,632)	510,648	338,693
	(10,732,825)	(11,194,653)	(11,439,422)
INCOME BEFORE INCOME TAX	60,997,941	56,842,465	49,839,819
PROVISION FOR INCOME TAX (Note 23)			
Current	9,706,871	9,034,395	8,211,259
Deferred	1,564,537	1,268,634	764,715
	11,271,408	10,303,029	8,975,974
NET INCOME	P49,726,533	P46,539,436	P40,863,845
Attributable to:			
Equity holders of the Parent (Notes 17 and 27)	P48,847,730	P45,631,764	P40,010,501
Non-controlling interests (Note 17)	878,803	907,672	853,344
	P49,726,533	P46,539,436	P40,863,845
Basic/Diluted earnings per share (Note 27)	P1.694	P1.581	P1.387
Dividend per share (Note 17)	P0.480	P0.346	P0.237

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		
	2025	2024	2023
NET INCOME	P49,726,533	P46,539,436	P40,863,845
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 FVOCI (Note 8)	(2,179,183)	869,974	2,705,989
Remeasurement gain (loss) on defined benefit obligation (Note 22) - net of tax	(61,551)	272,552	(134,611)
	(2,240,734)	1,142,526	2,571,378
Items that may be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustment	2,232,997	579,617	(879,032)
Net fair value changes on cash flow hedges	(1,190,228)	(475,063)	(1,905,511)
	(1,197,965)	1,247,080	(213,165)
TOTAL COMPREHENSIVE INCOME	P48,528,568	P47,786,516	P40,650,680
Attributable to:			
Equity holders of the Parent (Note 17)	P47,651,384	P46,876,500	P39,798,392
Non-controlling interests	877,184	910,016	852,288
	P48,528,568	P47,786,516	P40,650,680

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, 2025, 2024 AND 2023
(Amounts in Thousands)**

Equity Attributable to Equity Holders of the Parent

	Capital Stock (Notes 17 and 27)	Additional Paid-in Capital - Net (Note 17)	Cumulative Translation Adjustment	Net Fair Value Changes of Equity Instruments at FVOCI (Note 8)	Net Fair Value Changes on Cash Flow Hedges
At January 1, 2025	P33,166,300	P38,164,173	P3,135,756	P17,807,766	P604,031
Net income for the year	-	-	-	-	-
Other comprehensive income (loss)	-	-	2,232,997	(2,179,183)	(1,190,228)
Total comprehensive income (loss) for the year	-	-	2,232,997	(2,179,183)	(1,190,228)
Cash dividends (Note 17)	-	-	-	-	-
Cash dividends received by a subsidiary (Note 17)	-	-	-	-	-
Cash dividends received by non-controlling interests	-	-	-	-	-
Reversal of appropriation (Note 17)	-	-	-	-	-
Appropriation during the year (Note 17)	-	-	-	-	-
Sale of non-controlling interest (Note 17)	-	458	-	-	-
Equity reserve from common control acquisition of asset (Note 2)	-	(95,976)	-	-	-
Acquisition of treasury shares (Note 17)	-	-	-	-	-
At December 31, 2025	P33,166,300	P38,068,655	P5,368,753	P15,628,583	(P586,197)
At January 1, 2024	P33,166,300	P38,159,900	P2,556,139	P16,938,503	P1,079,094
Net income for the year	-	-	-	-	-
Other comprehensive income (loss)	-	-	579,617	869,974	(475,063)
Total comprehensive income (loss) for the year	-	-	579,617	869,974	(475,063)
Cash dividends (Note 17)	-	-	-	-	-
Cash dividends received by a subsidiary (Note 17)	-	-	-	-	-
Cash dividends received by non-controlling interests	-	-	-	-	-
Net fair value changes of equity instruments at FVOCI reclassified to retained earnings	-	-	-	(711)	-
Reversal of appropriation (Note 17)	-	-	-	-	-
Appropriation during the year (Note 17)	-	-	-	-	-
Sale of non-controlling interest (Note 17)	-	4,273	-	-	-
At December 31, 2024	P33,166,300	P38,164,173	P3,135,756	P17,807,766	P604,031

	Capital Stock (Notes 17 and 27)	Additional Paid-in Capital - Net (Note 17)	Cumulative Translation Adjustment	Net Fair Value Changes of Equity Instruments at FVOCI (Note 8)	Net Fair Value Changes on Cash Flow Hedges
At January 1, 2023	P33,166,300	P38,124,193	P3,435,171	P14,232,514	P2,984,605
Net income for the year	-	-	-	-	-
Other comprehensive income (loss)	-	-	(879,032)	2,705,989	(1,905,511)
Total comprehensive income (loss) for the year	-	-	(879,032)	2,705,989	(1,905,511)
Cash dividends (Note 17)	-	-	-	-	-
Cash dividends received by a subsidiary (Note 17)	-	-	-	-	-
Cash dividends received by non-controlling interests	-	-	-	-	-
Additional investment of non-controlling interest	-	-	-	-	-
Sale of non-controlling interest (Note 17)	-	35,707	-	-	-
At December 31, 2023	P33,166,300	P38,159,900	P2,556,139	P16,938,503	P1,079,094

See accompanying Notes to Consolidated Financial Statements.

Equity Attributable to Equity Holders of the Parent

Remeasurement Loss on Defined Benefit Obligation - Net (Note 22)	Retained Earnings (Note 17) Appropriated	Unappropriated	Treasury Stock (Notes 17 and 27)	Total	Non-controlling Interests	Total Equity
(P792,229)	P100,000,000	P243,991,970	(P2,984,695)	P433,093,072	P3,147,418	P436,240,490
-	-	48,847,730	-	48,847,730	878,803	49,726,533
(59,932)	-	-	-	(1,196,346)	(1,619)	(1,197,965)
(59,932)	-	48,847,730	-	47,651,384	877,184	48,528,568
-	-	(13,859,849)	-	(13,859,849)	-	(13,859,849)
-	-	10,954	-	10,954	-	10,954
-	(100,000,000)	100,000,000	-	-	(529,580)	(529,580)
-	170,000,000	(170,000,000)	-	-	-	-
-	-	-	-	458	142	600
-	-	-	-	(95,976)	25,898	(70,078)
-	-	-	(1,242,418)	(1,242,418)	-	(1,242,418)
(P852,161)	P170,000,000	P208,990,805	(P4,227,113)	P465,557,625	P3,521,062	P469,078,687
(P1,062,437)	P42,200,000	P266,143,815	(P2,984,695)	P396,196,619	P2,690,417	P398,887,036
-	-	45,631,764	-	45,631,764	907,672	46,539,436
270,208	-	-	-	1,244,736	2,344	1,247,080
270,208	-	45,631,764	-	46,876,500	910,016	47,786,516
-	-	(9,992,214)	-	(9,992,214)	-	(9,992,214)
-	-	7,894	-	7,894	-	7,894
-	-	-	-	-	(454,430)	(454,430)
-	-	711	-	-	-	-
-	(42,200,000)	42,200,000	-	-	-	-
-	100,000,000	(100,000,000)	-	-	-	-
-	-	-	-	4,273	1,415	5,688
(P792,229)	P100,000,000	P243,991,970	(P2,984,695)	P433,093,072	P3,147,418	P436,240,490

Remeasurement Loss on Defined Benefit Obligation - net (Note 22)	Retained Earnings (Note 17) Appropriated	Unappropriated	Treasury Stock (Notes 17 and 27)	Total	Non-controlling Interests	Total Equity
(P928,882)	P42,200,000	P232,972,284	(P2,984,695)	P363,201,490	P1,950,116	P365,151,606
-	-	40,010,501	-	40,010,501	853,344	40,863,845
(133,555)	-	-	-	(212,109)	(1,056)	(213,165)
(133,555)	-	40,010,501	-	39,798,392	852,288	40,650,680
-	-	(6,844,378)	-	(6,844,378)	-	(6,844,378)
-	-	5,408	-	5,408	-	5,408
-	-	-	-	-	(324,450)	(324,450)
-	-	-	-	-	201,000	201,000
-	-	-	-	35,707	11,463	47,170
(P1,062,437)	P42,200,000	P266,143,815	(P2,984,695)	P396,196,619	P2,690,417	P398,887,036

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

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P60,997,941	P56,842,465	P49,839,819
Adjustments for:			
Depreciation and amortization (Notes 10, 11, 20 and 24)	15,536,382	15,037,788	13,656,773
Interest expense (Notes 6, 14, 16, 18 and 21)	13,076,365	13,934,024	13,963,271
Interest and dividend income (Notes 5, 6, 8, 13, 18 and 21)	(2,392,172)	(2,228,723)	(2,185,156)
Equity in net earnings of associates and joint ventures (Note 12)	(2,785,499)	(2,043,010)	(2,162,611)
Loss (gain) on:			
Disposals and derecognition of investment properties and property and equipment (Notes 10, 11 and 15)	(32,264)	(24,556)	148,140
Unrealized foreign exchange and fair value changes on derivatives - net	(69,966)	417,027	76,370
Operating income before working capital changes	84,330,787	81,935,015	73,336,606
Decrease (increase) in:			
Receivables and contract assets	(9,299,693)	(23,886,248)	(16,337,056)
Real estate inventories	3,569,906	1,117,977	(5,437,721)
Prepaid expenses and other current assets (Note 9)	(2,045,436)	(1,684,842)	(2,068,144)
Increase in:			
Accounts payable and other liabilities	7,980,960	13,338,858	19,253,318
Tenants' and customers' deposits - net of current portion	758,343	5,194,630	1,573,478
Cash generated from operations	85,294,867	76,015,390	70,320,481
Income tax paid	(10,383,734)	(8,726,437)	(7,665,012)
Net cash provided by operating activities	74,911,133	67,288,953	62,655,469
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,866,622	1,595,754	1,922,233
Dividends received from investments at FVOCI and in associates and joint ventures	989,295	1,960,828	724,446
Proceeds from disposals of investment properties and property and equipment (Note 11)	12,347	464,443	90,067
Additions to:			
Investment properties (Note 11)	(76,221,138)	(69,571,345)	(63,772,055)
Property and equipment (Note 10)	(425,208)	(154,288)	(341,106)
Acquisition of a subsidiary (Note 2)	(50,000)	-	-
Decrease (increase) in other noncurrent assets (Notes 9 and 13)	(6,115,813)	1,150,456	(5,338,058)
Net cash used in investing activities	(79,943,895)	(64,554,152)	(66,714,473)

(Forward)

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	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of bank loans and long-term debt (Notes 14 and 16)	P197,104,510	P165,601,237	P111,562,913
Payments of:			
Long-term debt (Note 16)	(85,571,225)	(72,198,246)	(66,701,374)
Loans payable (Note 14)	(80,967,352)	(73,673,067)	(29,563,823)
Dividends to stockholders and non-controlling interests (Note 17)	(14,378,475)	(10,438,750)	(7,163,420)
Interest	(12,765,016)	(14,086,273)	(13,782,271)
Lease liabilities	(896,042)	(897,760)	(874,140)
Acquisition of treasury shares (Note 17)	(1,242,418)	-	-
Proceeds from matured derivatives - net	130,950	2,396,042	294,800
Net cash provided by (used in) financing activities	1,414,932	(3,296,817)	(6,227,315)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	16,803	(8,615)	43,039
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,601,027)	(570,631)	(10,243,280)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	31,246,171	31,816,802	42,060,082
CASH AND CASH EQUIVALENTS AT END OF YEAR	P27,645,144	P31,246,171	P31,816,802

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, 1300 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 16, 2026.

2. Basis of Preparation

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

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

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Statement of Compliance

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

Basis of Consolidation

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

Company	Place of Incorporation	Percentage of Ownership	
		2025	2024
Malls			
A. Canicosa Holdings, Inc.	Philippines	100.0	100.0
AD Canicosa Properties, Inc.	- do -	100.0	100.0
Britannia Trading Corp. and Subsidiaries	- do -	100.0	100.0
CHAS Realty and Development Corporation and Subsidiaries	- do -	100.0	100.0
Cherry Realty Development Corporation	- do -	100.0	100.0
Consolidated Prime Dev. Corp.	- do -	100.0	100.0
MOA Esplanade Port, Inc.	- do -	100.0	100.0
Premier Central, Inc. and Subsidiary	- do -	100.0	100.0
Premier Clark Complex, Inc.	- do -	100.0	100.0
Premier Southern Corp.	- do -	100.0	100.0
Prime Commercial Property Management Corp. and Subsidiaries	- do -	100.0	100.0
Rushmore Holdings, Inc.	- do -	100.0	100.0
San Lazaro Holdings Corporation	- do -	100.0	100.0
Simply Prestige Limited and Subsidiaries	British Virgin Islands (BVI)	100.0	100.0
SM Arena Complex Corporation	Philippines	100.0	100.0
SM Land (China) Limited and Subsidiaries	Hong Kong	100.0	100.0
SMPHI SG Holdings Pte. Ltd.**	Singapore	100.0	100.0
Southernpoint Properties Corp.	Philippines	100.0	100.0
Springfield Global Enterprises Limited	BVI	100.0	100.0
Supermalls Transport Services, Inc.	Philippines	100.0	100.0
Nagtahan Property Holdings, Inc.*	- do -	99.7	-
First Asia Realty Development Corporation	- do -	74.2	74.2
Mindpro, Incorporated	- do -	70.0	70.0
SM GUUN ENVIRONMENTAL COMPANY, INC.***	Philippines	70.0	70.0
First Leisure Ventures Group Inc. (FLVGI)	- do -	50.0	50.0
Residential			
SM Development Corporation and Subsidiaries	- 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
Hotels and Convention Centers			
SM Hotels and Conventions Corp. and Subsidiaries	- do -	100.0	100.0
Commercial, Integrated Commercial Developments			
Associated Development Corporation	- do -	100.0	100.0
Magenta Legacy, Inc.	- do -	100.0	100.0
Prime Metroestate, Inc. and Subsidiary	- 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

*In 2025, Nagtahan Property Holdings, Inc., a landholding company, was acquired by the Parent Company from SMIC. This was accounted for as common control asset acquisition with recognized equity reserve amounting to P96 million.

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

***In 2024, SM GUUN ENVIRONMENTAL COMPANY, INC. was incorporated to be engaged in recycling and repurposing waste of any kind.



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

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

Material Accounting Judgments, Estimates and Assumptions

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

Judgments

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

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

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

Revenue Recognition Method and Measure of Progress. The Company concluded that revenue from sale of completed real estate projects is to be recognized at a point in time upon meeting the threshold of buyer's equity whereas revenue from sale of real estate projects under pre-completion stage 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 Company identifies sales commissions after contract inception as cost of obtaining a contract. For contracts which qualified for revenue recognition, the related sales commissions are amortized consistent with the revenue recognition.

The 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

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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.

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.

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

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

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

Estimates and Assumptions

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

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

Revenue from sale of real estate amounted to P40,633 million, P45,905 million and P42,040 million for the years ended December 31, 2025, 2024 and 2023, respectively, while the cost of real estate sold amounted to P17,619 million, P19,141 million and P16,661 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 20).



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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 P74,108 million and P76,928 million as at December 31, 2025 and 2024, respectively (see Note 7).

Realizability of Deferred Tax Assets. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences and 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 P6,132 million and P6,047 million as at December 31, 2025 and 2024, respectively (see Note 23).

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 26.

3. Material Accounting Policy Information

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted amendments to Philippine Accounting Standards (PAS) 21, *Lack of Exchangeability* starting January 1, 2025. Adoption of this pronouncement did not have any material impact on the Company's financial position or performance.

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, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*



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- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
- Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*, the standard replaces PAS 1, *Presentation of Financial Statements*, and responds to investors' demand for better information about companies' financial performance. The new requirements include:
 - Required totals, subtotals and new categories in the statement of profit or loss
 - Disclosure of management-defined performance measures
 - Guidance on aggregation and disaggregation

The Company is ongoing assessment on the impact of PFRS 18 on its consolidated financial statements.

- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*¹

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.



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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 financial assets 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.

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

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

Financial assets at amortized cost are subsequently measured using the effective interest rate (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 P5,081 million and P3,803 million as at December 31, 2025 and 2024, respectively (see Note 26).

- *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



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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.

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.

As at December 31, 2025 and 2024, the Company has no financial assets classified 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 P19,008 million and P21,187 million as at December 31, 2025 and 2024, respectively (see Note 26).

As at December 31, 2025 and 2024, the Company has no financial assets classified at FVOCI (debt instruments).

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.



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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 expected credit loss (ECL) 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 ECLs 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, gross domestic product and unemployment 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 Republic Act No. 6552 or the *Realty Installment Buyer Protection Act* (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.



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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. As at December 31, 2025 and 2024, the Company has no financial liabilities classified at FVTPL.

- *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 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 ₱371,089 million and ₱323,283 million as at December 31, 2025 and 2024, respectively (see Note 26).

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.



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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. 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



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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. 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.

Real estate sales cancellations are accounted for as modification of the contract (i.e., from non-cancellable to being cancellable). Revenue from sale of real estate and cost of real estate sold previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. Income from forfeitures, except accounts covered by Maceda Law, is presented under "Others - net" in the consolidated statements of income.

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. The amounts are non-interest bearing and 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.



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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 and equipment. 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	

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.



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

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

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

Buildings, land and leasehold improvements	5-40 years	or term of the lease, whichever is shorter
Building equipment, furniture and others	3-15 years	or term of the lease, whichever is shorter
ROUA		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 which is upon launching of the real estate project subsequent to undertaking of necessary activities such as obtaining appropriate permits (i.e., license to sell) and technical due diligence (i.e., topography studies), and is supported 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.



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Investments in Associates and Joint Ventures

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

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

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

Other Noncurrent Assets

Other noncurrent assets consist of bonds and deposits, receivables from sale of real estate - net of current portion, land use rights, escrow and time deposits, input and creditable withholding taxes - net of current portion and others.

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.



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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.

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.

Revenue 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 completed real estate projects are recognized at a point in time upon meeting the threshold of buyer's equity whereas revenue from the sale of 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 the 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



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date/milestones reached/time elapsed. This method measures progress of work based on physical proportion of the work done, including the impact of customized uninstalled materials, on the real estate project which requires technical determination by the Company's project engineers. This is based on the monthly project accomplishment report prepared by the third-party project managers as approved by the construction managers.

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

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

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

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

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

Cost of Real Estate Sold. In determining the costs incurred to be recognized as cost of real estate sold, the Company accumulates costs on materials, labor and overhead which include costs that were incurred but not yet billed by the contractor. The Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of development and construction costs, contract fulfillment assets and cost to obtain contract. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of real estate sold while the portion allocable to the unsold area being recognized as part of real estate inventories. In addition, the Company recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances

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

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



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

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

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

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

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

Amortization, derecognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract. The Company amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion 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.



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Sale of Cinema, Event and Amusement Tickets and Merchandise. Revenue is recognized upon receipt of payment from the customer which coincides with the rendering of services or the delivery of merchandise. Revenue from sale of cinema, event and 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, Sale of Food and Beverage, and Others. Revenue from room rentals is recognized as part of "Rent" revenue based on actual occupancy, food and beverage sales when orders are served, and other operated departments when the services are rendered. Revenue from other operated departments include, among others, business center, laundry service, and telephone service. Revenue from food and beverage sales and other hotel revenue are included under the "Revenue - Others" account in the consolidated statement of income.

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.



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

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

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

Foreign Currency-denominated Transactions

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

Foreign Currency Translation

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

Leases

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

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

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



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

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

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

The Company also recognized ROUA in investment properties (land lease 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.



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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 or "Other noncurrent assets" account in the consolidated balance sheets to the extent of the recoverable amount.

Basic/Diluted Earnings Per Common Share (EPS)

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

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

Contingencies

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

Events after the Reporting Period

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



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4. Segment Information

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

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

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

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

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

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

In 2025, the Company revised its business segment information to reflect changes on how the Executive Committee monitors business units' performance. The change affects only the inter-segment presentation and has no impact on the Company's consolidated profit, assets, liabilities and equity.

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

	2025					
	Malls	Residential	Hotels and Convention Centers	Commercial and Integrated Commercial Developments	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Revenue:						
External customers	P84,923,460	P42,520,171	P8,455,767	P5,207,617	P-	P141,107,015
Inter-segment	131,560	-	-	146,184	(277,744)	-
	P85,055,020	P42,520,171	P8,455,767	P5,353,801	(P277,744)	P141,107,015
Segment results:						
Income before income tax	P43,720,657	P11,685,206	P1,757,973	P3,834,105	P-	P60,997,941
Provision for income tax	(7,684,906)	(2,683,328)	(301,164)	(602,010)	-	(11,271,408)
Net income	P36,035,751	P9,001,878	P1,456,809	P3,232,095	P-	P49,726,533
Net income attributable to:						
Equity holders of the Parent	P35,167,788	P8,991,038	P1,456,809	P3,232,095	P-	P48,847,730
Non-controlling interests	867,963	10,840	-	-	-	878,803
Segment assets	P535,061,956	P379,985,226	P28,008,229	P152,341,419	(P1,518,165)	P1,093,878,665
Segment liabilities	P331,867,175	P210,461,843	P2,495,994	P82,293,131	(P1,518,165)	P624,799,978
Other information:						
Capital expenditures*	P32,662,637	P16,934,360	P2,265,824	P30,008,050	P-	P81,870,871
Depreciation and amortization	13,525,373	303,259	835,735	872,015	-	15,536,382

*Excludes capitalized interest



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2024						
	Malls	Residential	Hotels and Convention Centers	Commercial and Integrated Commercial Developments	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Revenue:						
External customers	P79,521,978	P47,759,281	P7,783,329	P5,326,284	P-	P140,390,872
Inter-segment	130,866	4,583	-	123,667	(259,116)	-
	P79,652,844	P47,763,864	P7,783,329	P5,449,951	(259,116)	P140,390,872
Segment results:						
Income before income tax	P35,241,414	P16,124,881	P1,556,405	P3,919,765	P-	P56,842,465
Provision for income tax	(6,548,954)	(2,868,184)	(296,160)	(589,731)	-	(10,303,029)
Net income	P28,692,460	P13,256,697	P1,260,245	P3,330,034	P-	P46,539,436
Net income attributable to:						
Equity holders of the Parent	P27,796,667	P13,244,818	P1,260,245	P3,330,034	P-	P45,631,764
Non-controlling interests	895,793	11,879	-	-	-	907,672
Segment assets	P504,464,466	P572,076,929	P24,508,688	P119,893,646	(P1,512,990)	P1,019,430,730
Segment liabilities	P334,178,201	P209,997,499	P1,944,473	P48,633,066	(P1,512,990)	P583,190,240
Other information:						
Capital expenditures*	P36,627,203	P23,135,556	P1,936,888	P19,551,738	P-	P81,251,385
Depreciation and amortization	13,038,409	268,253	793,659	937,467	-	15,037,788

*Excludes capitalized interest

2023						
	Malls	Residential	Hotels and Convention Centers	Commercial and Integrated Commercial Developments	Eliminations	Consolidated Balances
<i>(In Thousands)</i>						
Revenue:						
External customers	P72,451,429	P43,730,565	P6,678,914	P5,236,633	P-	P128,097,541
Inter-segment	114,757	-	-	111,865	(276,622)	-
	P72,566,186	P43,730,565	P6,678,914	P5,348,498	(276,622)	P128,097,541
Segment results:						
Income before income tax	P29,919,542	P14,595,764	P1,256,699	P4,067,814	P-	P49,839,819
Provision for income tax	(5,592,788)	(2,441,863)	(293,913)	(647,910)	-	(8,975,974)
Net income	P24,327,254	P12,153,901	P962,786	P3,419,904	P-	P40,863,845
Net income attributable to:						
Equity holders of the Parent	P23,488,102	P12,139,709	P962,786	P3,419,904	P-	P40,010,501
Non-controlling interests	839,152	14,192	-	-	-	853,344
Segment assets	P483,546,404	P347,430,470	P20,919,522	P92,959,690	(P1,528,451)	P943,827,575
Segment liabilities	P326,494,585	P195,717,997	P1,376,358	P22,380,050	(P1,528,451)	P544,440,539
Other information:						
Capital expenditures*	P36,548,758	P25,889,383	P1,779,226	P18,567,551	P-	P82,384,918
Depreciation and amortization	11,947,192	247,802	674,242	792,557	-	13,656,773

*Excludes capitalized interest

For the years ended December 31, 2025, 2024 and 2023, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers. The 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. The disaggregation of revenues based on nature (type of goods or service) is presented in the consolidated statement of income (i.e., rent and real estate sales). Nature of other revenues is further disaggregated in Note 19 to the consolidated financial statements. The timing of material revenue is disclosed in Notes 3 and 7 to the consolidated financial statements.



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Seasonality

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

5. Cash and Cash Equivalents

This account consists of:

	2025	2024
<i>(In Thousands)</i>		
Cash on hand and in banks (see Note 18)	P4,464,410	P4,396,389
Temporary investments (see Note 18)	23,180,734	26,849,782
	P27,645,144	P31,246,171

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 P1,355 million, P1,418 million and P1,450 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).

6. Receivables and Contract Assets

This account consists of:

	2025	2024
<i>(In Thousands)</i>		
Trade:		
Sale of real estate (billed and unbilled)*	P163,713,207	P152,492,378
Rent:		
Third parties	10,204,432	10,745,461
Related parties (see Note 18)	3,734,393	3,704,992
Accrued interest (see Note 18)	302,141	370,865
Nontrade and others (see Note 18)	3,274,337	5,031,479
	181,228,510	172,345,175
Less allowance for ECLs	735,876	774,250
	180,492,634	171,570,925
Less noncurrent portion of trade receivables from sale of real estate (see Note 13)	94,302,212	79,064,021
	P86,190,422	P92,506,904

*Includes unbilled revenue from sale of real estate amounting to P137,787 million and P133,475 million as at December 31, 2025 and 2024, respectively.



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

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

The Company assigned billed and unbilled receivables from sale of real estate on a without recourse basis to local banks amounting to ₱13,188 million and ₱6,967 million for the years ended December 31, 2025 and 2024, respectively (see Note 18).

The discount on sale of receivable amounted to ₱336 million, ₱78 million and ₱717 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).

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

Interest income earned from receivables totaled ₱301 million, ₱171 million and ₱232 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).

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 receivables from sale of real estate (billed and unbilled) and other receivables as of December 31, 2025 and 2024 (see Note 25). The movements in the allowance for ECLs related to receivables from rent are as follows:

	2025	2024
	<i>(In Thousands)</i>	
At beginning of year	₱774,250	₱777,378
Reversals - net of provision	(38,374)	(3,128)
At end of year	₱735,876	₱774,250

The aging analysis as at December 31 are as follows:

	2025	2024
	<i>(In Thousands)</i>	
Neither past due nor impaired	₱151,410,257	₱152,472,997
Past due:		
Less than 30 days	6,257,983	4,696,082
31-90 days	9,059,567	4,941,344
91-120 days	4,814,065	3,363,747
Over 120 days	8,950,762	6,096,755
Impaired	735,876	774,250
	₱181,228,510	₱172,345,175

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



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The transaction price allocated to the remaining performance obligations totaling ₱46,281 million and ₱41,525 million as at December 31, 2025 and 2024, respectively, are expected to be recognized over the construction period ranging from one to five years.

7. Real Estate Inventories

The movements in this account are as follows:

	Land and Development	Condominium, Residential Units and Subdivision Lots for Sale	Total
	<i>(In Thousands)</i>		
Balance as at December 31, 2023	₱52,758,337	₱25,128,444	₱77,886,781
Development cost incurred	17,918,601	103,947	18,022,548
Cost of real estate sold (see Note 20)	(11,962,498)	(7,178,027)	(19,140,525)
Transfers	(3,074,344)	3,074,344	-
Reclassifications from investment properties (see Note 11)	142,699	-	142,699
Translation adjustment and others	-	16,024	16,024
Balance as at December 31, 2024	55,782,795	21,144,732	76,927,527
Development cost incurred	14,049,487	-	14,049,487
Cost of real estate sold (see Note 20)	(10,734,523)	(6,884,870)	(17,619,393)
Transfers	(2,043,328)	2,043,328	-
Reclassifications from investment properties (see Note 11)	297,595	-	297,595
Translation adjustment and others	239,032	213,462	452,494
Balance as at December 31, 2025	₱57,591,058	₱16,516,652	₱74,107,710

Land and development pertain to the Company's on-going residential units and condominium projects. Estimated cost to complete the projects amounted to ₱96,122 million and ₱107,880 million as at December 31, 2025 and 2024, respectively.

Condominium and residential units for sale pertain to completed projects. These are stated at cost as at December 31, 2025 and 2024.

Contract fulfillment assets, included under land and development pertain to unamortized portion of land cost totaling ₱2,406 million and ₱2,031 million as at December 31, 2025 and 2024, respectively.

Real estate sales amounted to ₱40,633 million, ₱45,905 million and ₱42,040 million in December 31, 2025, 2024 and 2023, respectively, of which ₱15,186 million, ₱19,617 million and ₱9,262 million pertain to sale of completed projects.

Income from forfeitures, except accounts covered by Maceda Law, amounted to ₱1,636 million, ₱2,061 million and ₱2,149 million for the years ended December 31, 2025, 2024 and 2023, respectively, presented under "Others - net" account in the consolidated statements of income.



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8. Equity Instruments at FVOCI

This account consists of investments in:

	2025	2024
	<i>(In Thousands)</i>	
Shares of stock:		
Listed (see Note 18)	P18,998,972	P21,181,916
Unlisted	9,078	5,317
	19,008,050	21,187,233
Less noncurrent portion	18,290,879	20,392,800
	P717,171	P794,433

- 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 P594 million, P527 million and P440 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 18).

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

	2025	2024
	<i>(In Thousands)</i>	
At beginning of the year	P17,807,766	P16,938,503
Unrealized gain (loss) due to changes in fair value - net of transfers	(2,179,183)	869,263
At end of the year	P15,628,583	P17,807,766

9. Prepaid Expenses and Other Current Assets

This account consists of:

	2025	2024
	<i>(In Thousands)</i>	
Input and creditable withholding taxes	P19,841,629	P14,646,268
Advances and deposits	9,384,252	8,797,734
Prepaid taxes and other prepayments	4,719,955	4,565,703
Supplies and inventories	418,409	433,328
Others	269,545	590,625
	34,633,790	29,033,658
Less noncurrent portion of input and creditable withholding taxes (see Note 13)	15,391,312	606,950
	P19,242,478	P28,426,708

In 2025, input and creditable withholding taxes, carried over from December 31, 2024, amounting to P11,306 million are classified as other noncurrent assets as these were not expected to be utilized within 12 months from December 31, 2025 (see Note 13).



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10. Property and Equipment

The movements in this account are as follows:

	Buildings, Land and Leasehold Improvements	Furniture, Fixtures and Other Equipment	Construction in Progress	Total
	<i>(In Thousands)</i>			
Cost				
Balance at December 31, 2023	P2,595,796	P1,543,091	P-	P4,138,887
Additions	50,837	103,451	-	154,288
Disposals	(30,173)	(8,188)	-	(38,361)
Balance at December 31, 2024	2,616,460	1,638,354	-	4,254,814
Additions	152,325	248,803	24,080	425,208
Disposals	(1,122)	(3,794)	-	(4,916)
Balance at December 31, 2025	P2,767,663	P1,883,363	P24,080	P4,675,106
Accumulated Depreciation and Amortization				
Balance at December 31, 2023	P1,329,394	P1,254,503	P-	P2,583,897
Depreciation and amortization (see Note 20)	103,007	105,102	-	208,109
Disposals	(22,331)	(8,156)	-	(30,487)
Balance at December 31, 2024	1,410,070	1,351,449	-	2,761,519
Depreciation and amortization (see Note 20)	121,944	128,586	-	250,530
Disposals	(1,103)	(2,745)	-	(3,848)
Balance at December 31, 2025	P1,530,911	P1,477,290	P-	P3,008,201
Net Book Value				
As at December 31, 2024	P1,206,390	P286,905	P-	P1,493,295
As at December 31, 2025	P1,236,752	P406,073	P24,080	P1,666,905

The Company disposed certain properties and equipment in 2025 and 2024. The gain on disposals is recognized under "Others - net" account in the consolidated statements of income.



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11. Investment Properties

The movements in this account are as follows:

	Land, Building and Leasehold Improvements	Building Equipment, Furniture and Others	ROUA	Construction in Progress	Total
			(In Thousands)		
Cost					
Balance as at December 31, 2023	¥501,242,440	¥61,093,358	¥33,435,089	¥92,002,808	¥687,773,695
Additions	9,244,808	3,621,649	98,295	54,569,894	67,534,646
Reclassifications (see Notes 7 and 13)	16,286,673	2,788,243	—	(16,234,352)	2,840,564
Translation adjustment	917,995	77,636	295,731	124,704	1,816,086
Disposals	(690,721)	(222,131)	—	—	(912,852)
Balance as at December 31, 2024	527,080,795	67,358,755	33,830,131	120,466,054	748,635,735
Additions	7,525,174	3,008,172	18,408	65,260,923	75,812,767
Reclassifications (see Notes 7 and 13)	21,452,464	3,715,202	—	(25,235,797)	167,611
Translation adjustment	3,762,613	339,975	1,352,443	562,787	5,757,818
Disposals/Derecognition	(543,478)	(78,106)	(547,223)	—	(1,168,807)
Balance as at December 31, 2025	¥559,197,508	¥78,344,478	¥34,433,849	¥168,993,967	¥839,969,802
Accumulated Depreciation and Amortization					
Balance as at December 31, 2023	¥90,506,475	¥38,908,252	¥3,265,222	¥—	¥132,679,949
Depreciation and amortization (see Note 20)	9,753,913	4,245,254	830,532	—	14,829,679
Translation adjustment	212,105	45,221	11,907	—	269,233
Disposals	(282,864)	(200,203)	—	—	(483,067)
Balance as at December 31, 2024	100,189,629	42,998,504	4,107,661	—	147,295,794
Depreciation and amortization (see Note 20)	9,985,846	4,462,313	817,893	—	15,265,952
Translation adjustment	1,009,753	182,711	81,404	—	1,313,868
Disposals/Derecognition	(395,943)	(70,821)	(103,119)	—	(569,883)
Balance as at December 31, 2025	¥110,632,285	¥47,592,507	¥4,903,859	¥—	¥163,128,651
Net Book Value					
As at December 31, 2024	¥426,811,166	¥24,360,251	¥29,722,470	¥120,466,054	¥601,359,921
As at December 31, 2025	¥448,565,223	¥26,751,971	¥29,530,889	¥168,993,967	¥665,641,251



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In 2025 and 2024, the Company disposed certain investment properties. In 2025, the Company acquired certain leased properties, hence, the related ROUA and lease liabilities were derecognized (see Note 15). The gain on disposals and derecognition is recognized under "Others - net" account in the consolidated statements of income.

Portions of investment properties located in China with total carrying value of ¥1,543 million and ¥1,539 million as at December 31, 2025 and 2024, respectively are mortgaged as collaterals to secure domestic borrowings (see Note 16).

Consolidated rent income from investment properties amounted to ¥83,567 million, ¥78,674 million and ¥72,114 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Consolidated costs and expenses from investment properties amounted to ¥40,601 million, ¥42,263 million and ¥40,120 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 20).

Construction in progress includes commercial and integrated commercial development cost, construction of new malls, hotels and convention centers and redevelopment of existing malls amounting to ¥160,944 million and ¥120,466 million as at December 31, 2025 and 2024, respectively.

The outstanding contracts with various contractors related to the construction of on-going projects are valued at ¥39,120 million and ¥63,362 million as at December 31, 2025 and 2024, respectively, inclusive of overhead, cost of labor and materials and all other costs necessary for the proper execution of the works.

Additions include interest capitalized to the construction of investment properties amounting to ¥10,176 million, ¥7,446 million and ¥5,791 million for the years ended December 31, 2025, 2024 and 2023, respectively. Capitalization rates used range from 1.93% to 6.59%, from 1.71% to 5.76%, and from 2.27% to 5.38% for the years ended December 31, 2025, 2024 and 2023, respectively.

The most recent fair value of investment properties is determined by an independent appraiser who holds a recognized and relevant professional qualification. The fair values of investment properties were 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 (see Note 26).

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



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12. Investments in Associates and Joint Ventures

This account mainly consists of the following:

Company	Country of Incorporation	Percentage of Ownership	
		2025	2024
<i>Associates</i>			
Feihua Real Estate (Chongqing) Company Ltd. (FHREC)	People's Republic of China	50.00	50.00
Origas Land Corporation (OLC)	Philippines	39.96	39.96
<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

*the contractual arrangement between the Company and other shareholders establishes joint control

**collectively, Waltermart

The movements in this account are as follows:

	Associates	Joint Ventures	Total
		(In Thousands)	
Balance as at December 31, 2023	P21,983,446	P10,447,749	P32,431,195
Equity in net earnings	1,118,823	924,187	2,043,010
Dividends	(1,284,813)	(151,468)	(1,436,281)
Translation	22,104	48,331	70,435
Balance as at December 31, 2024	21,839,560	11,268,799	33,108,359
Equity in net earnings	1,823,191	962,308	2,785,499
Dividends	(227,900)	(170,339)	(398,239)
Translation and others	18,187	20,713	38,900
Balance as at December 31, 2025	P23,453,038	P12,081,481	P35,534,519

The carrying value of investment in FHREC amounted to P313 million and P295 million as at December 31, 2025 and 2024, respectively. The dividend received from FHREC amounted to nil and P1,095 million as at December 31, 2025 and 2024, respectively.

The carrying value of investment in OLC amounted to P23,140 million and P21,544 million as at December 31, 2025 and 2024, 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 P1,596 million, P929 million and P1,142 million for the years ended December 31, 2025, 2024 and 2023, respectively.

The carrying values of investments in Waltermart amounted to P9,329 million and P8,710 million as at December 31, 2025 and 2024, respectively. The aggregate share in profit and total comprehensive income, net of dividends received amounted to P619 million, P558 million and P513 million for the years ended December 31, 2025, 2024 and 2023, respectively.



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The carrying value of investment in STRC amounted to P2,753 million and P2,559 million as at December 31, 2025 and 2024, respectively. The aggregate share in profit and total comprehensive income amounted to P194 million, P263 million and P248 million for the years ended December 31, 2025, 2024 and 2023, respectively.

13. Other Noncurrent Assets

This account consists of:

	2025	2024
	(In Thousands)	
Receivables from sale of real estate - net of current portion* (see Note 6)	P94,302,212	P79,064,021
Bonds and deposits	44,044,928	42,946,111
Input and creditable withholding taxes - net of current portion (see Note 9)	15,391,312	606,950
Escrow and time deposits (see Note 18)	5,080,646	3,803,029
Others (see Note 22)	531,250	369,367
	P159,350,348	P126,789,478

*Pertains to noncurrent portion of unbilled revenue from sale of real estate.

- Bonds and deposits consist of deposits to contractors and suppliers to be applied throughout construction and advances, deposits paid for leased properties to be applied at the last term of the lease and advance payments for land acquisitions which will be applied against the purchase price of the properties upon fulfillment by both parties of certain undertakings and conditions. Bonds and deposits related to land acquisitions amounting to P230 million and P2,986 million were reclassified to investment properties as at December 31, 2025 and 2024, respectively (see Note 11).
- Cash in escrow amounting to P903 million and P690 million as at December 31, 2025 and 2024, 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 P39 million, P40 million and P25 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).
- Time deposits amounting to P4,178 million and P3,113 million as at December 31, 2025 and 2024, respectively, were used as collateral for use of credit lines obtained by the Company (see Note 14). Interest income earned amounted to P103 million, P71 million and P38 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).



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14. Loans Payable

This account consists of:

	2025	2024
	<i>(In Thousands)</i>	
Philippine peso-denominated loans (see Note 18)	P11,450,000	P16,030,000
China yuan renminbi-denominated loans*	2,312,649	1,282,356
	P13,762,649	P17,312,356

*secured by time deposits (see Note 13)

These loans have maturities of less than one year, with weighted average interest rates of 4.49% and 5.35% in 2025 and 2024, respectively.

Interest expense incurred from loans payable amounted to P723 million, P662 million and P258 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).

15. Accounts Payable and Other Current Liabilities

This account consists of:

	2025	2024
	<i>(In Thousands)</i>	
Trade:		
Third parties	P57,902,383	P58,241,655
Related parties (see Note 18)	144,372	129,449
Tenants' and customers' deposits* (see Note 24)	45,425,847	43,023,059
Deferred output VAT	18,904,128	17,410,460
Accrued operating expenses	16,602,410	17,868,320
Retention payable	15,436,120	11,084,821
Lease liabilities	12,353,909	13,150,290
Accrued interest (see Note 18)	2,986,200	2,674,852
Liability for purchased land	2,591,507	3,005,332
Payable to government agencies	1,979,996	1,049,077
Nontrade	501,252	432,467
Others	2,121,114	2,319,562
	176,949,238	170,389,344
Less noncurrent portion	72,172,215	66,600,383
	P104,777,023	P103,788,961

* Includes unearned revenue from sale of real estate amounting to P6,998 million and P9,023 million as at December 31, 2025 and 2024, respectively, out of which P5,324 million and P2,095 million were recognized as revenue in 2025 and 2024, 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.



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- Deferred output VAT represents output VAT on unpaid portion of recognized receivable from sale of real estate. This amount is reported as output VAT upon collection of the receivables. Deferred output VAT included in "Other noncurrent liabilities" amounted to P18,182 million and P16,588 million as at December 31, 2025 and 2024, respectively.

- Accrued operating expenses are normally settled throughout the financial period. Accrued operating expenses consist of:

	2025	2024
	<i>(In Thousands)</i>	
Payable to contractors	P9,007,616	P11,406,989
Utilities	1,703,443	2,375,023
Marketing, advertising and others	5,891,351	4,086,308
	P16,602,410	P17,868,320

- 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. Retention payable included in "Other noncurrent liabilities" amounted to P10,350 million and P6,491 million as at December 31, 2025 and 2024, respectively.
- Lease liabilities included in "Other noncurrent liabilities" amounted to P12,219 million and P12,991 million as at December 31, 2025 and 2024, respectively. Interest on lease liabilities included under "Others - net" in the consolidated statements of income amounted to P261 million, P336 million and P366 million for the years ended December 31, 2025, 2024 and 2023, respectively. Lease liabilities amounting to P614 million were derecognized in 2025 (see Note 11).
- Liability for purchased land, payable to government agencies, accrued interest and other payables are normally settled throughout the financial period.



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16. Long-term Debt

This account consists of:

	Acquisition Date	Maturity Date	Weighted Average Interest Rate	Outstanding Balance	
				2025	2024
				(In Thousands)	
Philippine peso-denominated loans	November 21, 2013 - December 26, 2025	January 30, 2025 - November 17, 2035	Floating BVAL + margin; Fixed - 5.83%	P113,861,750	P287,331,190
U.S. dollar-denominated loans*	January 29, 2021 - September 16, 2025	March 21, 2025 - September 16, 2030	SOFR + spread; quarterly; Fixed - 4.75%	86,288,413	76,161,203
China yuan renminbi-denominated loans**	May 8, 2021 - December 30, 2025	April 20, 2026 - June 24, 2037	1FR, SOFR; annually; Fixed - 3.65%	19,824,129	19,830,711
				409,964,292	374,323,104
Less debt issue cost				3,213,681	1,715,421
				406,750,611	372,607,683
Less current portion				88,539,293	89,247,842
				P318,211,318	P283,359,841

BVAL - Bloomberg Valuation Service

SOFR - Secured Overnight Financing Rate

1FR - Loan Prime Rate

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

** Hedged against foreign exchange and interest rate risks using derivative instruments and covered by portions of investment properties located in China (see Note 21)



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Debt Issue Cost

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

	2025	2024
<i>(In Thousands)</i>		
Balance at beginning of the year	P1,715,421	P1,885,738
Additions	990,223	655,334
Amortization	(792,963)	(825,651)
Balance at end of the year	P1,912,681	P1,715,421

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	P86,061,111	P529,118	P85,531,993
More than 1 year to 5 years	229,235,033	1,258,320	227,976,713
More than 5 years	95,608,127	125,243	95,482,884
	P410,904,271	P1,912,681	P408,991,590

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, 2025 and 2024, the Company is in compliance with the terms of its loan covenants.

Interest expense incurred from long-term debt amounted to **P12,017 million**, **P13,194 million** and **P12,989 million** for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).

17. Equity**Capital Stock**

As at December 31, 2025 and 2024, the Company has an authorized capital stock of 40,000 million with a par value of **P1** a share, of which 33,166 million shares were issued.

As at December 31, 2025 and 2024, the Company has 28,798 million and 28,856 million outstanding shares, respectively.

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	—	P—
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



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SMPH declared stock dividends in 2012, 2007, 1996 and 1995. The total number of shareholders is 2,310 and 2,313 as at December 31, 2025 and 2024, respectively.

Additional Paid-in Capital - Net

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

	2025	2024
	<i>(In Thousands)</i>	
Paid-in subscriptions in excess of par value	P33,549,808	P33,549,808
Net equity adjustments from common control business combinations (see Note 2)	9,258,084	9,354,060
Arising from acquisition of non-controlling interests	(4,739,237)	(4,739,695)
As presented in the consolidated balance sheets	P38,068,655	P38,164,173

Retained Earnings

On April 29, 2025, the BOD approved the declaration of cash dividend of P0.480 per share or P13,860 million to stockholders of record as of May 14, 2025, P11 million of which was received by SM Development Corporation (SMDC). This was paid on May 28, 2025.

On April 23, 2024, the BOD approved the declaration of cash dividend of P0.346 per share or P9,992 million to stockholders of record as of May 8, 2024, P8 million of which was received by SMDC. This was paid on May 22, 2024.

On April 25, 2023, the BOD approved the declaration of cash dividend of P0.237 per share or P6,844 million to stockholders of record as of May 10, 2023, P5 million of which was received by SMDC. This was paid on May 24, 2023.

On December 1, 2025, the BOD approved the appropriation of retained earnings amounting to P170,000 million to fund the capital expenditures of the planned construction projects and land banking activities from 2026 to 2029. On the same date, the BOD approved the reversal of appropriated retained earnings amounting to P100,000 million.

On December 9, 2024, the BOD approved the appropriation of retained earnings amounting to P100,000 million for planned construction projects and land banking activities in 2025. On the same date, the BOD approved the reversal of appropriated retained earnings amounting to P42,200 million.

Approval of expansions and new projects is delegated by the BOD to the Executive Committee of the Company.

The unappropriated retained earnings account is restricted for the payment of dividends to the extent of the accumulated equity in net earnings of subsidiaries, associates and joint ventures and the balance of treasury stock until such time that the Parent Company receives the dividends from its subsidiaries, associates and joint ventures. The retained earnings of the Parent Company available for dividend declaration amounted to P35,213 million and P77,131 million as at December 31, 2025 and 2024, respectively.



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Treasury Stock

On December 9, 2024, the BOD approved a share buyback program ranging from P5 billion to P10 billion. As of December 31, 2025, the Company has purchased a total of 58 million shares at an average price of P21.28 for a total consideration of P1,242 million under its share buyback program.

As at December 31, 2025 and December 31, 2024, the Company has 4,368 million and 4,310 million shares of treasury stock, respectively. This includes reacquired capital stock and shares held by a subsidiary, stated at acquisition cost of P4,227 million and P2,985 million as at December 31, 2025 and 2024, respectively.

18. 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, 2025 and 2024, 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
	2025	2024	2023	2025	2024		
	(In Thousands)						
Ultimate Parent							
Rent income	P82,599	P75,287	P69,449	P-	P-		
Rent receivable	-	-	-	14,149	9,752	Non-interest bearing	Unsecured, not impaired
Other revenue	27,737	36,504	36,414	-	-		
Other receivable	-	-	-	2,924	3,832	Non-interest bearing	Unsecured, not impaired
Rent expense	71,247	67,362	86,787	-	-		
Trade payable	-	-	-	(67,323)	(72,300)	Non-interest bearing	Unsecured
Dividend income	1,899	1,315	1,096	-	-		
Equity instruments at FVOCI	-	-	-	102,201	131,348		
Banking and Retail Group							
Cash and cash equivalents	145,338,969	166,265,694	123,293,354	26,197,964	28,105,695	Interest bearing based on prevailing rates	Unsecured, not impaired
Rent income	19,449,257	18,656,542	17,707,839	-	-		
Rent receivable	-	-	-	3,644,386	3,612,659	Non-interest bearing	Unsecured, not impaired
Other revenue	86,815	76,379	90	-	-		
Other receivable	-	-	-	31,746	41,002	Non-interest bearing	Unsecured, not impaired



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	Amount of Transactions			Outstanding Amount (Asset (Liability))		Terms	Conditions
	2025	2024	2023	2025	2024		
	(In Thousands)						
Interest income	P1,398,732	P1,208,452	P1,231,347	P-	P-		
Accrued interest receivable	-	-	-	58,543	204,768	Non-interest bearing	Unsecured, not impaired
Dividend income	467,888	405,110	324,088	-	-		
Equity instruments at FVOCI	-	-	-	14,517,071	15,556,215		
Escrow and time deposits	215,932	355,567	373,065	1,567,882	1,351,590	Interest bearing and based on prevailing rates	Unsecured, not impaired
Receivable financed	13,187,971	6,966,786	4,130,907	-	-	Without recourse	Unsecured
Loans payable and long-term debt	47,803,488	20,500,000	4,496,888	(26,688,411)	(28,065,587)	Interest bearing	Unsecured
Interest expense	1,682,786	1,436,293	1,716,133	-	-		
Accrued interest payable	-	-	-	(158,790)	(211,032)	Non-interest bearing	Unsecured
Other expense	265,260	225,640	220,182	-	-		
Trade payable	-	-	-	(65,727)	(47,253)	Non-interest bearing	Unsecured
Other Related Parties							
Rent income	467,577	437,784	392,116	-	-		
Rent receivable	-	-	-	75,858	82,581	Non-interest bearing	Unsecured, not impaired
Other revenue	16,909	15,660	90,652	-	-		
Other receivable	-	-	-	13,242	13,613	Non-interest bearing	Unsecured, not impaired
Rent expense	587	565	663	-	-		
Trade payable	-	-	-	(11,322)	(9,866)	Non-interest bearing	Unsecured

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

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

Rent

The Company has existing lease agreements for office and commercial spaces with related companies.

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 5).

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 14 and 16).

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 2025 and 2024.

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.



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Compensation of Key Management Personnel

The aggregate compensation and benefits related to key management personnel for the years ended December 31, 2025, 2024 and 2023 consist of short-term employee benefits amounting to P1,696 million, P1,531 million and P1,495 million, respectively, and post-employment benefits (pension benefits) amounting to P224 million, P222 million and P298 million, respectively.

19. Other Revenues

Details of other revenues follows:

	2025	2024	2023
	(In Thousands)		
Cinema and event ticket sales	P4,361,412	P4,773,138	P4,020,155
Merchandise sales	3,711,571	3,641,275	3,263,194
Food and beverages	2,877,275	2,661,034	2,339,039
Amusement income	1,390,752	1,328,655	1,337,200
Bowling and ice skating fees	534,855	546,470	471,316
Others	4,031,702	2,861,784	2,512,271
	P16,907,567	P15,812,356	P13,943,175

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

20. Costs and Expenses

This account consists of:

	2025	2024	2023
	(In Thousands)		
Cost of real estate sold (see Note 7)	P17,619,393	P19,140,525	P16,660,910
Depreciation and amortization (see Notes 10, 11 and 24)	15,536,382	15,037,788	13,656,773
Administrative (see Note 22)	15,473,739	17,720,115	17,450,432
Marketing and selling	6,910,007	6,568,920	7,056,076
Business taxes and licenses	6,448,539	6,126,914	5,303,596
Film rentals	2,233,569	2,538,310	2,036,632
Rent (see Notes 18 and 24)	1,558,722	1,414,534	1,324,430
Insurance	387,878	470,513	634,148
Others (see Note 18)	3,208,020	3,336,135	2,695,303
	P69,376,249	P72,353,754	P66,818,300

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.



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21. Interest Income and Interest Expense

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

	2025	2024	2023
	<i>(In Thousands)</i>		
Interest income on:			
Cash and cash equivalents (see Note 5)	₱1,354,722	₱1,418,363	₱1,450,318
Escrow and time deposits (see Note 13)	142,320	111,485	62,574
Others (see Note 6)	300,856	171,400	232,335
	₱1,797,898	₱1,701,248	₱1,745,227
	2025	2024	2023
	<i>(In Thousands)</i>		
Interest expense on:			
Long-term debt (see Note 16)	₱12,017,254	₱13,194,308	₱12,988,734
Loans payable (see Note 14)	722,923	661,599	257,559
Others (see Note 6)	336,188	78,117	716,978
	₱13,076,365	₱13,934,024	₱13,963,271

22. 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, 2025.

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")

	2025	2024	2023
	<i>(In Thousands)</i>		
Current service cost	₱463,650	₱475,599	₱427,647
Past service cost	—	—	8,897
Interest - net	25,631	55,459	59,301
	₱489,281	₱531,058	₱495,845

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

	2025	2024
	<i>(In Thousands)</i>	
Balance at beginning of the year	₱4,852,645	₱4,759,511
Interest cost	295,390	293,221
Current service cost	463,650	475,599
Actuarial loss (gain) on:		
Changes in financial assumptions	89,078	(819,782)
Changes in demographic assumptions	6,580	29,477
Experience adjustments	(114,277)	337,380
Benefits paid	(237,883)	(226,213)
Transfers	3,049	3,452
Balance at end of the year	₱5,358,232	₱4,852,645



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

	2025	2024
	<i>(In Thousands)</i>	
Balance at beginning of year	₱4,274,088	₱3,635,359
Contributions	590,383	694,616
Interest income	270,952	238,934
Transfers	3,049	3,452
Benefits paid	(237,883)	(226,213)
Remeasurement loss	(92,600)	(72,060)
Balance at end of year	₱4,807,989	₱4,274,088

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

	2025	2024
	<i>(In Thousands)</i>	
Balance at beginning of year	₱19,792	₱19,166
Interest cost	1,193	1,172
Remeasurement loss (gain)	3,629	(546)
Balance at end of year	₱24,614	₱19,792

The net pension asset (liability) are presented in the consolidated balance sheets as follows:

	2025	2024
	<i>(In Thousands)</i>	
Net pension asset (included under "Other noncurrent assets" account)	₱108,121	₱55,817
Net pension liability (included under "Other noncurrent liabilities" account)	(₱682,978)	(₱654,166)

The carrying amounts of the plan assets below equal to its fair values as at December 31, 2025 and 2024.

	2025	2024
	<i>(In Thousands)</i>	
Cash and cash equivalents	₱238,916	₱134,865
Investments in:		
Government securities	2,516,739	2,217,294
Common trust funds	1,758,015	1,591,698
Debt and other securities	257,204	297,279
Other financial assets	37,115	32,952
	₱4,807,989	₱4,274,088

- Cash and cash equivalents include regular savings and time deposits;
- Investments in government securities consist of retail treasury bonds which earn interest based on the prevailing market rates and have maturities ranging from 2026 to 2034;
- Investments in common trust funds pertain to unit investment trust fund;



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- Investments in debt and other securities consist of short-term and long-term corporate loans, notes and bonds which earn interest based on the prevailing market rates and have maturities ranging from 2025 to 2029; and
- Other financial assets include accrued interest income on cash deposits held by the Retirement Plan.

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

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

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

	2025	2024
	<i>(In Thousands)</i>	
Cash and cash equivalents	₱238,916	₱134,865
Interest income from cash and cash equivalents	8,419	2,962
Investments in common trust funds	1,758,015	1,591,698
Gain from investments in common trust funds	25,471	50,467

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

	2025	2024
Discount rate	5.9%–6.6%	6.0%–6.1%
Future salary increases	3.0%–8.0%	3.0%–6.0%

Remeasurement effects recognized in OCI at December 31 follow:

	2025	2024	2023
	<i>(In Thousands)</i>		
Actuarial loss (gain)	₱73,981	(₱380,865)	₱165,783
Remeasurement loss (gain) - excluding amounts recognized in net interest cost	3,629	(546)	(13,330)
	₱77,610	(₱381,411)	₱152,453



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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, 2025 and 2024, respectively, assuming all other assumptions were held constant:

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation
	<i>(In Thousands)</i>	
2025		
Discount rates	100	(₱336,525)
	(100)	385,705
Future salary increases	100	384,017
	(100)	(341,240)
2024		
Discount rates	100	(₱297,165)
	(100)	340,850
Future salary increases	100	338,292
	(100)	(301,410)

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, 2025 and 2024, respectively:

Year 2025	Amount
	<i>(In Thousands)</i>
2026	₱1,600,209
2027	430,371
2028–2029	962,461
2030–2035	3,721,429
Year 2024	Amount
	<i>(In Thousands)</i>
2025	₱1,443,278
2026	450,807
2027–2028	906,840
2029–2034	3,486,189

The Company expects to contribute about ₱633 million to its defined benefit pension plan in 2026.

The weighted average duration of the defined benefit obligation is 7.5 years and 7.7 years as of December 31, 2025 and 2024, respectively.



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23. Income Tax

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

	2025	2024
	(In Thousands)	
Deferred tax assets:		
Lease liabilities	P1,978,880	P2,096,231
NOLCO	2,242,572	2,153,337
Excess of fair value over cost of investment properties	476,753	500,095
Unrealized foreign exchange losses	408,340	409,533
Excess MCIT over RCIT	593,421	504,076
Unamortized past service cost	192,711	180,293
Provision for ECLs on receivables	21,569	21,875
Others	217,345	181,624
	6,131,591	6,047,064
Deferred tax liabilities:		
Unrealized gross profit on sale of real estate	(15,195,017)	(13,397,984)
Undepreciated capitalized interest	(3,056,241)	(3,161,656)
ROUA	(1,367,017)	(1,479,025)
Pension asset	(13,184)	(24,414)
Others	(303,288)	(272,965)
	(19,934,747)	(18,336,044)
Net deferred tax liabilities	(P13,803,156)	(P12,288,980)

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

	2025	2024
	(In Thousands)	
Deferred tax assets - net	P1,905,912	P1,634,307
Deferred tax liabilities - net	(15,709,068)	(13,923,287)
	(P13,803,156)	(P12,288,980)

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

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:

	2025	2024	2023
Statutory tax rate	25.00%	25.00%	25.00%
Income tax effects of:			
Equity in net earnings of associates and joint ventures	(1.14)	(0.90)	(1.08)
Interest income subjected to final tax and dividend income exempt from income tax	(0.98)	(0.98)	(0.84)
Others - net	(4.40)	(4.99)	(5.07)
Effective tax rates	18.48%	18.13%	18.01%



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

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

Pillar Two Model Rules

The Organization for Economic Co-operation and Development (OECD) has issued the Global Anti-Base Erosion (GLOBE) Model Rules (Pillar Two), which establish a 15% minimum effective tax rate on a jurisdictional basis. The rules apply to Multinational Enterprise (MNE) groups with consolidated annual revenues of at least €750 million in at least two (2) of the four (4) fiscal years immediately preceding the tested fiscal year. The Company is within the scope of the Pillar Two.

Pillar Two legislation has been enacted in certain jurisdictions where certain subsidiaries of the Company operate and is effective for financial years beginning on or after January 1, 2025. Based on the Company's assessment using 2025 financial information of its subsidiaries, the effective tax rates exceed 15%, and the Company qualifies for applicable safe harbour relief. Accordingly, no additional provision for income tax is recognized.

The Company applies the temporary exception under PAS 12, *Income Taxes* from recognizing and disclosing deferred taxes related to Pillar Two income taxes. The Company continues to monitor legislative developments to assess potential future impacts on its consolidated financial statements.

24. 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.



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

	2025	2024
	<i>(In Thousands)</i>	
Within one year	P6,956,218	P6,169,363
After one year but not more than five years	11,551,062	10,138,289
After more than five years	1,374,556	6,517,536
	P19,881,836	P22,825,188

Consolidated rent income amounted to P83,567 million, P78,674 million and P72,114 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Company as Lessee

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

Amounts recognized in the consolidated statements of income follow:

	2025	2024	2023
	<i>(In Thousands)</i>		
Rent expense (see Note 20)	P1,558,722	P1,414,534	P1,324,430
Depreciation on ROUA (see Notes 10, 11 and 20)	817,893	830,532	759,413
Interest expense on lease liabilities (see Note 15)	261,043	335,730	365,867
	P2,637,658	P2,580,796	P2,449,710

The maturity analysis of the undiscounted lease payments as at December 31, 2025 and 2024, respectively, are presented in Note 25 to the consolidated financial statements.

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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, 2025 and 2024, after considering the effect of interest rate swaps, approximately 54% and 70%, respectively, of its long-term borrowings, are at a fixed rate of interest.

25. 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.



The following tables set out the carrying amount, by maturity, of the Company's long-term debt that are exposed to interest rate risk as at December 31, 2025 and 2024:

	Interest Rate	2025					Total
		1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years	
Philippine peso-denominated loans	BVAL + margin%	P11,635,000	P12,923,750	P24,095,000	P38,717,500	P76,612,000	P183,983,250
U.S. dollar-denominated loans	SOFR + spread	\$176,000	\$50,000	-	\$280,000	-	42,315,512
China yuan renminbi-denominated loans	1PR	¥371,658	¥168,796	¥34,652	¥47,939	¥585,967	9,767,368
Less debt issue cost							187,866,522
							852,431
							P187,214,091

	Interest Rate	2024					Total
		1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years	
Philippine peso-denominated loans	BVAL + margin%	P7,740,000	P11,635,000	P13,823,750	P23,490,000	P16,467,500	P64,396,250
U.S. dollar-denominated loans	SOFR + spread	\$100,000	\$200,000	\$50,000	-	\$280,000	27,403,103
China yuan renminbi-denominated loans	1PR	¥245,977	¥398,623	¥167,282	¥21,192	¥813,556	9,632,512
Less debt issue cost							111,993,943
							632,855
							P111,363,910



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

	Increase (Decrease) in Basis Points	Effect on Income Before Income Tax
(In Thousands)		
2025	100	(P58,135)
	50	(29,067)
	(100)	58,135
	(50)	29,067
2024	100	(P55,016)
	50	(27,508)
	(100)	55,016
	(50)	27,508

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

Foreign Currency Risk

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

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

The Company's foreign currency-denominated monetary net assets amounted to US\$5 million (P299 million) as at December 31, 2025 and US\$15 million (P849 million) as at December 31, 2024.

In translating the foreign currency-denominated monetary assets and liabilities to peso amounts, the exchange rates used were P58.79 to US\$1.00 and P57.85 to US\$1.00, the Philippine peso to U.S. dollar exchange rate as at December 31, 2025 and 2024, respectively.

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

	Appreciation (Depreciation) of \$	Effect on Income Before Tax
(In Thousands)		
2025	1.50	P7,618
	1.00	5,078
	(1.50)	(P7,618)
	(1.00)	(5,078)



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	Appreciation (Depreciation) of \$	Effect on Income Before Tax (In Thousands)
2024	1.50	P22,018
	1.00	14,678
	(1.50)	(P22,018)
	(1.00)	(14,678)

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 P27,645 million and P717 million, respectively, as at December 31, 2025 and P31,246 million and P794 million, respectively, as at December 31, 2024 (see Notes 5 and 8). 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:

	2025			
	Within 1 Year	More than 1 Year to 5 Years	More than 5 Years	Total
	(In Thousands)			
Loans payable (including interest)	P13,836,279	P-	P-	P13,836,279
Accounts payable and other current liabilities*	88,400,985	-	-	88,400,985
Long-term debt (including current portion and interest)	99,779,189	230,010,390	142,602,135	472,391,714
Derivative liabilities	39,354	-	286,564	325,918
Tenants' deposits - net of current portion**	-	5,270,259	24,573,900	29,844,159
Lease liabilities	873,684	3,401,235	25,080,056	29,354,975
Other noncurrent liabilities***	-	12,977,164	4,808,473	17,785,637
	P202,929,491	P251,659,048	P197,351,128	P651,939,667

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	2024			
	Within 1 Year	More than 1 Year to 5 Years	More than 5 Years	Total
	(In Thousands)			
Loans payable (including interest)	P17,363,627	P-	P-	P17,363,627
Accounts payable and other current liabilities*	89,692,528	-	-	89,692,528
Long-term debt (including current portion and interest)	104,984,257	267,950,576	52,683,137	425,617,970
Derivative liabilities	-	50,447	-	50,447
Tenants' deposits - net of current portion**	-	5,703,091	21,120,824	26,823,915
Lease liabilities	889,112	3,547,030	26,976,527	31,412,669
Other noncurrent liabilities***	-	11,052,060	2,086,718	13,138,778
	P212,929,524	P288,303,204	P102,867,206	P604,099,934

* Excluding nonfinancial liabilities and lease liabilities amounting to P16,376 million and P14,097 million as at December 31, 2023 and 2024, respectively.

** Excluding residential customers' deposits amounting to P1,576 million and P3,705 million as at December 31, 2023 and 2024, respectively.

*** Excluding nonfinancial liabilities and lease liabilities amounting to P31,054 million and P30,233 million as at December 31, 2023 and 2024, 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 5, 6, 8, 9 and 13).

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 26. For receivables from real estate sale (billed and unbilled), 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 (see Note 6). 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, 2025 and 2024, the financial assets, except for certain receivables, are generally viewed by management as good and collectible considering the credit history of the counterparties. The aging analysis of receivables and unbilled revenue from sale of real estate is presented in Note 6 to the consolidated financial statements. 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.



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As at December 31, 2025 and 2024, the credit quality of the Company's financial assets is as follows:

	2025			
	Neither Past Due nor Impaired			
	High Quality	Standard Quality	Past Due	Total
	(In Thousands)			
Financial assets at amortized cost				
Cash and cash equivalents*	₱27,528,628	₱—	₱—	₱27,528,628
Receivables**	302,141	13,321,275	29,082,377	42,705,793
Escrow and time deposits (included under “Other noncurrent assets”)	5,080,646	—	—	5,080,646
Derivative assets	3,585,926	—	—	3,585,926
Financial assets at FVOCI				
Equity instruments	18,998,972	9,078	—	19,008,050
	₱55,496,313	₱13,330,353	₱29,082,377	₱97,909,043

* Excluding cash on hand amounting to ₱117 million

** Excluding unbilled revenue from sale of real estate (see Note 6)

	2024			
	Neither Past Due nor Impaired		Past Due	Total
	High Quality	Standard Quality	but not Impaired	
(In Thousands)				
Financial assets at amortized cost				
Cash and cash equivalents*	₱31,135,445	₱—	₱—	₱31,135,445
Receivables**	232,934	18,764,699	19,097,928	38,095,561
Cash in escrow (included under “Other noncurrent assets”)	3,803,029	—	—	3,803,029
Derivative assets	4,770,827	—	—	4,770,827
Financial assets at FVOCI				
Equity instruments	21,181,916	5,317	—	21,187,233
	₱61,124,151	₱18,770,016	₱19,097,928	₱98,992,095

* Excluding cash on hand amounting to ₱111 million

** Excluding unbilled revenue from sale of real estate (see Note 6)

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.



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The effect on equity after income tax (as a result of change in fair value of equity instruments at FVOCI as at December 31, 2025 and 2024) due to a possible change in equity indices, based on historical trend of PSE index, with all other variables held constant is as follows:

	2025	
	Change in Equity Price	Effect on Equity
<i>(In Millions)</i>		
Equity instruments at FVOCI	+1.28%	₱252
	-1.28%	(252)
	2024	
	Change in Equity Price	Effect on Equity
<i>(In Millions)</i>		
Equity instruments at FVOCI	+1.09%	₱242
	-1.09%	(242)

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:

	2025	2024
<i>(In Thousands)</i>		
Loans payable	₱13,762,649	₱17,312,356
Current portion of long-term debt	85,531,993	89,287,442
Long-term debt - net of current portion	323,459,597	283,320,341
Less cash and cash equivalents	(27,645,144)	(31,246,171)
Total net interest-bearing debt (a)	395,109,095	358,673,968
Total equity attributable to equity holders of the parent	465,557,625	433,093,072
Total net interest-bearing debt and equity attributable to equity holders of the parent (b)	₱860,666,720	₱791,767,040
Gearing ratio (a/b)	46%	45%



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26. 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, 2025				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
	(In Thousands)				
Financial Assets					
Derivative assets	P3,585,926	P3,585,926	P-	P3,585,926	P-
Financial assets at amortized cost:					
Escrow and time deposits (included under "Other noncurrent assets")	5,080,646	5,134,182	-	5,134,182	-
Financial assets at FVOCI:					
Equity instruments	19,008,050	19,008,050	18,998,972	-	9,078
Nonfinancial Assets* (see Note 11)	665,641,251	2,505,428,940	-	-	2,505,428,940
	P693,315,873	P2,533,157,098	P18,998,972	P8,720,108	P2,505,438,018
Financial Liabilities					
Derivative liabilities	P325,918	P325,918	P-	P325,918	P-
Loans and borrowings:					
Long-term debt - net of current portion	323,459,597	316,880,465	-	-	316,880,465
Tenants' deposits - net of current portion**	29,844,159	30,189,754	-	-	30,189,754
Other noncurrent liabilities***	17,785,636	17,669,853	-	-	17,669,853
	P371,115,310	P365,665,990	P-	P325,918	P364,740,072

*Consists of investment properties

**Excluding residential customers' deposits amounting to P1,576 million as at December 31, 2025.

***Excluding lease liabilities and nonfinancial liabilities amounting to P31,054 million as at December 31, 2025.

	December 31, 2024				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
	(In Thousands)				
Financial Assets					
Derivative assets	P4,770,827	P4,770,827	P-	P4,770,827	P-
Financial assets at amortized cost:					
Escrow and time deposits (included under "Other noncurrent assets")	3,803,029	3,886,915	-	3,886,915	-
Financial assets at FVOCI:					
Equity instruments	21,187,233	21,187,233	21,181,916	-	5,317
Nonfinancial Assets* (see Note 11)	601,339,921	2,419,846,377	-	-	2,419,846,377
	P631,101,010	P2,449,691,352	P21,181,916	P8,657,742	P2,419,851,694
Financial Liabilities					
Derivative liabilities	P50,447	P50,447	P-	P50,447	P-
Loans and borrowings:					
Long-term debt - net of current portion	283,320,341	274,954,185	-	-	274,954,185
Tenants' deposits - net of current portion**	26,823,915	26,464,167	-	-	26,464,167
Other noncurrent liabilities***	13,138,778	13,061,037	-	-	13,061,037
	P323,333,481	P314,532,856	P-	P50,447	P314,482,389

*Consists of investment properties

**Excluding residential customers' deposits amounting to P3,705 million as at December 31, 2024.

***Excluding lease liabilities and nonfinancial liabilities amounting to P30,233 million as at December 31, 2024.

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, 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements and no significant 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.

Nonfinancial Assets. For fair values based on income approach, the significant assumptions used in the most recent valuation as at December 31, 2024 are discount rates of 9% to 10% and average growth rate of 5.00%, respectively. Fair values based on market approach were assessed using sales comparison of similar asset with adjustments ranging (±)5% to (±)30%. As at December 31, 2025, management believes that the carrying values of additions to investment properties subsequent to the most recent valuation date would approximate their fair values.

Long-term Debt. Fair value is based on the following:

Debt Type	Fair Value Assumptions
Fixed Rate Loans	Estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Discount rates used is based on the prevailing market rate as at December 31, 2025 and 2024.
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, 2025 and 2024 up to the next repricing date. Discount rates used is based on the prevailing market rate.

Tenants' Deposits and Other Noncurrent Liabilities. The estimated fair value is based on the discounted value of future cash flows using the applicable rates. The discount rates used range from 1.34% to 6.85% and 1.08% to 7.03% as at December 31, 2025 and 2024, 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.



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26. Financial Instruments

Fair Values

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	December 31, 2025				
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	(In Thousands)				
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	P323,333,481	P314,532,856	P-	P50,447	P314,482,389

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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:

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Escrow and Time Deposits. The fair values are based on the discounted value of future cash flows using the prevailing market rates.

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Tenants' Deposits and Other Noncurrent Liabilities. The estimated fair value is based on the discounted value of future cash flows using the applicable rates. The discount rates used range from 1.34% to 6.85% and 1.08% to 7.03% as at December 31, 2025 and 2024, 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.



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Derivative Instruments Accounted for as Cash Flow Hedges

Details of outstanding arrangements to hedge both foreign currency and interest rate exposure on its foreign currency denominated debts follow:

December 31, 2025						
	Notional Amount	Agreed Equivalent (In Thousands)	Fair Value	Swap Rate	Interest Rate	Maturity
Foreign Exchange Forward Swaps	\$948,000	¥53,717,220	₱2,198,617	₱55.10-₱60.39	—	2026
Principal Only Swaps	\$220,000	¥1,434,535	745,889	¥6.47-¥6.68	—	2026-2027
Interest Rate Swaps	\$570,000	₱—	370,111	₱—	2.29%-2.66%	2026
Cross Currency Swaps	\$280,000	¥1,991,925	(54,609)	¥7.09-¥7.13	3.39%-3.46%	2029
			₱3,260,008			

December 31, 2024						
	Notional Amount	Agreed Equivalent (In Thousands)	Fair Value	Swap Rate	Interest Rate	Maturity
Interest Rate Swaps	\$670,000	₱—	₱1,629,075	₱—	2.29%-2.66%	2025-2026
Foreign Exchange Forward Swaps	\$800,000	₱45,118,895	1,622,679	₱55.28-₱60.39	—	2025-2026
Principal Only Swaps	\$220,000	¥1,434,535	821,749	¥6.47-¥6.68	—	2026-2027
Cross Currency Swaps	\$280,000	¥1,991,925	646,877	¥7.09-¥7.13	3.39%-3.46%	2029
			₱4,720,380			

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, 2025	December 31, 2024
	(In Thousands)	
Balance at beginning of period	₱4,720,380	₱5,251,608
Net changes in fair value during the period	(680,285)	1,803,201
Fair value of settled derivatives	(780,087)	(2,334,429)
Balance at end of year	₱3,260,008	₱4,720,380

27. EPS Computation

Basic/diluted EPS is computed as follows:

	2025	2024	2023
	(In Thousands, Except Per Share Data)		
Net income attributable to equity holders of the parent (a)	₱48,847,730	₱45,631,764	₱40,010,501
Common shares issued (see Note 17)	33,166,300	33,166,300	33,166,300
Less weighted average number of treasury stock	4,322,657	4,309,888	4,309,888
Weighted average number of common shares outstanding (b)	28,843,643	28,856,412	28,856,412
Earnings per share (a/b)	₱1.694	₱1.581	₱1.387

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28. Change in Liabilities Arising from Financing Activities

Movements in loans payable, long-term debt and lease liabilities accounts are as follows (see Notes 14, 15 and 16):

	2025			2024			2023		
	Loans Payable	Long-term Debt	Lease Liabilities	Loans Payable	Long-term Debt	Lease Liabilities	Loans Payable	Long-term Debt	Lease Liabilities
	(In Thousands)								
Balance at beginning of year	₱17,312,356	₱372,607,783	₱13,150,290	₱4,208,964	₱362,368,607	₱13,313,112	₱5,422,524	₱346,974,612	₱13,473,170
Amortments	77,358,017	119,754,493	—	86,630,583	78,970,654	—	28,516,941	83,045,972	—
Payments	(80,967,352)	(85,571,225)	(996,842)	(73,673,667)	(72,199,246)	(807,760)	(29,563,323)	(66,701,374)	(874,140)
Cumulative translation adjustment and foreign exchange movement	67,628	2,200,539	—	65,876	3,466,768	—	(86,678)	(950,605)	—
Decrecognition	—	—	(613,590)	—	—	—	—	—	—
Others	—	—	713,259	—	—	734,918	—	—	714,082
Balance at end of year	₱13,762,649	₱408,991,590	₱12,353,909	₱17,312,356	₱372,607,783	₱13,150,290	₱4,208,964	₱362,368,607	₱13,313,112

There are no non-cash changes in accrued interest and dividends payable.



ASSURANCE AND ESG REFERENCES

ESG Data Tables

GHG Emissions (MtCO²e)

GHG Emissions	Scope 1	Scope 2 Location Based	Scope 2 Market Based	Scope 3	Total GHG Emissions (Location-Based)	Total GHG Emissions (Market Based)
FY2025	30,552	838,079	542,043	627,420	1,496,051	1,200,015
FY2024 ¹	33,047	711,414	508,548	712,381	1,456,842	1,253,976
FY2023 ²	42,944	660,909	424,137	698,070	1,401,923	1,165,151

GHG Emissions (2025)	Scope 1	Scope 2 Location Based	Scope 2 Market Based	Scope 3
SMHCC	1,423	28,233	14,753	-
SMLRR	114	991	300	-
SCMC	25,019	782,471	511,896	604,805
CPG	3,765	25,668	14,708	22,299
SMDC	228	634	304	-
Others	3	82	82	316

Fuel and Refrigerant Consumption

	Within the Organization			Outside the Organization	
	Total Fuel Consumption (L)	Total LPG Consumption (L)	Total Refrigerant Consumption (KG)	Total Fuel Consumption (L)	Total LPG Consumption (L)
FY2025	3,323,711	381,887	12,954	54,922,169	54,881,165
FY2024 ³	4,048,221	585,680	12,716	45,825,061	45,825,061
FY2023 ⁴	21,982,177	19,979,274	4,716	37,732,649	37,732,649

Electricity Consumption (MWh)

	Electricity Consumption Within the Organization	Electricity Consumption Outside the Organization	Renewable Energy Procured	Renewable Energy Generated
FY2025	1,300,386	799,539	501,246	89,985
FY2024 ⁵	1,063,586	935,966	374,492	30,518
FY2023 ⁶	973,420	930,423	>50%	Not Reported

¹ 2024 GHG Emissions were restated from 343,209 tCO₂e (Scope 1), 748,799 tCO₂e (Scope 2), and 2,958,666 tCO₂e (Scope 3).
² 2023 GHG Emissions were restated from 104,349 tCO₂e (Scope 1), 674,639 tCO₂e (Scope 2), and 864,798 tCO₂e (Scope 3).
³ 2024 Fuel Consumption (within and outside the organization) was restated from 4,392,346 and 1,439,001,024, respectively. 2024 Refrigerant Consumption was also restated from 207,979.
⁴ 2023 Fuel Consumption (within and outside the organization) was restated from 59,717,338 and 820, respectively.
⁵ 2024 Electricity Consumption (within and outside the organization) was restated from 1,126,783 and 923,223, respectively.
⁶ 2023 Electricity Consumption (within and outside the organization) was restated from 1,747,426 and 189,047, respectively.

Energy Intensity (MWh/m²)

FY2025	Energy Intensity
Within the Organization	0.08
Outside the Organization	0.05

Water Withdrawal (in Megaliters)

	Utility Provider	Seawater	Rainwater	Total
FY2025	17,690	220	168	18,079
FY2024	17,944	175	17	18,137
FY2023	17,923	95	0	18,018

	SMHCC	SMLRR	SCMC	CPG	SMDC
FY2025	342	146	17,123	402	5

Water Discharge (in Megaliters)

	Utility Provider	Surface Water	Seawater	Tailings	Others	Water Recycled
FY2025	2,081	1,543	939	0	598	6,692
FY2024	9,812	0	109	0	0	5,585
FY2023	11,187	213	0	0	0	4,424

Waste Generation (tons)⁷

	Waste Generated		Other Waste Collected	
	Hazardous	Non-hazardous	Plastic	E-Waste
FY2025 ⁸	13,965	224,057	139	8
FY2024	4,573	292,283	63	11
FY2023	4,384	161,408	-	-

Non-Hazardous Waste Classification (tons)⁹

	Recyclables / Recycled	Residual / Disposed to landfill	Biodegradables / Composted
FY2025	100,826	44,811	78,420

⁷ A substantial portion of the waste generated by SM Prime Holdings Inc. is attributable to waste collected from its tenants.
⁸ 2025 Waste Generation data for non-hazardous waste from SCMC are based from actual weights from Cebu malls projected for all malls nationwide and validated using estimated data submitted by each branch.
⁹ Ibid

Waste Management and Disposal (tons)

	Accredited Hauler	Landfill	Composted	Recycled	Sold	Other
FY2025 ¹⁰	13,826	44,811	78,420	100,826	10	129
FY2024	283,719	185	-	3,657	-	-

Mobility Enhancement

	EV Charging Stations (number of units)	Bicycle Slots	Bicycle Lanes
FY2025	153	6,353	Over 7km of bike lanes across 6 properties
FY2024	126	6,300	
FY2023	34	-	

Human Capital Total Headcount

Number of Permanent Employees						
	Gender		Age			Total
	Male	Female	Less than 30	30 to 50	Greater than 50	
FY2025	6,300	7,891	5,487	8,006	698	14,191
FY2024 ¹¹	6,056	7,662	5,858	7,243	617	13,718
FY2023	5,757	7,170	5,588	6,787	552	12,927

FY2025 Business Units							
	SMHCC	SMLRR	SCMC	CPG	SMDC	SMEDD	SMPH HQ
Permanent Employees	1,916	155	8,316	105	2,650	639	410
Fixed-Term ¹²	-	-	27	-	-	-	-
PWD	23	-	89	-	-	-	-

¹⁰ 2025 data has included a breakdown of waste collected by accredited haulers into compostable, recyclable, and disposed into landfill.
¹¹ Restatement from 2024 Integrated Report of 13,747
¹² Fixed term employees are hired on a project-based and seasonal basis. Permanent employees include regular employees and those on probationary status.

Rank				
	Rank and File	Junior Management	Middle Management	Senior Management
FY2025	5,751	5,179	2,849	412
FY2024 ¹³	5,342	4,931	2,939	506
FY2023	4,859	5,209	2,280	117

Total Employee New Hires and Turnover

Number of New Hires						
	Gender		Age			Total
	Male	Female	Less than 30	30 to 50	Greater than 50	
FY2025	1,244	1,593	1,909	885	43	2,837
FY2024 ¹⁴	1,137	1,542	1,904	745	30	2,679
FY2023	1,706	2,110	2,723	1,059	34	3,816

Number of Resignations						
	Gender		Age			Total
	Male	Female	Less than 30	30 to 50	Greater than 50	
FY2025	982	1,334	1,230	1,014	73	2,316
FY2024 ¹⁵	856	1,091	1,112	781	54	1,947
FY2023	976	1,313	1,334	888	71	2,289

Training Hours

	Male	Female	Total
FY2025	239,761	300,310	540,071
FY2024	205,845	260,348	466,193
FY2023	172,650	215,137	387,787

¹³ Restatement from 2024 Integrated Report of 5,566 for Rank and File, 5,110 for Junior Management, 2,838 for Middle Management, 233 for Senior Management

¹⁴ Restatement from 2024 Integrated Report Total Employee New Hires of 2,712, reflected in the breakdown by gender and age.

¹⁵ Restatement from 2024 Integrated Report Total Employee Resignations of 2,212, reflected in the breakdown by gender and age.

Career Development

FY2025	
% of Employees who received career development reviews, as scheduled (5 months and above)	100%
Number of employees received career development reviews	10,335

Parental Leaves

	Employees who availed parental leaves		Employees who returned to work after parental leave		Remained Employed 12 months after the parental leave	
	male	female	male	female	male	female
FY2025	153	345	153	304	127	271
FY2024	138	432	137	404	105	159
FY2023	134	425	134	338	132	286

Supply Chain

	Number of Suppliers		Procurement Spend (millions of PHP)		Number of POs	
	Local	Foreign	Local	Foreign	Local	Foreign
FY2025	3,064	80	21,600	143	135,173	1,381

Occupational Health and Safety

Employees	FY2025**	FY2024 *	FY2023 *
No. of fatalities	0	0	0
No. of lost-time injuries	0	0	1,833
Total Hours Worked	26,848,000	30,902,744	21,786,529
Contractors			
No. of fatalities	0	1	2
No. of lost-time injuries	0	64	266
Total Hours Worked	7,346,000	62,924,540	167,965,824

*Data for contractors only includes SCMC
**Data includes the top 4 contractors for facility maintenance, administrative and security personnel. Contractors related to construction are not included since they are directly reporting their OHS data to the Department of Labor and Employment.



Gender Parity

Category	Average Female Salary: Average Male Salary		
	2025	2024	2023
Senior Management	1.05:1	1:1	1:1
Middle Management	1.02:1	1:1	1:1
Junior Management	1.02:1	1:1	1:1
Rank-and-file	1.03:1	1:1	1:1

Awards and Certifications (2025)

	Social Awards	Environmental Awards	BCMS Certified Buildings	LEED Certified Buildings
Total Awards and Certifications	47	17	83	8

Notice of Violations Received (2025)

	DENR	DOLE	LLDA	Incidents of Discrimination	Human Rights Violation
FY2025	0	0	0	0	0

Independent Assurance Statement

CSRWorks International (“CSRWorks”) has been engaged by the Management of SM Prime Holdings Inc. (“SM Prime” or “the Company” with SEC Registration Number: 94000088) to carry out an independent assurance engagement for its 2025 Integrated Report in its printed version, including references to its website (“the Report”).

The Report has been prepared by the Company referencing the Global Reporting Initiative (“GRI”) Standards 2021, and applying the International Financial Reporting Standards (IFRS) Sustainability Disclosures Standards, IFRS S1 and IFRS S2. The Report covers SM Prime’s sustainability performance of its operations in the Philippines and China from 1st January 2025 to 31st December 2025 (“the reporting period”)

Our assurance was conducted based on a Type 2 Moderate level of engagement as per AccountAbility’s AA1000 Assurance Standard (“AA1000 AS v3”) using CSRWorks’ Framework for Assurance and Verification (“CSRWorks Framework”), a customised verification procedure¹, and as mutually agreed with the client. This statement presents our opinion as an independent assurance provider to the Management of SM Prime (“the Management”), based on the assurance engagement planned and conducted by us during January 2025 – April 2026.

Responsibilities of the management and the assurance provider

The Management of SM Prime bears the sole responsibility for preparation of the Report as well as collecting, collating, analysing and presenting the information and data in the Report. SM Prime is also responsible for maintaining the integrity of its website as well as any referenced disclosures on its sustainability performance.

The Management of SM Prime is the sole intended user of this Statement. CSRWorks’ responsibility in presenting the outcomes of our independent assurance engagement is to the Management and is based on the scope of work and terms of reference agreed upon with the Company. We expressly disclaim any liability for any decision, investment or otherwise, that a person or entity may make based on this Statement. Our assurance engagement is based on the assumption that the information and data presented to us as part of our work has been provided in good faith and is free from material misstatements.

Assurance scope, criteria and limitations

The reporting scope, subject matter and boundary covers SM Prime’s sustainability performance, that is, economic, environmental, social and governance issues during the reporting period, for the operations of SM Prime covering Malls, Residences, Hotels and Convention Centres, and Offices and Warehouses, in the Philippines and China, as covered in the Report under the sections “About the Report” and “Company Overview”.

Our assurance engagement has been planned and performed based on the requirements set out in AA1000 AS v3 towards providing a Type 2, Moderate level of assurance opinion of the Report’s adherence to AA1000 AccountAbility Principles (2018). As part of our engagement, we have also evaluated the Report’s adherence to the GRI Standards chosen for reporting by SM Prime as referenced in the Report.

During the engagement, we did not come across any limitations to the agreed terms of reference. Our assurance takes into account an uncertainty level of ±5% for any errors in measurement or estimation and omission. Selection of samples of sustainability data, information and evidences are based on our professional judgement and perceived risks within the effort and time allocated and hence, related limitations will persist. Any reported data on financial performance are based on audited financial statements, and is not within the terms of reference of our engagement.

Our engagement also excludes any evaluation of the adequacy or effectiveness of SM Prime’s strategies and management approaches for sustainability issues, including performance versus goals and targets. This Statement does not provide any assurance on internal controls within the Company. Any forward-looking

¹ based on global assurance and verification frameworks and best practices such as AA1000 AS v3, ISAE 3000 (Revised) – (Assurance Engagements Other than Audits or Reviews of Historical Financial Information) and and ISO 14064-3:2019.

statements and expressions of opinion and belief provided within the Report have been excluded from the terms of reference for our work of assurance. We have not reviewed the accuracy and reliability of information and data outside the reporting period within the Report, such as historical performance information presented for the purposes of comparability. The evaluation of the level of adherence to global reporting frameworks beyond the GRI Standards chosen by SM Prime for reporting is also not part of this engagement.

Assurance Methodology

As part of our assurance process towards arriving at our assurance opinion and conclusions, and based on the terms of reference agreed upon with SM Prime, we carried out the following activities:

- Desk review of the draft version of the Report and development of an assurance engagement plan.
- Interactions with management personnel at SM Prime who have been tasked with driving the Company's sustainability strategies related to its identified material topics. During this assurance process, we interacted with personnel at SM Prime managing the following areas:
 - o Corporate Governance, Board-related matters, Sustainability Governance, Environmental performance, Talent Management, Diversity, Occupational Health and Safety, Training and Development, Supply Chain, Finance
- Review of SM Prime's approaches towards materiality determination and stakeholder engagement, and its outcomes as presented in the Report.
- Review of SM Prime's adherence to the AA1000 Accountability Principles (2018) of Materiality, Inclusivity, Responsiveness and Impact.
- Review of policies, practices, principles, governance mechanisms, and performance as presented in the Report, and an assessment of underlying management and reporting processes.
- Assessment of specified performance information and disclosed information related to identified material topics towards evaluating the reliability and quality of data and information presented including:
 - o Verification of data through sample evidence gathering and an evaluation of the accuracy, reliability, traceability and completeness of data capture systems and processes used for collating and validating reported information, including methodologies and assumptions considered.
 - o Interactions with senior managers and data owners responsible for collecting, collating, reporting and validating sustainability performance data.
- Assessment of the Report's adherence to the requirements of the following GRI Topic Standards related to identified material topics selected for reporting by SM Prime, and referenced in the Report:
 - o GRI 201: Economic Performance 2016: 201-1, 201-2; GRI 203: Indirect Economic Impacts 2016: 203-1, 203-2; GRI: Anti-corruption 2016: 205-1, 205-2, 205-3; GRI 206: Anti-competitive Behaviour 2016:206-1;
 - o GRI 302: Energy 2016: 302-1, 302-2, 302-3, 302-4; GRI 303: Water 2018: 303-2, 303-3, 303-4, 303-5; GRI 305: Emissions 2016: 305-1, 305-2, 305-3, 305-4; GRI 306: Waste 2020: 306-1, 306-2, 306-3, 306-4;
 - o GRI 401: Employment 2016: 401-1, 401-3; GRI 403: Occupational Health and Safety 2018: 403-1, 403-3, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10; GRI 404: Training and Education 2016: 404-1, 404-2, 404-3; GRI 405: Diversity and Equal Opportunity 2016: 405-1, 405-2; GRI 406: Non-discrimination 2016: 406-1; GRI 410: Security Practices 2016: 410-1; GRI 413: Local Communities 2016: 413-1, 413-2.
- Review of overall balance and neutrality in reporting, and verification of supporting evidences for claims, initiatives and case studies presented in the Report on a sample basis.

SM Prime was free to choose interviewees, and obtain evidences and samples of data sets as planned and required for performing our assurance engagement towards arriving at our assurance opinion. We carried out our interviews and interactions remotely through video-teleconferencing and collaboration platforms. We did not interact with any external stakeholders as part of this engagement.

Conclusions and Opinions

Based on the assurance engagement undertaken, nothing has come to our attention to suggest that SM Prime's 2025 Integrated Report does not provide a fair, faithful and reliable account of the Company's material issues, sustainability strategies, management approach and performance information. Further, nothing causes use to believe that the Report does not adequately adhere to the requirements of the GRI Standards chosen by the Company and referenced within its GRI Content Index.

Our opinion on the Report's adherence to the AA1000 AccountAbility Principles (2018) is as follows:

Inclusivity

"People should have a say in the decisions that impact them".

The Report describes the engagement mechanisms established by SM Prime to identify key issues and concerns, and needs and expectations of the stakeholder groups that it has identified, that is, employees, customers, multi-sector and sustainability partners, suppliers and business partners, local communities, investors and analysts, government partners, and media partners. The Company's actions and responses to the significant needs and expectations of these stakeholder groups are brought out across the Report.

Materiality

"Decision makers should identify and be clear about the sustainability topics that matter."

SM Prime explains the structured process of materiality assessment that the Company has followed, which considers both financial materiality and impact materiality, while integrating global sustainability standards and best practices. The Company identifies and prioritises key sustainability topics that are important to its stakeholders and the business, while considering the expectations of regulatory bodies, global sustainability frameworks, and voluntary commitments taken up by SM Prime.

Responsiveness

"Organisations should act transparently on material sustainability topics and their related impacts."

The Report explains SM Prime's strategic actions and responses to the key expectations and concerns of the Company's stakeholder groups, identified through its engagement mechanisms. The Company aligns and reviews its overall sustainability-related and climate-related strategies and policies, towards creating shared value and resilience among its identified stakeholder groups, and this is brought out in the Report through descriptions of SM Prime's risks, opportunities and impacts, management approaches, performance, and targets linked to identified material topics.

Impact

"Organisations should monitor, measure, and be accountable for how their actions affect their broader ecosystems."

The Report describes the processes established by SM Prime to monitor, measure and evaluate the Company's impacts related to the Company's prioritised sustainability topics and risks. GRI Standards have been selected explain SM Prime's performance within the Report through disclosures on its policies and procedures, management approach, performance metrics, and assessment and evaluation processes. Nothing has come to our attention to suggest that SM Prime has not adequately applied the Principles of Inclusivity, Materiality, Responsiveness nor Impact in the preparation of this Report.

Reliability and Quality of Specified Sustainability Performance Information

SM Prime's methodologies and processes for collecting, collating, analysing and reporting data and information related to the Company's sustainability performance were found to be generally acceptable. Data owners and managers were able to demonstrate the traceability of the majority of the qualitative and quantitative data brought out within the Report and which was sampled by us as part of the assurance process, and no systemic errors were identified.

On the basis of a Type 2 moderate level of assurance engagement, nothing has come to our attention to suggest that the information presented by SM Prime to us was inconsistent, inaccurate and unreliable.

CSRWorks has presented a detailed Management Report with conclusions and recommendations which is meant towards further strengthening the process of sustainability reporting at SM Prime in future reporting periods. The content of this Management Report is however, generally consistent with the Management’s objectives and have not influenced the opinions and conclusions presented within this Statement.

Independence and Competence of the Assurance Provider

CSRWorks is a leading provider of sustainability services focused on advisory, assurance and verification, training and thought leadership, and a licenced provider of AA1000 Assurance Services with detailed processes for ensuring quality and competency. It has over 20 years of track record in sustainability reporting, integrated reporting, external assurance, ESG assessment and ratings, climate change disclosures and sustainable procurement.

We maintain our independence and adherence to relevant ethical requirements as detailed within the CSRWorks Framework, the AA1000 AS v3 Code of Practice and the International Ethics Standards Board for Accountants’ International Ethics Standards for Sustainability Assurance (including International Independent Standards), as well as our internal codes for responsible conduct. This engagement has been planned and performed by an independent multi-disciplinary team of sustainability and assurance professionals with requisite skills, experience and competencies – no member of the assurance team has a business relationship with SM Prime, its Directors or Managers beyond this engagement. We conducted this verification independently and to our knowledge there has been no conflict of interest.

CSRWorks was not involved in the development of the Report except for this Assurance Statement. This Assurance Statement represents the independent opinion of CSRWorks.

For CSRWorks and on behalf of the Assurance team

<signature>

Rajesh Chhabara
Managing Director
CSRWorks International Pte Ltd

xxth April 2026, Singapore

This Assurance Statement shall only be valid when published within or referenced to the Report to which it refers. It may only be reproduced in its entirety.



<AA1000 Licensed Report Mark>

IFRS S1 and S2 Disclosures

	References
Governance	
IFRS S1-27(a) and IFRS S2 6(a)	
The Board, through its Corporate Governance and Sustainability (CGS) Committee, is responsible for the company’s sustainability reporting, oversight on significant sustainability-related and climate-related risks and concerns of SM Prime’s stakeholders, and review of recommendations regarding targets and strategies to improve the company’s sustainability performance. An independent director chairs the CGS Committee. The Board and its CGS Committee clearly set out their duties and responsibilities on sustainability matters in the SM Prime Integrated Report and in their respective charters, which SM Prime discloses on its website. The Board, including key officers, is mandated to attend the annual corporate governance training and encouraged to participate in SMPH-initiated trainings as part of its continuing education program to stay current with regulations, including sustainability and other related topics. Our Board of Directors, through the Corporate Governance and Sustainability Committee, ensures that the Board possesses the necessary skills and competencies to oversee sustainability-related strategies, risks, and opportunities. The Committee is guided by company policies that are aligned with regulatory requirements and recognized best practices in corporate governance. Board qualifications are evaluated in accordance with our Charters and Manuals, which adhere to applicable laws and relevant regulatory issuances of the SEC and PSE. Using the Board Matrix, the Board assesses whether it has the appropriate mix of attributes, skills, competencies, and experience to effectively fulfill its responsibilities. This evaluation considers the evolving business environment, industry developments, and the strategic priorities, including the increasing importance of sustainability and climate-related risks and opportunities. Supporting the Board is the SM Prime Sustainability Council, the highest management oversight body, chaired by our President. This council involves advisory groups, the Sustainability Secretariat, and a group-wide Technical Working Group (TWG) led by the SM Prime Sustainability Head. Each business unit has its respective sustainability team. Additionally, the Enterprise Risk Management (ERM) and Governance Teams review and assess climate-related risks and report to the Board the strategic risks related to sustainability and climate. The Board is informed of sustainability-related risks and opportunities through quarterly updates, including any medium- to high-risk issues identified during the regular conduct of the risk assessment process. The Group-wide Sustainability Risk Management Framework is aligned to ISO 31000:2018 (Risk Management - Principles and Guidelines) and COSO WBCSD ESG Framework. The framework identifies which risks we seek to completely avoid, and identifies which remain at the business unit level and which are elevated as a group-wide risk. The risks and opportunities are monitored at the group-wide and business unit levels. Additionally, SM Prime has a Sustainability Policy where Climate Risk Management is embedded. The Board, through its CGS Committee, oversees and manages sustainability-related and climate-related risks and opportunities. The Committee also works closely with SM Prime Sustainability and ERM teams in establishing goals and targets with Business Units. Performance-based compensation and rewards are determined based on the individual performance of the employee and overall SM Prime Group performance, which consists of, but is not limited to, the SM Prime Group’s sustainability goals that are integrated into its financial and operational targets, and that measure the SM Prime Group’s long-term viability. For additional reference, please refer to the following documents: • Revised Manual on Corporate Governance • Corporate Governance and Sustainability Committee Charter • SMPH Board Matrix	Annual Integrated Report 2025: Corporate Governance Section pages 48-62 Annual Integrated Report 2025: Corporate Governance, Training and Continuing Education Section, page 55 Board Charter: https://www.smprime.com/wp-content/uploads/2022/11/Board-Charter.pdf CG and Sustainability Committee Charter: https://www.smprime.com/wp-content/uploads/2022/11/Corporate-Governance-Committee-Charter.pdf SMPH Board Matrix: https://www.smprime.com/wp-content/uploads/2025/05/SMPH-Board-Matrix.pdf Minutes of the Meeting of the Board Enterprise Risk Management Framework SMPH-CPU-ERM-POL-0005 v 00 Sustainability Policy (https://www.smprime.com/wp-content/uploads/2026/03/SM-Prime-Sustainability-Policy.pdf) Remuneration Matters https://www.smprime.com/wp-content/uploads/2024/05/Remuneration-Matters.pdf

IFRS S1-27(b) and IFRS S2 6(b)	
The management, monitoring, and oversight of sustainability- and climate-related risks and opportunities are delegated to the SM Prime Sustainability Council. This responsibility is carried out primarily by the Head of SM Prime Sustainability, with operational support from the Technical Working Group (TWG). The TWG serves as an interdisciplinary committee that coordinates and implements procedures for managing sustainability and climate-related risks and opportunities. The TWG is composed of Sustainability representatives from all Business Units, along with members from governance, risk management, and control systems functions. When relevant, various initiatives and control processes addressing key sustainability-related risks and opportunities are embedded across key internal functions. These include energy and water management, social programs, and governance and compliance activities that promote ethical business practices.	Annual Integrated Report 2025: Corporate Governance Section pages 48-62
Strategy	
Sustainability-related risks and opportunities	
IFRS S1-30 IFRS S2-9	
The following sustainability- and climate-related risks and opportunities are identified as those reasonably expected to affect SM Prime's ability to create shared value among areas of impact: Risks: 1) Resources required to achieve global decarbonization pathway targets. A key transition risk for SM Prime arises from the potential inability to mobilize the resources needed to align with global decarbonization pathways. Significant capital investment will be required to redesign systems, retrofit buildings, and meet the increasingly stringent regulatory and stakeholder expectations. Failure to meet these requirements could materially affect the Company's long-term strategic direction and competitiveness. 2) Water scarcity. Water stress presents substantial risk as declining water quality and availability may increase costs for water sourcing, treatment, and infrastructure upgrades. Ensuring an uninterrupted water supply for tenants and site operations may require additional investment, potentially impacting operational budgets. 3) Supply chain disruption from flood (i.e., extreme climate-related weather event) More frequent and severe typhoons, flooding, and related weather events heighten the likelihood of supply chain interruptions. Such disruptions can affect the availability of construction materials, labor, and logistics, resulting in project delays, cost escalations, and development backlogs. Opportunities: 1) Environmental consciousness and climate awareness. Growing environmental and climate consciousness among tenants, investors, and other stakeholders enables SM Prime to differentiate itself through sustainable developments and operations. This shift enhances the its reputation and supports long-term market competitiveness. 2) Fortification of the structural integrity of properties against disasters and hazards. Integrating climate-resilient design enhances asset durability while reducing long-term repair and maintenance costs. These measures also reinforce SM Prime's role in building safe and disaster-ready communities. 3) Achieve and maintain net-zero operations through strategic reduction and avoidance initiatives. Advancing toward net-zero operations through energy efficiency, renewable energy adoption, and emissions avoidance initiatives delivers operational and financial gains. Lower energy consumption reduces long-term operating costs while aligning SM Prime with evolving regulatory and stakeholder expectations.	Enterprise Risk Management Framework SMPH-CPU-ERM-POL-0005 v 00 Risk Assessment Process Corporate Governance Committee Charter https://www.smpprime.com/wp-content/uploads/2022/11/Corporate-Governance-Committee-Charter.pdf Audited Financial Statements (Auditor's Opinion)

There is a negligible impact of climate-related risks and opportunities on SM Prime's current period financial position, performance, and cash flows. In 2025, SM Prime experienced only very minor impacts from a few isolated incidents of business interruption that did not significantly affect overall operations or financial results. Climate risks and opportunities are factored into insurance/financial planning, as well as resilient design components for the facilities and infrastructure. SM Prime is implementing strategies such as climate-proofing its properties to anticipate risks and impacts, and transitioning to100% renewable energy by 2035. The climate resilience of SM Prime is demonstrated by its commitment to the SBTi targets to achieve Net Zero by 2040. Resilient buildings, infrastructure, and proactive climate monitoring through weather sensors are embedded in its operations.	
Climate Related Opportunities	
IFRS S2-10	
For each climate-related risk identified, SM Prime has established defined management approaches aligned with its sustainability and climate strategy. These approaches are anchored on six strategic pillars: 1) Climate Resilience, 2) Societal Well-being, 3) Quality Employment, 4) Net-Zero Commitment, 5) Waste-Free Future, and 6) Water for Tomorrow, which collectively guide the Company's response to climate-related risks and opportunities. Risks associated with the resources required to achieve global decarbonization pathway targets are assessed as market-related transition risks, reflecting potential impacts from changes in technology costs, energy markets, and regulatory expectations. Water stress and scarcity, arising from reduced water availability, are identified as a chronic physical climate risk that the Company actively manages through efficiency and conservation measures. In addition, supply-chain disruptions caused by flooding and other extreme climate-related weather events are classified as acute physical climate risks, affecting both upstream and downstream activities, as such events occur with increasing frequency and intensity. The following are the opportunities for the identified risks: Sustainability- and Climate-related Opportunities: Achieving net-zero commitment is expected to occur at the medium- to long-term time horizon. SM Prime's enterprise-level sustainability strategies and initiatives are expected to provide compounding and increased benefits within this horizon. The fortification of structural integrity against disaster or climate hazards, including environmental consciousness and climate awareness, is expected to occur within a medium-term time horizon. Regulatory changes over developments and doing business due to sustainability trends and sustainability-oriented local investment and spending are expected to increase over this time horizon. Time Horizon Definition In defining the short-term, medium-term, and long-term time horizons, the Company first links this to its internal planning horizons relevant to strategic decision-making. Standard long-term expansion and growth plans are established on a five-year outlook. Further, external assessments conducted in SM Prime are observed to be within the defined time horizons. Such assessments considered include environmental impact assessments (EIA) conducted on project developments. Other external assessments considered include year-on-year assessments by rating agencies. Excluding periodic calibration, realignment to current enterprise strategies and local or global trends is considered and integrated within five years, ensuring continued viability and success over succeeding periods until completion. Short-term: 0 - 1 year Medium-term: >1 - 5 Years Long-term: beyond 5 Years	Risk Assessment Process Corporate Planning Process

Business Model and Value Chain	
IFRS S1-32 IFRS S2-13	
SM Prime recognizes the opportunities in its goals for achieving Net Zero by the commitment date, as significant to its prospects, currently and in the coming periods. This opportunity includes potential for green financing as an alternative to traditional debts in financing project developments, cost efficiency, and lower cost of capital from sustainable energy and water initiatives, and potential long-term societal impacts from carbon reduction and resource conservation. The physical and transition risks of climate change are considered to have a negligible effect on its prospects, its financial position, performance, and cash flows. It has not experienced catastrophic and unmanageable effects from climate change risks for the period. SM Prime's business model concentrates most of its total assets in real estate investment properties. The Malls primarily drive the Group's growth and revenue for the period, followed by Residences. In terms of geographic concentration, a significant portion of SM Prime's properties are located in Metro Manila. Key risks and opportunities are identified, assessed, and managed with these factors in mind. Climate-related risks and opportunities are expected to test and enhance SM Prime's supply chain resilience over time. Risks: 1) Resources required to achieve global decarbonization pathway targets. This risk arises from the shared responsibility for SM Prime's Net Zero commitment as adopted by the BU. Managing these risks requires highly coordinated enterprise-wide strategies and initiatives. 2) Water stress resulting from decreased water quality and availability. Water stress affects properties in landlocked, less urbanized areas of the Philippines and those with limited access to developed water systems, classified by Baseline Water Stress levels. 3) Supply chain disruption due to extreme climate-related weather events. This risk is concentrated in SM Prime's BUs with significant upstream and downstream dependencies, particularly those operating in tenant-dependent locations or recurring revenue models. This exposure also persists in ongoing developments (i.e., during the construction phase). SM Prime views its Net Zero commitment as a key opportunity for both current and future growth. Benefits include access to green financing, improved cost efficiency, and lower capital costs through sustainable energy and water initiatives, and long-term societal gains from carbon reduction and resource conservation. Climate-related physical and transition risks are considered to have minimal impact on SM Prime's prospects, financial position, performance, and cash flows. No catastrophic or unmanageable effects from climate change were experienced during the reporting period.	Enterprise Risk Management Framework SMPH-CPU-ERM-POL-0005 v 00
Strategy and Decision-Making	
IFRS S1-33 IFRS S2-14 (a)	
SM Prime ensures full compliance with all regulatory requirements, including those related to climate and sustainability. Its resilient infrastructure is designed with hydrometeorological assessments, and all projects undergo an Environmental Impact Assessment (EIA) to identify potential impacts on people, air, water, land, and climate. Mitigation measures are then integrated into the Environmental Management Plan (EMP) and Social Management Plan (SMP). It also committed to achieving Net Zero emissions by 2040.	Enterprise Risk Management Framework SMPH-CPU-ERM-POL-0005 v 00 Integrated Annual Report 2024, Natural Capital Section: pages 108-115

IFRS S2-14	
SM Prime is adapting its business model and resource allocation to address current and future climate-related challenges and opportunities. It integrates these considerations into strategic planning through portfolio reviews, scenario analyses, and capital allocation processes, while assessing high-emission and resource-intensive operations to identify needed upgrades, efficiency improvements, or potential phase-outs. Looking ahead, SM Prime plans to shift investments toward lower-carbon technologies, energy-efficient equipment, and process redesign, with increased capital allocated to renewable energy, energy efficiency retrofits, and R&D on low-carbon business solutions. Supply chain evaluations are ongoing to reduce exposure to high-emission or vulnerable suppliers, including potential supplier switching or collaboration initiatives. Among its current and planned mitigation and adaptation efforts, SM Prime is implementing energy-efficiency projects across its BUs, including equipment upgrades, production optimization, and reduction of process-related emissions, while strengthening climate resilience through improved facility design standards to address flooding, heat stress, extreme weather, and water scarcity. Planned actions include transitioning certain operations to renewable power, exploring electrification of fleets and machinery, and encouraging tenants to switch from fossil-based fuels to electricity. SM Prime is also evaluating the relocation or climate-proofing of assets exposed to physical risks and investing in workforce upskilling to support low-carbon operations and the deployment of new technologies. Among SM Prime's current and anticipated indirect mitigation and adaptation efforts, it engages with suppliers to improve emissions data quality, reduce upstream Scope 3 emissions, and promote the use of more sustainable materials. It is also working with tenants and lessees to expand lower-carbon product offerings, encourage energy-efficient product use, and set energy and waste reduction goals. Planned actions include implementing supplier sustainability requirements and capacity-building programs, as well as collaborating with industry partners to advance circularity, resource efficiency, and low-carbon innovations across the value chain. Our transition plan outlines the pathway for reducing greenhouse gas emissions in alignment with national regulations and science-based targets. Its key assumptions include the availability and declining cost of low-carbon technologies, such as renewable energy, electrification, and energy-efficient systems, as well as the continuation of supportive regulatory frameworks and incentives for renewable energy and efficiency programs. The plan also depends on suppliers' ability to provide lower-carbon inputs and products, the availability of skilled talent and supporting infrastructure—such as EV charging and reliable grids—and access to financing for large-scale transition investments. SM Prime has established climate-related targets, including GHG reduction goals aligned with national and industry benchmarks, as well as the Science Based Targets initiative (SBTi). Strategies to achieve these targets focus on energy efficiency and renewable energy, waste reduction, water stewardship, and nature-based solutions. Progress is tracked through key performance indicators, including energy use intensity, emissions intensity, renewable energy share, waste diversion, supply chain compliance metrics, and mangrove and tree planting initiatives. To support these strategies, SM Prime is allocating financial, human, and technological resources. Capital expenditures are directed toward renewable energy procurement, solar panel installations, facility retrofits, HVAC optimization, technology modernization, and resilient building designs. Operational budgets cover climate resilience assessments, staff training, decarbonization plans, and ESG reporting enhancements. Dedicated teams across sustainability, risk, business continuity, operations, and procurement oversee implementation, supported by external consultants, auditors, and technology providers to ensure data quality, capability building, and specialized project execution. SM Prime monitors and discloses year-over-year progress toward its climate-related plans and targets. Qualitative progress includes completed assessments, implemented policies, and improvements in governance and data quality. Quantitative progress is measured through GHG emissions reduction relative to the 2019 baseline, the share of renewable energy (targeting 100% by 2035), the number of upgraded or climate-proofed facilities, Scope 3 supplier engagement coverage, and capital invested in climate-related initiatives. Progress is evaluated annually and used to refine strategies, resource allocation, and timelines.	Enterprise Risk Management Framework SMPH-CPU-ERM-POL-0005 v 00 WWF Philippines 2023: SMPH Measure Report

Financial position, financial performance and cash flow	
IFRS S1-34	
There is a negligible impact with regard to sustainability and climate-related risks and opportunities on SM Prime's current period financial position, performance, and cash flows. As a percentage of either total assets or revenue, the anticipated effects of sustainability and climate-related risks and opportunities remain negligible or within tolerable levels to its financial position, performance, and cash flows in the coming period. However, monitoring and resources are provided in the transition and integration of IFRS Standards (S1 and S2) reporting in the overall sustainability reporting.	Annual Integrated Report 2025: ESG Data Table, page 122-127 Audited Financial Statements (Auditor's Opinion) Risk Assessment Process
IFRS S1-35	
For the reporting period, SM Prime remained in compliance with applicable environmental and regulatory requirements and did not incur any material fines or penalties. Assessment of climate-related physical risks indicates that impacts such as asset damage or business disruption were negligible or within the established risk tolerance levels. Based on currently available information and management's assessment of climate-related risks and opportunities, no material adverse impact on its financial position, performance, or cash flows is anticipated over the short-, medium-, and long-term time horizons. SM Prime has not identified any significant climate-related risks that would require material adjustments to the carrying amounts of assets and liabilities in the next annual reporting period, as reflected in the financial statements. There were no significant investment or disposal plans during the period related to climate or sustainability matters. SM Prime's capital requirements continue to be funded through a combination of internally generated cash flows and borrowings, which management considers adequate to support ongoing operations and resilience under identified climate-related scenarios.	Annual Integrated Report 2025: ESG Data Table, page 122-127 Loss History (Physical Risk) Audited Financial Statements (Auditor's Opinion) Risk Assessment Process
IFRS S2-15	
Effects of climate-related risks and opportunities on financial position, financial performance and cash flows. During the reporting period, climate-related risks and opportunities had identifiable, but not material, effects on SM Prime's financial position, financial performance, and cash flows. The observed impacts primarily relate to the management of physical and transition risks, as well as the realization of climate-related opportunities, as outlined below. Physical climate risks, including extreme weather events, flooding, heat stress, and water scarcity, resulted in limited financial impacts. In terms of financial position, additional provisions were recognized to support asset reinforcement and enhanced maintenance activities in locations identified as having higher physical risk exposure. With respect to financial performance, SM Prime incurred slightly higher operating costs due to flood-protection measures, increased preventive maintenance, and higher utility consumption associated with elevated temperatures. From a cash flow perspective, capital expenditures increased modestly to support resilience projects, including flood-protection systems, wastewater recycling enhancements, rainwater harvesting facilities, and other climate-adapted infrastructure. Transition risks, such as regulatory compliance requirements, energy transition measures, and potential carbon pricing mechanisms, had limited but observable effects. The financial position reflected incremental costs associated with compliance with emerging climate- and sustainability-related regulations. In terms of financial performance, operating expenses increased due to investments in data management systems, climate and ESG reporting capabilities, stakeholder engagement, and emissions-reduction initiatives. Cash flows were affected by investments in low-carbon technologies, energy-efficiency retrofits, and the enhancement of ESG and sustainability reporting systems.	Enterprise Risk Management Framework SMPH-CPU-ERM-POL-0005 v 00

At the same time, SM Prime realized climate-related opportunities that partially offset these impacts. Financial position benefits were observed through value enhancement from energy-efficiency projects and renewable energy procurement initiatives. Financial performance improved through reduced utility expenses arising from efficiency measures, as well as strengthened brand value and increased tenant attraction linked to sustainability-aligned properties, including the adoption of green lease arrangements. Over the longer term, these initiatives are expected to contribute to low operating cash outflows, supported by sustained energy savings and broader resource-efficiency improvements.

Expected Financial Position Impacts of Climate Strategy Across Time Horizons.

SM Prime expects climate-related risks and opportunities to continue influencing its financial position, financial performance, and cash flows over the short, medium, and long term. These expectations are embedded in its financial planning and capital allocation processes to ensure alignment between climate strategy and long-term value creation.

In the short term (0–1 year), SM Prime anticipates continued investments in climate-resilient design standards and flood-mitigation infrastructure, which are expected to modestly increase asset values related to resilience enhancements. Financial performance may be affected by slight increases in operating expenses associated with sustainability compliance, emissions reporting, and initial energy-efficiency upgrades. Cash flows are expected to reflect incremental capital expenditures for adaptation measures and early-stage decarbonization initiatives.

Over the medium term (greater than 1 to 5 years), SM Prime may experience potential asset revaluations in locations with higher climate exposure, depending on updated climate risk assessments and local adaptation requirements. Financial performance is expected to benefit from cost reductions as energy-efficiency initiatives and renewable energy programs mature. During this period, cash flows are anticipated to include increased capital allocation toward green buildings, renewable energy sourcing, electrification initiatives, and the adoption of low-carbon technologies.

In the long term (beyond five years), SM Prime expects strengthened asset resilience and a reduced risk of climate-related impairments as climate-adapted infrastructure and mitigation investments mature. Financial performance is expected to improve through lower utility and operating costs driven by the widespread deployment of energy-efficient technologies, as well as potential revenue from sustainable and resilient property developments. Cash flows are expected to stabilize as earlier investments in mitigation and adaptation generate sustained long-term returns, supporting ongoing financial resilience and value creation.

Integration into Financial Planning.

Climate-related risks and opportunities are systematically integrated into SM Prime's strategic and operational decision-making processes. These considerations inform capital budgeting and project approval decisions, ensuring that investments account for resilience, emissions reduction, and long-term sustainability. Climate factors are also embedded in long-term asset planning and design standards, influencing how assets are developed, upgraded, and managed to remain resilient under changing climate conditions.

In addition, climate considerations shape SM Prime's procurement and energy strategies, guiding the selection of energy sources, suppliers, and technologies that support emissions reduction and operational efficiency. Scenario analysis for both physical and transition risks is used to assess potential future impacts and inform strategic responses, while cost-benefit analyses of adaptation measures help prioritize investments in resilience initiatives. These processes collectively support the implementation of SM Prime's Net Zero by 2040 roadmap, ensuring that climate-related investments are aligned with long-term decarbonization objectives and value creation.

IFRS S2-16	
Climate-related risks and opportunities are assessed to have a negligible impact on SM Prime’s financial position, performance, and cash flows for the current reporting period, and are not expected to result in any material adjustments to the carrying amounts of assets and liabilities in the succeeding annual reporting period SM Prime expects its financial position, financial performance, and cash flows to evolve over the short, medium, and long term as it executes its strategy to manage climate-related risks and opportunities. These expectations reflect planned capital expenditures, potential asset disposals, and the funding sources required to support its climate-related initiatives and resilience measures. Short term (0–1 year). Over the short term, SM Prime anticipates modest increases in assets primarily from capital expenditures related to climate-resilient building design, energy-efficiency upgrades, and initial decarbonization initiatives. No material asset write-downs or disposals are expected during this period. Planned investments include improvements to drainage systems, flood-mitigation infrastructure, efficiency retrofits, and climate-proofing measures across existing assets. These activities are expected to be funded mainly through operating cash flows, supplemented where appropriate by sustainability-linked borrowings. Short-term funding requirements are expected to be adequately met through internal cash generation and available credit facilities. Medium term (>1–5 years). In the medium term, SM Prime expects further growth in climate-aligned assets driven by increased investment in renewable energy procurement, technology upgrades, and potential acquisitions in low-carbon or climate-resilient developments. Certain assets located in areas exposed to higher physical climate risks may require more significant retrofitting, which could influence asset valuations over time. Investment activities during this period are expected to include the execution of major resilience projects, the integration of smart and green building systems, and potential divestment from assets with elevated climate-related risk profiles. Funding is expected to be supported by a combination of green bonds, sustainability-linked loans, and potential co-investment partnerships with technology and energy providers. Long term (beyond five years). Over the long term, SM Prime expects its asset portfolio to demonstrate improved resilience and reduced exposure to climate-related impairment risks as adaptation and mitigation investments mature. Continued investment in low-carbon developments and renewable energy initiatives is expected to enhance the long-term value and sustainability of the asset base. Longer-term plans may include expansion into new business areas such as low-carbon developments and climate-adaptive urban spaces, as well as the potential retirement of assets that are no longer economically efficient to retrofit. Long-term funding is expected to be supported by sustained access to ESG-aligned financing instruments and capital raised through strategic partnerships. SM Prime expects its financial performance and cash flows to evolve over the short, medium, and long term as it continues to implement climate-related risk management and resilience strategies. In the short term (0–1 year), SM Prime expects a slight increase in operating expenses, primarily driven by compliance requirements, enhanced climate-related reporting, and the initial implementation of adaptation and resilience projects. These activities are expected to result in increased cash outflows related to resilience measures and energy-efficiency investments, reflecting early-stage capital allocation toward climate initiatives. Over the medium term (greater than 1 to 5 years), SM Prime expects improvements in financial performance as energy-efficiency initiatives mature and operational efficiencies are realized. Reduced utility expenses and enhanced building performance are anticipated to contribute positively to operating costs, while climate-resilient developments may support improved tenant attraction and retention. Cash flows during this period are expected to reflect continued capital expenditures for decarbonization and adaptation measures, partially offset by cost savings from renewable energy sourcing and operational efficiencies.	Audited Financial Statements (Auditor's Opinion)

In the long term (beyond five years), financial performance is expected to benefit from a more resilient asset portfolio, reduced exposure to climate-related disruptions, and potential revenue growth from developments aligned with a low-carbon economy. Cash flows are expected to stabilize as earlier investments in adaptation and mitigation generate sustained returns, with lower operating costs and enhanced asset resilience supporting stable and positive long-term cash flow generation.	
Resilience	
IFRS S1-41	
SM Prime undertakes a qualitative and, where applicable, quantitative assessment of the resilience of its strategy and business model in relation to sustainability-related risks. This assessment is designed to evaluate its ability to withstand and adapt to both physical and transition risks over defined short-, medium-, and long-term time horizons, and forms part of its broader climate and sustainability risk management framework. The assessment is carried out through several integrated mechanisms. These include the implementation of a Business Continuity Management System (BCMS) to ensure operational continuity under disruptive climate-related events; the application of resilient building design standards that incorporate climate and disaster risk considerations into asset development and retrofitting; and the conduct of disaster preparedness trainings, supported by the installation of Earthquake Recording Instruments (ERI) to enhance readiness and real-time monitoring. In addition, SM Prime strengthens its analysis through partnerships with the Manila Observatory and other weather and climate agencies, which provide science-based data, forecasts, and insights to inform risk assessments and response planning. Together, these measures support a structured evaluation of resilience and enable SM Prime to adjust its strategy and operations in response to evolving sustainability-related risks.	Enterprise Risk Management Framework SMPH-CPU-ERM-POL-0005 v 00
IFRS S2-22	
As of the reporting date, SM Prime assesses its business model to be highly resilient to climate-related risks under a range of climate scenarios, including low-carbon transition pathways and high physical risk scenarios. Its diversified geographic presence, together with its ongoing investments in climate resilience and sustainability initiatives, supports its ability to manage climate-related risks while capturing emerging opportunities associated with the transition to a low-carbon economy. SM Prime’s climate scenario analysis, which considered temperature increase pathways of 1.5°C and 2.0°C, identified key climate-related risks, including the increasing frequency and intensity of extreme weather events such as flooding and typhoons, as well as transition risks arising from evolving regulatory requirements, market dynamics, and stakeholder expectations. In response to these identified risks, SM Prime continues to strengthen its climate strategy by integrating climate risk considerations into site selection processes and development design standards, enhancing asset-level resilience measures—such as flood control systems, improved drainage, and building retrofits—and expanding energy efficiency and renewable energy initiatives across its operations. These actions are intended to support the continued viability of its assets, operations, and overall business model under different climate scenarios. Notwithstanding these measures, the assessment of climate resilience is subject to inherent uncertainty. Key sources of uncertainty include variability in climate projections, particularly regarding the severity and frequency of extreme weather events; evolving regulatory and policy landscapes; changes in technology, market preferences, and stakeholder expectations; and limitations in the availability and granularity of asset-level climate risk data. These uncertainties may influence the timing and magnitude of potential impacts on SM Prime’s operations, financial performance, and long-term strategic outcomes. Availability and Flexibility of Financial Resources. SM Prime maintains sufficient financial capacity to respond effectively to the physical and transition risks identified through its climate-related scenario analysis. It has access to internal funding generated from operating cash flows, which can be	Enterprise Risk Management Framework SMPH-CPU-ERM-POL-0005 v 00

redirected toward climate mitigation and adaptation initiatives as required. In addition, SM Prime retains flexibility in capital allocation, allowing resources to be re-prioritized across projects in response to evolving climate-related risks, regulatory developments, and advances in technology. SM Prime also has access to external financing options, including sustainability-linked loans and green financing instruments, which provide opportunities to accelerate investments in climate resilience and decarbonization. Furthermore, contingency buffers are embedded within long-term investment plans to support adaptation measures such as asset resilience upgrades, operational enhancements, and the adoption of future decarbonization technologies. Collectively, these financial mechanisms enable SM Prime to manage potential disruptions, address increasing capital requirements, and pursue emerging opportunities related to resource efficiency, renewable energy deployment, and low-carbon service offerings. Ability to Redeploy, Repurpose, Upgrade or Decommission Existing Assets. SM Prime integrates climate considerations into its long-term asset planning and asset management processes to support operational resilience and alignment with its climate strategy. This approach includes the redeployment or repurposing of assets, where operationally feasible, such as converting existing systems or spaces to accommodate energy-efficient technologies or low-carbon operations. It also undertakes asset upgrades and retrofits aimed at improving energy efficiency, reducing greenhouse gas emissions, and strengthening physical resilience. These measures include the installation of flood protection and water-efficiency systems, enhancements to ventilation and cooling systems, and structural improvements that enable buildings to withstand extreme weather conditions, including winds of up to 300 km/h. Where appropriate, SM Prime implements the phased decommissioning of assets that are no longer aligned with its long-term climate strategy or where operational risk is expected to increase under future climate scenarios. In addition, climate resilience criteria are embedded into procurement, design, and construction standards, ensuring that new assets are designed to be adaptive to projected climate conditions over their useful lives. Collectively, these practices strengthen its capacity to manage climate-related risks and support the ongoing transition toward a more resilient and sustainable asset portfolio. Impact of Current and Planned Investments in Climate Mitigation, Adaptation, and Resilience. SM Prime has ongoing and planned investments aimed at strengthening long-term resilience and advancing the transition to a low-carbon operating model. These investments encompass a broad range of mitigation initiatives, including the integration of renewable energy sources, implementation of energy-efficiency programs, fleet electrification, use of low-carbon construction materials, and expanded waste-reduction efforts. Together, these actions support emissions reduction while enhancing operational efficiency. In parallel, SM Prime continues to implement adaptation measures designed to address physical climate risks. These include the adoption of climate-resilient design standards, infrastructure hardening, enhanced drainage and flood-management systems, and operational protocols that mitigate risks associated with extreme temperatures and weather events. SM Prime is also pursuing resilience-building opportunities, such as the deployment of digital monitoring systems, green infrastructure, nature-based solutions, and technologies that improve operational performance and enhance tenant and customer experience. These initiatives are supported by strategic long-term capital programs that embed climate risk assessments into project planning and investment prioritization, ensuring that resilience considerations are systematically integrated into capital expenditures and asset modernization decisions. Collectively, these investments enhance SM Prime’s ability to adapt to evolving climate conditions while positioning the business to capture opportunities arising from the transition to a low-carbon economy. Climate-Related Scenario Analysis. SM Prime conducted its initial climate related scenario analysis through a third-party partner, the World Wide Fund for Nature- Philippines (WWF), in 2023 as part of its Science Based Targets initiative (SBTi) validation process. Building on this foundation, SM Prime now performs annual internal scenario analyses as an integral	component of its strategic planning and enterprise risk management cycle. The most recent assessment was completed in Q4 2024, with active participation from cross-functional teams, including Sustainability, Risk Management, Finance, Operations, and key BUs. This collaborative approach ensures that the analysis incorporates scientific climate projections while remaining grounded in operational and business realities relevant to SM Prime’s portfolio and long-term strategy. SM Prime applied multiple climate-related scenarios sourced from internationally recognized, science-based institutions to assess its exposure to both physical and transition risks. These include the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCPs)—specifically RCP4.5 and RCP8.5—to assess physical hazards such as extreme heat, flooding, storms, and sea-level rise, as well as the International Energy Agency (IEA) Net Zero Emissions (NZE) scenario to evaluate transition risks associated with decarbonization pathways. These scenarios were selected in line with globally accepted best-practice frameworks for climate risk assessment. A diverse set of climate-related scenarios is applied through collaboration with WWF, complemented by SM Prime’s internal climate scenario analysis. Internal climate risk management metrics and programs reference the IEA NZE scenario to reflect its commitment to Net Zero targets. All scenarios considered address both physical risks—including acute events such as floods and storms and chronic impacts such as rising temperatures—and transition risks, such as carbon pricing, regulatory tightening, market shifts, and technology transitions, drawing on guidance from the IEA and the Network for Greening the Financial System (NGFS). This approach ensures coverage of both acute and chronic climate-related risks across SM Prime’s value chain. The scenario analysis was initially performed using 2023 reference data through WWF and applies a 10-year assessment horizon (2025–2035) to evaluate medium-term impacts on assets, operations, and investment decisions. Among the scenarios applied, the IEA NZE and NGFS Net Zero 2050 pathways align with international climate commitments, including the Paris Agreement objective of limiting global warming to 1.5°C. The selected scenarios were deemed appropriate as they represent credible, science-based climate projections; capture uncertainty across both physical and transition dimensions; provide a range of outcomes from baseline to more severe conditions; are widely used by global financial institutions and regulators; and support robust strategic resilience testing across asset life cycles and investment horizons. SM Prime assessed climate-related impacts across three time horizons consistent with IFRS S2: the short term (0–1 year), medium term (>1 to 5 years), and long term (beyond 5 years). This assessment was designed to capture the differing nature, timing, and magnitude of climate-related risks and opportunities over time. The analysis covered SM Prime’s full operational footprint, including all major BUs, key operating locations with material exposure to climate-related risks, and critical assets, supply-chain elements, and revenue-generating segments. To enhance the robustness of the assessment, climate stress testing was conducted at both the consolidated and asset-level, enabling the identification of differential impacts across regions, asset types, and business activities. Assumptions in the Climate Resilience Analysis. The climate scenario analysis incorporates assumptions related to projected national and regional policy developments that are expected to influence the transition to a low-carbon economy. These assumptions include anticipated carbon pricing trajectories and the potential expansion of emissions trading frameworks, the introduction of mandatory climate-related disclosure requirements, and the tightening of energy-efficiency standards and building codes. The analysis also considers government incentives for renewable energy and low-carbon technologies. Policy assumptions reflect a higher degree of regulatory tightening under high-ambition climate pathways, while more gradual policy convergence is assumed under moderate transition scenarios. SM Prime’s internal response to climate-related policy developments is guided by established corporate policies, including its Energy Management Policy, Sustainability Policy, and Risk Management Policy. These policies provide the framework for integrating regulatory expectations into operational planning, investment decisions, and risk management processes.

Additionally, macroeconomic trends were assessed and determined to pose minimal risk to its overall climate resilience. Key parameters considered include regional GDP growth projections, inflationary pressures arising from potential resource constraints, technology cost trajectories for renewable energy solutions, and shifts in consumer preferences toward low-carbon products and services. These factors are monitored to ensure that strategic and capital planning remain aligned with evolving economic and market conditions. The climate-related scenario analysis incorporates a range of national- and regional-level assumptions relevant to SM Prime's risk exposure and operating context. These include the assessment of physical risk indicators such as the frequency and severity of flooding events and conditions of water scarcity. Assumptions on energy usage and energy mix take into account electricity consumption across Retail Competition and Open Access (RCOA) facilities and the increasing contribution of on-site solar panel installations. The analysis also considers developments in technology, including the deployment of motion sensors for air-conditioning and lighting systems, the use of LED lighting, upgrades to heating, ventilation, and air-conditioning (HVAC) systems, and the installation of seismic monitoring systems to enhance asset resilience. The climate-related scenario analysis was conducted for the 2023 reporting period and subsequently updated in 2025 to reflect evolving conditions, data availability, and mitigation measures.	
Risk Management	
IFRS S1-44 IFRS S2-25	
SM Prime uses its ERM Framework to identify, assess, prioritize, and monitor enterprise risks. In addition, the Group-wide Sustainability Framework, aligned with ISO 31000 and COSO ESG WBCSD Framework, is also adopted to ensure holistic sustainability and climate-related risk management of risks and opportunities. This framework has provided for the processes used in identifying its key risks and the management of its exposures. SM Prime utilizes various sources of data applicable to its scope of sustainability and climate-related risks assessed. Such data includes readily available, official, and validated data, sourced from various environmental and social experts and government agencies. These data are used to inform internal data gathered across the group in analysis, identification, monitoring, and management of sustainability- and climate-related risks and opportunities. Relevant sources and inputs are also indicated in the assessments of key sustainability- and climate-related risks. SM Prime applies a combination of externally supported and internally conducted climate scenario analyses to inform the identification and assessment of climate-related risks. Sustainability-related risks are evaluated by considering their nature, likelihood, and potential magnitude of impact. The nature of each risk is first classified to determine whether it represents a physical risk or a transition risk. The assessment of likelihood and magnitude takes into account SM Prime's Net Zero commitment and progress, as well as the current and expected evolution of internal policies, regulatory frameworks, and external market conditions. Both qualitative and quantitative risk factors are considered, where data is available without undue cost or effort, to ensure that risk assessments remain proportionate, decision-useful, and aligned with best practices in climate-related risk management. Relative to other key risks of SM Prime across the enterprise's risk universe, it recognizes commitment to meeting Net Zero by 2040 as an enterprise-wide objective and a significant contribution to global decarbonization. All business units participate in the decarbonization initiatives. Corporate Objective: Achieve / Meet Net Zero Commitment (by 2040) Material Topic: GHG Management Risk Identified: Transition Risk (Unable to Meet Global Decarbonization Pathway Targets) Risk Response: Mitigate (Enterprise-wide Energy Plan) FY2035: 100% on Renewable Energy (1:0 RE-NRE Mix) FY2029-2030: 85% on RE	Annual Integrated Report 2025: Corporate Governance Section pages 63-69 SM Prime Sustainability Related Policies https://www.smprime.com/company-policies/ Enterprise Risk Management Framework SMPH-CPU-ERM-POL-0005 v 00

FY2028: 75% on RE FY2025-2026: 67% on RE Sustainability- and climate-related risks are monitored using a combination of quantitative and qualitative metrics, informed by recognized standards such as the SASB Standards and internally developed indicators tailored to SM Prime's strategic objectives and operating context. The processes and methodologies applied for sustainability and climate risk management during the reporting period remain consistent with those used in the prior reporting period, ensuring continuity and comparability over time. In parallel, SM Prime has developed a distinct process for the identification, assessment, prioritization, and monitoring of climate- and sustainability-related opportunities, operating within the broader sustainability and climate risk management framework. This opportunity management process is in the process of being formalized and is expected to be integrated with the existing enterprise risk management system in the coming reporting period. Sustainability- and climate-related risks are fully integrated into its overall risk management process and are considered as part of regular risk identification, assessment, and monitoring activities across business units. These risks are evaluated through established risk and sustainability governance mechanisms, and where assessment results indicate that a risk is significant for the reporting period, it is escalated and reported to the Risk Committee for oversight and appropriate action.	
Metrics and Targets	
IFRS S1-46	
Through IFRS S1 and S2, SM Prime has identified relevant and applicable SASB industry metrics relative to its identified sustainability- and climate-related risks and opportunities. It uses the following metrics aligned with IFRS to measure and monitor sustainability-related risks and opportunities, and its performance related to these risks and opportunities. Such metrics are established in reference to SASB and include: IF-RS-410a.1: Revenue from energy and sustainability services IF-RS-410a.2: (1) Floor area and (2) number of buildings under management provided with energy and sustainability services IF-RS-410a.3: (1) Floor area and (2) number of buildings under management that obtained an energy rating IF-RS-510a.3: Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including the duty of care IF-RE-130a.1: Energy consumption data coverage as a percentage of total floor area by property sector IF-RE-130a.2: (1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property sector IF-RE-130a.3: Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property sector IF-RE-130a.5: Description of how building energy management considerations are integrated into property investment analysis and operational strategy IF-RE-140a.1: Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property sector IF-RE-140a.2: (1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property sector IF-RE-140a.3: Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property sector IF-RE-140a.4: Description of water management risks and discussion of strategies and practices to mitigate those risks IF-RE-410a.2: Percentage of tenants that are separately metered or sub-metered for (1) grid electricity consumption and (2) water withdrawals, by property sector IF-RE-410a.3: Discussion of approach to measuring, incentivizing, and improving impacts of tenants	Annual Integrated Report 2025: ESG Data Table, page 122-123 SBTi Target WWF Philippines 2023: SMPH Measure Report Renewable Energy Roadmap

IF-RE-450a.1: Areas of properties located in 100-year flood zones, by property sector IF-RE-450a.2: Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks											
IFRS S1-51											
SM Prime remains compliant with its Extended Producer Responsibility (EPR) obligations and has made a voluntary commitment to achieve net-zero emissions by 2040, using the Science Based Targets initiative (SBTi)—recommended tools and methodologies. Sustainability- and climate-related risks are monitored through a comprehensive set of quantitative and qualitative metrics, informed by recognized frameworks such as the SASB Standards, as well as internally developed indicators tailored to its strategic priorities and operating context. SM Prime has established science-based emissions reduction targets for 2030, 2035, and 2040, using 2019 as the baseline year. While formal interim or milestone targets have not yet been set, defined thresholds are applied to guide strategic decision-making, particularly in relation to growth and expansion plans. Using initial analyses conducted in collaboration with WWF, SM Prime monitors interim performance and milestones, including alignment with global decarbonization pathways, achievement of water recycling targets, increased conversion of waste to refuse-derived fuel (RDF), and progress toward nature-based solutions. In parallel, it maintains sustained monitoring of adverse weather and climate events—such as flooding, typhoons, and climate variability associated with ENSO conditions (El Niño and La Niña)—to support resilience planning. As part of its continuous improvement process, SM Prime has undertaken an internal revision of its renewable energy target, increasing its ambition from 75% to 100% renewable energy by 2035. This revision reflects SM Prime’s commitment to strengthening its climate transition strategy and aligning with evolving best practices and stakeholder expectations.	Annual Integrated Report 2025: ESG Data Table, page 122-123 SBTi Target WWF Philippines 2023: SMPH Measure Report Renewable Energy Roadmap										
IFRS S2-29											
SM Prime has identified the key activities and processes across its operations that contribute to greenhouse gas (GHG) emissions, covering Scope 1, Scope 2, and relevant Scope 3 categories. For the reporting period, its total absolute gross GHG emissions amounted to 1,200,015 metric tons of CO₂ equivalent (MT CO₂e) on a market-based basis and 1,496,051 MT CO₂e on a location-based basis, reflecting emissions across all three scopes, as summarized in Table 1. Scope 1 emissions totaled 30,051 MT CO₂e, primarily arising from the combustion of fuels, including gasoline, diesel, and liquefied petroleum gas (LPG), as well as emissions from refrigerants used in operations. Scope 2 emissions amounted to 542,043 MT CO₂e, representing indirect emissions from purchased electricity, including electricity generated from both renewable and fossil-based sources. Scope 3 emissions totaled 532,313 MT CO₂e, mainly attributable to Category 3 (Fuel- and energy-related activities) and Category 1 (Purchased goods and services). Emissions from Category 5 (Waste generated in operations)—covering solid waste and wastewater—were measured but excluded from the Scope 3 total, as these were assessed to be negligible relative to emissions from Category 3. In addition, a significant portion of waste generated within SM Prime facilities originates from tenants, mall visitors, and company-led initiatives such as clean-up activities and recycling programs, including trash-to-cash initiatives, further mitigating the overall emissions impact. Table 1. Scope 1, 2 and 3 GHG Emissions <table><tr><th>GHG Emissions (MT CO₂e)</th><th></th></tr><tr><td>Total Scope 1 GHG Emissions</td><td>30,552</td></tr><tr><td>Total Scope 2 GHG Emissions Location Based</td><td>838,079</td></tr><tr><td>Total Scope 2 GHG Emissions Market Based</td><td>542,043</td></tr><tr><td>Total Scope 3 GHG Emissions</td><td>627,420</td></tr></table>	GHG Emissions (MT CO ₂ e)		Total Scope 1 GHG Emissions	30,552	Total Scope 2 GHG Emissions Location Based	838,079	Total Scope 2 GHG Emissions Market Based	542,043	Total Scope 3 GHG Emissions	627,420	Annual Integrated Report 2025: ESG Data Table, page 122 Remuneration Matters (2024)
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GHG Emission Measurement Approach.	
SM Prime calculates its greenhouse gas (GHG) emissions in accordance with the Greenhouse Gas (GHG) Protocol, which serves as the primary methodological framework for the measurement and reporting of Scope 1, Scope 2, and Scope 3 emissions. For location-based Scope 2 calculations, grid emission factors published by the Department of Energy are applied to reflect emissions associated with electricity consumption from the national grid. GHG emissions are quantified using an activity-based, bottom-up methodology, which enables SM Prime to capture emissions from relevant sources across its operations with a high level of accuracy. This approach involves identifying emission sources within defined operational and financial control boundaries, collecting activity data from internal systems, supplier disclosures, and utility bills, and applying appropriate emission factors from reputable and internationally recognized sources. All greenhouse gases are converted into carbon dioxide equivalents (CO₂e) using Intergovernmental Panel on Climate Change (IPCC) Global Warming Potential (GWP) factors, as well as applicable National Grid Emission Factors (NGEF) and emission factors provided by RCOA facilities. This methodology ensures consistency, comparability, and alignment with global best practices in GHG accounting and reporting. For Scope 2 emissions, SM Prime reports using both the location-based and market-based methods in accordance with the GHG Protocol. The location-based method reflects the average emissions intensity of the regional electricity grids where it operates, while the market-based method incorporates supplier-specific emission factors and contractual instruments, such as renewable energy certificates (RECs), to reflect the emissions associated with purchased electricity choices. This dual reporting approach provides a more comprehensive view of SM Prime’s electricity-related emissions and the impact of its renewable energy procurement strategies. SM Prime has selected its current measurement approach, inputs, and assumptions for greenhouse gas (GHG) emissions to ensure that its reporting is accurate, consistent, comparable, and aligned with globally recognized standards. The key reasons include: 1. Alignment with Internationally Accepted Standards. SM Prime uses the GHG Protocol methodologies because they are the most widely adopted global framework for corporate emissions accounting. This ensures that our disclosures are consistent with international best practices and compatible with regulatory requirements, investor expectations, and emerging sustainability reporting frameworks such as ISSB/IFRS S2. 2. Data Availability and Reliability. Our methodology prioritizes the use of actual activity data (e.g., fuel use, electricity consumption, refrigerant top-ups) because these inputs provide the highest degree of accuracy. Where direct data is not available, we rely on recognized third-party emission factors and established assumptions to ensure reliability while maintaining transparency about estimation techniques. 3. Comparability Over Time. Using consistent measurement approaches and standardized assumptions allows us to compare performance across reporting periods. This supports internal tracking of emission trends, evaluation of reduction initiatives, and long-term decarbonization planning, such as meeting our Net Zero Target in 2040. 4. Practicality and Cost Effectiveness. The selected approach balances rigor with practicality. We collect detailed, source-level data where this is operationally feasible and material. For emissions sources where obtaining primary data is costly or impractical, we use proxy or spend-based methods that still provide reasonable estimates in line with accepted industry practices. 5. Credibility and Transparency. By relying on recognized emission factor databases (e.g., GHG Protocol, IPCC, IEA, AR6, national grid factors) and standardized assumptions, we ensure that calculations are transparent, defensible, and can withstand external review. The collected data was reviewed and cleared by the SM Prime Internal Audit Team. This strengthens the credibility of our reporting for regulators, investors, and other stakeholders. 6. Preparedness for Assurance and Regulatory Compliance.	

Our approach is designed to be robust enough to meet assurance requirements and align with regulatory expectations. Using standardized and verifiable inputs facilitates third-party assurance and supports compliance with emerging climate disclosure rules globally. Changes to the measurement approach, inputs, assumptions and reasons for changes During the reporting period, the SM Prime Sustainability Team updated selected elements of its greenhouse gas (GHG) measurement approach, including inputs and key assumptions, to enhance the accuracy, consistency, and decision-usefulness of its climate-related disclosures in alignment with IFRS S2 Climate-related Disclosures. These refinements were implemented to strengthen comparability over time and improve the reliability of reported emissions data used for internal decision-making and external reporting. Targeted improvements were made to SM Prime's GHG quantification methodologies. These included a shift from estimated, activity-based data to actual metered or supplier-provided data for material Scope 1 and Scope 2 emission sources, leveraging systems such as the SAP ERP platform, fleet fuel cards, and actual utility billings. It also refined its data collection boundaries to focus on material emissions from owned and controlled operations and applied updated regional grid emission factors to improve the accuracy of location-based Scope 2 emissions calculations. 1. Reason for Change. The changes to the measurement approach were implemented to comply with IFRS S2 requirements, with a focus on improving data quality, enhancing transparency around estimation techniques, and increasing comparability across reporting periods. The transition to more accurate activity data and the application of updated emission factors strengthen the reliability and decision-usefulness of the information presented to users of general-purpose financial reports. 2. Changes to Inputs. During the reporting period, SM Prime updated several key inputs used in the calculation of greenhouse gas emissions. These updates included the incorporation of newly published emission factors from authoritative and internationally recognized sources such as the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and relevant national agencies. For market-based Scope 2 emissions, supplier-specific emission factors were adopted where contractual instruments now provide verifiable and auditable data. In addition, enhanced data collection templates were introduced alongside the existing ESG data platform (Convene) to obtain more granular and reliable inputs for selected Scope 3 categories. Reason for Change These updates align with IFRS S2's emphasis on using the most current, reliable, and verifiable inputs available. They also reflect improvements in data availability from suppliers and advancements in scientific and methodological guidance, resulting in a more accurate representation of its emissions profile. 3. Changes to Assumptions Certain assumptions applied in the estimation of Scope 3 emissions were revised during the reporting period. These revisions included updates to default emission intensities for categories where primary or supplier-specific data remains limited, as well as adjustments to assumptions related to activity drivers such as employee commuting patterns and average transport distances. These changes were made to reflect evolving operational conditions and observable changes during the reporting period. Reason for Change The revisions were undertaken to ensure that assumptions remain reasonable, supportable, and consistent with current scientific evidence and operational realities, in line with the principles and disclosure objectives of IFRS S2. Disaggregation of Scope 1 and Scope 2 Greenhouse Gas Emissions for consolidated accounting group and other investees To provide users of general-purpose financial reports with decision-useful information, SM Prime disaggregates its Scope 1 and Scope 2 greenhouse gas (GHG) emissions in accordance with IFRS S2 disclosure requirements. This disaggregation is designed	

to improve transparency regarding the sources, drivers, and geographic distribution of operational emissions, and to support meaningful assessment of climate-related risks and opportunities. Scope 1 emissions are disclosed on a gross basis and disaggregated by emission source type, including stationary combustion, mobile combustion, process emissions, and fugitive emissions. In addition, Scope 1 emissions are further broken down by geographical region (Luzon, Visayas, and Mindanao) and, where relevant, by business unit or operating segment to enhance users' understanding of emissions exposure across the Group's operations. Scope 2 emissions are also disclosed on a gross basis and disaggregated by measurement method, distinguishing between location-based emissions, which are calculated using average grid emission factors, and market-based emissions, which reflect supplier-specific emission factors and contractual instruments. Scope 2 emissions are further disaggregated by geographical region, reflecting the applicable electricity grids or markets, and by business unit, as relevant. SM Prime additionally presents total combined emissions, including total Scope 1 emissions, total Scope 2 emissions on both a location-based and market-based basis, and an explanation of differences between the two Scope 2 methodologies where such differences are relevant to users' understanding. This level of disaggregation supports comparability over time and against peers, while aligning with the transparency and consistency principles underpinning IFRS S2 climate-related disclosures. For climate-related disclosures prepared in accordance with IFRS S2, the consolidated accounting group refers to the group of entities included in SM Prime's consolidated financial statements, prepared in accordance with the applicable financial reporting framework. This boundary is applied consistently across financial and climate-related disclosures to ensure alignment, comparability, and faithful representation. The consolidated accounting group comprises the parent entity, SM Prime Holdings, Inc. (SMPHI), and all business units—SCMC, CPG, LRR, SMHCC, SMEDD, and SMDC—over which it exercises control, as defined under IFRS 10 Consolidated Financial Statements. Control is assessed based on the parent entity's power over the investee, its exposure or rights to variable returns from involvement with the investee, and its ability to use that power to affect those returns through relevant activities. The climate-related disclosures for GHG emissions, risks, opportunities, and related financial impacts are therefore prepared using the same consolidation boundary as its general-purpose financial statements. This ensures consistency, comparability, and alignment between financial reporting and climate-related reporting as required under IFRS S2. For climate-related disclosures prepared in accordance with IFRS S2, the entity excludes from the requirements of paragraph 29(a)(iv)(1) those investees that fall outside the consolidated accounting group. These include associates and joint ventures accounted for using the equity method under IFRS 11, unconsolidated subsidiaries over which the entity does not have control as defined in IFRS 10, and other equity-accounted or non-controlled investees where it cannot direct relevant activities. These investees are excluded because they do not fall within SM Prime's consolidation boundary, which IFRS S2 requires to be aligned with the consolidation boundary applied in the general-purpose financial statements. Consistent with this boundary, such investees are not included in the disclosure of Scope 1 and Scope 2 greenhouse gas emissions, nor are they included in Scope 3 emissions, as they have been assessed as not material to the evaluation of climate-related risks and opportunities for the reporting period. The assessment of emissions materiality for other investees supports consistency with the objectives of IFRS S2, ensuring transparency, faithful representation, and alignment between climate-related disclosures and the underlying financial reporting framework. Location-based Scope 2 GHG Emissions In accordance with IFRS S2 Climate-related Disclosures, SM Prime reports its location-based Scope 2 greenhouse gas (GHG) emissions using the National Grid Emission Factors (NGEF) applicable to the geographic locations where electricity consumption occurs. This approach reflects the emissions associated with electricity generation from the national grid, independent of its contractual procurement choices, and provides a consistent measure of exposure to grid-average emissions intensity. Location-based Scope 2 emissions are calculated using actual electricity consumption data	

obtained from utility providers and metering systems, combined with grid emission factors published by recognized authorities, including the Department of Energy of the Philippines. In parallel, SM Prime also enters into various contractual instruments for electricity procurement, including supplier-specific electricity contracts (e.g., AboitizPower), Renewable Energy Certificates (RECs) sourced through entities such as the Premiere Energy Resources Corporation (PERC), and Power Purchase Agreements (PPAs) that convey renewable energy attributes. While these instruments influence the calculation of market-based Scope 2 emissions, they do not affect the location-based emissions figures. SM Prime discloses information on these contractual arrangements to provide transparency and enable users of the disclosures to understand the differences between market-based Scope 2 emissions, which reflect contractual and procurement decisions, and location-based Scope 2 emissions, which represent exposure to grid-average electricity emissions. This approach supports a clearer understanding of how renewable energy commitments and electricity procurement strategies influence its overall emissions profile while maintaining consistency with international reporting standards. Scope 3 GHG emissions In accordance with IFRS S2 Climate-related Disclosures, specifically paragraph 29(a)(i)(3), and with reference to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011), SM Prime provides disclosures on its Scope 3 greenhouse gas (GHG) emissions across relevant value-chain activities. The Scope 3 categories included in the Integrated Annual Report have been selected based on their relevance to its operations, representation of material emission sources, and alignment with identified climate-related risks and opportunities. SM Prime’s Scope 3 GHG inventory encompasses the following categories: Category 1 (Purchased goods and services), Category 2 (Capital goods), Category 3 (Fuel- and energy-related activities), Category 5 (Waste generated in operations, including solid waste and wastewater), Category 7 (Employee commuting), and Category 11 (Downstream leased assets). Each category has been included based on its potential contribution to total value-chain emissions, the availability and reliability of data, and its relevance to management’s climate risk and opportunity assessment in line with IFRS S2 requirements. For the current reporting period, emissions were quantified and reported for Category 3 (Fuel- and energy-related activities) and Category 5 (Waste generated in operations), reflecting data readiness and materiality considerations. Category 15 (Investments) has been assessed as not applicable or not material, consistent with IFRS S2 and the GHG Protocol, as SM Prime does not engage in asset management activities in the financial services context, such as managing investment portfolios, funds, or financial assets on behalf of clients. While SM Prime has not identified the amount or percentage of assets vulnerable to climate-related transition risk, it has identified all business units vulnerable to climate-related transition risks. The financial effects of transition risk impacts are monitored through monitoring of capital expenditures and costs related to sustainable retrofitting and green certifications. Further, it has identified assets with short life cycles or useful lives to be less susceptible to transition risk than its buildings and other structural developments, as future standards and regulatory requirements may necessitate upgrades and adjustments to its plans. SM Prime has identified assets exposed to climate-related physical risks, particularly flooding and extreme weather events. As of 2025, approximately PhP 8.2B, representing 10% of total CAPEX, is allocated to climate-proofing and embedding resilient features for infrastructures. These include malls in flood-prone or typhoon-exposed locations. Risk assessments are based on hazard maps, historical data, or third-party climate models. SM Prime has identified climate-related opportunities in energy-efficient operations and green-certified developments. As of 2025, 100% of total assets are aligned with climate-related opportunities, including 8 LEED-certified malls and offices, 200 solar panel installations, 4.5 tons of waste turned to refuse-derived fuel (RDF), 6.660 Mega Liters of water recycled, and other waste reduction initiatives.	

During the reporting period, SM Prime deployed approximately PhP 8.2B in capital expenditure toward climate-related initiatives. This includes investments in energy efficiency upgrades (HVAC systems), renewable energy installations, and flood-mitigation infrastructure. These investments represent 10% of total capital expenditure. SM Prime does not currently apply an internal carbon price in its investment decision-making or scenario analysis. However, SM Prime is evaluating the potential use of carbon pricing as part of its climate risk management and strategic planning processes, including its application in the assessment of long-term projects and climate-related risks. As SM Prime does not currently use an internal carbon price, there is no set price per metric tonne of greenhouse gas emissions used to assess emissions-related costs. Climate-related considerations are not yet explicitly linked to executive remuneration. SM Prime is currently assessing the integration of ESG metrics into its performance management framework. SM Prime’s sustainability goals are integrated into its financial and operational targets that measure its long-term viability. Overall compensation is based not only actual results but, is also aligned with core values, including sustainability. SM Prime does not disclose executive management remuneration in its reporting. Accordingly, the percentage of remuneration linked to climate-related considerations is not applicable.	
Climate-related Targets	
IFRS S2-33	
SM Prime uses total GHG emissions (tCO₂e), emissions intensity, renewable energy share, and energy intensity metrics to set and track its climate-related targets. It has established near-term (2030) emissions reduction targets of 83% for Scope 1 and 2 emissions and 60% for Scope 3 emissions. For the long term (2035), it aims to achieve a 70% reduction in Scope 1 and 2 emissions and a 50% reduction in Scope 3 emissions. SM Prime’s climate-related targets are aligned with SBTi and support the Philippines’ Nationally Determined Contributions (NDCs) under the Paris Agreement. The Company adopts a two-pronged approach to achieving these targets: mitigation, which focuses on reducing greenhouse gas (GHG) emissions through energy-efficiency improvements, renewable energy adoption, and other decarbonization measures; and adaptation, which aims to strengthen the resilience of assets and operations against climate-related physical risks. The targets apply across the entire SM Prime organization, covering all business units and geographic locations in which it operates. Specifically, the GHG emissions-reduction target encompasses all operations nationwide, as well as selected operations in China. Energy-efficiency targets apply to SCMC, SMHCC, LRR, CPG, and SMDC, reflecting the relevance of building operations and asset management to SM Prime’s emissions profile. The targets are defined across multiple time horizons: near-term targets covering 2026–2030, long-term targets covering 2030–2035, and an overarching commitment to achieve Net Zero emissions by 2040. All targets are measured against a 2019 baseline year and are expressed in terms of emissions intensity, allowing SM Prime to track progress relative to business growth and operational scale. To support effective implementation and monitoring, SM Prime has established interim milestones, including the achievement of 100% renewable energy adoption by 2035 and the completion of resilience assessments for all infrastructure by 2030. The targets are informed by international and national climate frameworks, including the Paris Agreement goal of limiting global warming to 1.5°C, the Philippines’ NDCs, and recognized science-based target-setting frameworks under SBTi, ensuring consistency with global best practices and regulatory expectations. Compared to the 2019 baseline intensity of 0.07, SM Prime achieved a reduction in GHG emissions intensity to 0.04 on a market-based basis in 2025, demonstrating progress in emissions efficiency and the impact of energy sourcing strategies. The location-based intensity of 0.05 reflects the emissions profile of the electricity grid, partially offsetting operational improvements.	Annual Integrated Report 2025: Natural Capital Section, page 94 Annual Integrated Report 2025: ESG Data Table Section, page 122 SBTi Target WWF Philippines 2023: SMPH Measure Report Renewable Energy Roadmap

IFRS S1-34	
SM Prime's climate-related targets and underlying methodologies are currently undergoing independent third-party validation through SBTi, with the scope of validation focused on target verification. This process is intended to ensure its emissions reduction targets are scientifically credible and aligned with globally recognized pathways for limiting climate change. SM Prime reviews its climate-related targets on an annual basis to ensure continued relevance and robustness. This review takes into account evolving regulatory requirements, market and technological developments, updates to climate risk assessments, as well as progress data and performance trends against established targets. Through this process, it ensures that its targets remain aligned with best practices and emerging standards for climate action. Progress toward these targets is monitored using a comprehensive set of metrics, including total greenhouse gas (GHG) emissions across Scope 1, Scope 2, and applicable Scope 3 categories; emissions intensity measured in kilograms of CO₂ equivalent per square meter (kgCO₂e/m²); and the proportion of renewable energy within total energy consumption. Additional indicators include energy efficiency performance—such as the implementation of energy management policies and energy conservation programs—as well as climate-resilient design indicators, including the climate-proofing of existing assets and the adoption of resilient and green design features in new developments. Where revisions to targets are undertaken, disclosures include the application of new or updated guidelines relevant to the buildings sector, changes in Scope 3 category coverage, and conformance with revised Buildings Sector Science-Based Target-Setting Criteria issued by the SBTi. This approach supports transparency and ensures alignment with evolving global climate standards and stakeholder expectations.	SBTi Target WWF Philippines 2023: SMPH Measure Report
IFRS S2-35	
SM Prime reports its performance against its climate-related targets through a structured and transparent disclosure process. This includes a comparison of current-year results against the established base year, an assessment of progress toward interim milestones, and an analysis of year-on-year performance trends. Where material variances exceeding 10% are identified, SM Prime provides explanations for the deviations and outlines any corrective actions undertaken or planned to ensure continued progress toward its targets.	SBTi Target WWF Philippines 2023: SMPH Measure Report
IFRS S2-36	
SM Prime's carbon reduction target covers key greenhouse gases, including carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and hydrofluorocarbons (HFCs). The target applies across Scope 1 (direct emissions), Scope 2 (emissions from purchased electricity), and, where applicable, Scope 3 (value chain emissions). It represents a gross emissions reduction target, with SM Prime committing to achieve net-zero emissions by 2040. The target is aligned with a general science-based decarbonization pathway and has been developed using the SBTi framework. At present, the target does not rely on the use of carbon credits; however, should carbon credits be applied in the future to address residual emissions, it may consider credits verified under recognized schemes such as Gold Standard, Verra Verified Carbon Standard (VCS), or ART-TREES. Potential credit types may include nature-based solutions—such as reforestation and mangrove restoration—as well as credits associated with emissions reductions or removals, as appropriate. In parallel, it is exploring opportunities to identify high-quality carbon credit projects within the group that may be considered for future offsetting purposes, if necessary, and in alignment with international best practices and integrity standards. SM Prime's Net Zero target is expected to be achieved primarily through direct emissions reductions. Carbon credits, if used, will be limited to addressing residual emissions that cannot be feasibly eliminated through operational measures, technology adoption, or renewable energy sourcing. Among the identified measures	SBTi Target WWF Philippines 2023: SMPH Measure Report

are the following: enhancing operational efficiency (HVAC systems), solar panel installations, conversion to RESC, waste reduction, increasing water recycling, and sustaining forests/mangroves. SM Prime will disclose the proportion of emissions reductions achieved through internal abatement versus offsets as its decarbonization pathway progresses. Any carbon credits used will be obtained from programs verified or certified by reputable third-party schemes such as Verra, Gold, and other internationally recognized standards/registries that demonstrate transparency and environmental integrity. SM Prime will ensure that all carbon credits used are independently validated, verified, and subject to ongoing monitoring to uphold environmental integrity and credibility. It intends to utilize carbon credits that meet recognized integrity standards and align with international best practices. These may include nature-based solutions, such as reforestation and mangrove restoration; technological carbon removal options if commercially and economically viable; and carbon reduction credits, such as those derived from renewable energy deployment or methane-reduction initiatives, where appropriate. Carbon removal credits will be prioritized when addressing unavoidable residual emissions. The specific mix and type of carbon credits used will be determined based on their availability, quality, and alignment with evolving global standards and market best practices. To ensure transparency, credibility, and environmental integrity, SM Prime applies a set of defined criteria in the selection and use of carbon credits. Credits must demonstrate permanence, ensuring long-term emissions reductions or removals supported by clearly defined safeguards against reversal risks such as fires or land-use change. Additionality is required, such that emissions reductions would not have occurred in the absence of carbon finance. To prevent double-counting, credits must be retired in recognized and credible registries and not claimed by any other entity. In addition, all carbon credits must undergo independent validation, verification, and ongoing monitoring by reputable third-party auditors. SM Prime also requires a high level of transparency, with project documentation, monitoring methodologies, and verification reports publicly available. Finally, credits must be aligned with internationally recognized carbon market integrity frameworks to ensure consistency with evolving global standards and stakeholder expectations. SM Prime will disclose the type, volume, and verification status of any carbon credits used, together with the assumptions behind their expected performance	

GRI Context Index

Statement of Use: SM Prime has reported the information cited in this GRI content for the period January 01, 2025 to December 31, 2025 with reference to the GRI Standards.

GRI 1 Used: GRI1 : Foundation 2021

Occupational Health and Safety Performance

GRI Standard	Disclosure		Location
GRI 2: General Disclosures 2021	2-1	Organizational details	2-12
	2-2	Entities included in the organization’s sustainability reporting	2-4
	2-3	Reporting period, frequency and contact point	2-12
	2-4	Restatements of information	101,192-197
	2-5	External assurance	198-201
	2-6	Activities, value chain and other business relationships	10,82-83
	2-7	Employees	11,101-104,194-197
	2-8	Workers who are not employees	11,103,196
	2-9	Governance structure and composition	48-59
	2-10	Nomination and selection of the highest governance body	59
	2-11	Chair of the highest governance body	48-58
	2-12	Role of the highest governance body in overseeing the management of impacts	48-62
	2-13	Delegation of responsibility for managing impacts	48-51
	2-14	Role of the highest governance body in sustainability reporting	48-62
	2-15	Conflicts of interest	59
	2-16	Communication of critical concerns	50-53,63-66,102
	2-17	Collective knowledge of the highest governance body	58
	2-18	Evaluation of the performance of the highest governance body	53-56
	2-19	Remuneration policies	53
	2-20	Process to determine remuneration	53
	2-21	Annual total compensation ratio	102-103
	2-22	Statement on sustainable development strategy	82-83
	2-23	Policy commitments	59-60,97
	2-24	Embedding policy commitments	59-60,97
	2-25	Processes to remediate negative impacts	58,84-96
	2-26	Mechanisms for seeking advice and raising concerns	58,64-66,84-96
	2-27	Compliance with laws and regulations	60-62
	2-28	Membership associations	Complete list ¹
	2-29	Approach to stakeholder engagement	84-96
	2-30	Collective bargaining agreements	Collective Bargaining Agreements Statement ⁱⁱ

¹ Batangas Industrial Security Alliance; Xiamen Huli District Retail Commerce Association; International Association of Venue Management; Cebu Country Club Inc.; Independent Insight Inc.; PICPA MMR; Management Association of the Philippines; Employers Confederation of the Philippines; Internet and Mobile Marketing Association of the Philippines; Philippine Association of National Advertisers Inc.; Philippine Society for Talent; Association of Human Resources Managers; Negros Economic Development Foundation (for Food Waste Management); The Japanese Chamber of Commerce of Mindanao Inc.; The American Chamber of Commerce of the Philippines Inc.; European Chamber of Commerce of the Philippines; Davao City Chamber of Commerce and Industry Inc.; PhilGEPS Supplier Registry; Tourism Promotions Board Philippines; Davao Tourism Association Inc.; Philippine Tour Operators Association; Tourism Promotions Board Philippines; Hotel Resort and Restaurant Association of Cebu Inc.; PHILGEPS; Philippine Association of Convention/Exhibition Organizers and Suppliers Inc.; Association of Certified Fraud Examiners; Good Governance Advocates and Practitioners of the Philippines; Information Security Audit and Controls Association; Institute of Internal Auditors; Shareholder Association of the Philippines; The Philippine Stock Exchange Inc.; HTS_ MC Gold CC-US Green Build Council Membership; People Management Association of the Philippines.

² SM Prime does not have a Collective Bargaining Agreement (CBA) in place but maintains open communication channels for all employees to raise concerns regarding company policies and other relevant matters. This approach ensures construction dialogue between employees and management.

GRI Standard	Disclosure		Location
GRI 3: Material Topics 2021	3-1	Process to determine material topics	82-83
	3-2	List of material topics	82-83
	3-3	Management of material topics	82-96
GRI 201: Economic Performance 2016	3-3	Management of material topics	82-96
	201-1	Direct economic value generated and distributed	17-18
	201-2	Financial implications and other risks and opportunities due to climate change	73,82-83
GRI 203: Indirect Economic Impacts 2016	3-3	Management of material topics	82-96
	203-1	Infrastructure investments and services supported	3-11,32-46
	203-2	Significant indirect economic impacts	93-102
GRI 204: Procurement Practices 2016	3-3	Management of material topics	82-96
	204-1	Proportion of spending on local suppliers	104
GRI 205: Anti-Corruption 2016	3-3	Management of material topics	82-96
	205-1	Operations assessed for risks related to corruption	Anti-corruption Statement ⁱⁱⁱ
	205-2	Communication and training about anti-corruption policies and procedures	60-64
	205-3	Confirmed incidents of corruption and actions taken	See 205-1
GRI 206-1: Anti-competitive behavior	3-3	Management of material topics	82-96
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	60-64
GRI 302: Energy 2016	3-3	Management of material topics	82-96
	302-1	Energy consumption within the organization	98-99,192
	302-2	Energy consumption outside the organization	98-99,192
	302-3	Energy intensity	193
GRI 303: Water and Effluents 2018	302-4	Reduction of energy consumption	98-99
	3-3	Management of material topics	82-96
	303-2	Management of water discharge-related impacts	99
	303-3	Water withdrawal	99,193
GRI 304: Biodiversity 2016	303-4	Water discharge	99,193
	303-5	Water consumption	99,193
	3-3	Management of material topics	82-96
GRI 305: Emissions 2016	304-1	Operational sites in or near protected areas	100
	304-2	Significant impacts on biodiversity	100
	304-3	Habitats protected and restored	100
	3-3	Management of material topics	82-96
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	98-99,192
	305-2	Energy indirect (Scope 2) GHG emissions	98-99,192
	305-3	Other indirect (Scope 3) GHG emissions	98-99,192
	305-4	GHG emissions intensity	98-99,192

GRI Standard	Disclosure		Location
GRI 306: Waste 2020	3-3	Management of material topics	82-96
	306-1	Waste generation and impacts	99,193-194
	306-2	Management of waste-related impacts	99,193-194
	306-3	Waste generated	99,193-194
	306-4	Waste diverted from disposal	99,193-194
GRI 308: Supplier and Environmental Assessment 2016	3-3	Management of material topics	82-96
	308-1	New suppliers screened using environmental criteria	104
GRI 401: Employment 2016	3-3	Management of material topics	82-96
	401-1	New employee hires and turnover	11,101,194-195
	401-3	Parental leave	196
GRI 403: Occupational Health and Safety 2018	3-3	Management of material topics	82-96
	403-1	OHS management system	66,70,103
	403-3	Occupational health services	66,70,103
	403-4	Worker participation and communication on OHS	66,70,103
	403-5	Worker training on OHS	70,103
	403-6	Promotion of worker health	70,103
	403-7	Prevention and mitigation of OHS impacts	70,103
	403-8	Workers covered by OHS system	70,103
	403-9	Work-related injuries	103,196
	403-10	Work-related ill health	103,196
GRI 404: Training and Education 2016	3-3	Management of material topics	82-96
	404-1	Average training hours per employee	102
	404-2	Programs for upgrading skills	102
	404-3	Performance and career development reviews	84,102
GRI 405: Diversity and Equal Opportunity 2016	3-3	Management of material topics	82-96
	405-1	Diversity of governance bodies and employees	11,58,79,101-102,194-196
	405-2	Ratio of salary of women to men	103,197
GRI 406:Non-discrimination 2016	3-3	Management of material topics	82-96
	406-1	Incidents of discrimination	SMPHI Statement ^{iv}
GRI 410: Security Practices 2016	3-3	Management of material topics	82-96
	410-1	Security personnel trained in human rights	64
GRI 413: Local Communities 2016	3-3	Management of material topics	82-96
	413-1	Operations with community engagement	91,103-104
	413-2	Operations with negative impacts on communities	SMPHI Statement ^v
GRI 414: Supplier Social Assessment 2016	3-3	Management of material topics	82-96
	414-1	New suppliers screened using social criteria	104-105

GRI Standard	Disclosure		Location
GRI 417: Marketing and Labeling 2016	3-3	Management of material topics	82-96
	417-1	Requirements for product and service information labeling	SMPHI Statement ^{vi}
	417-2	Incidents of non-compliance concerning product and service information and labeling	SMPHI Statement ^{vii}
	417-3	Incidents of non-compliance concerning marketing communications	See 417-2
GRI 418: Customer data/ privacy	3-3	Management of material topics	82-96
	417-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SMPHI Statement ^{viii}

iBatangas Industrial Security Alliance; Xiamen Huli District Retail Commerce Association; International Association of Venue Management; Cebu Country Club Inc.; Independent Insight Inc.; PICPA MMR; Management Association of the Philippines; Employers Confederation of the Philippines; Internet and Mobile Marketing Association of the Philippines; Philippine Association of National Advertisers Inc.; Philippine Society for Talent; Association of Human Resources Managers; Negros Economic Development Foundation (for Food Waste Management); The Japanese Chamber of Commerce of Mindanao Inc.; The American Chamber of Commerce of the Philippines Inc.; European Chamber of Commerce of the Philippines; Davao City Chamber of Commerce and Industry Inc.; PhilGEPS Supplier Registry; Tourism Promotions Board Philippines; Davao Tourism Association Inc.; Philippine Tour Operators Association; Tourism Promotions Board Philippines; Hotel Resort and Restaurant Association of Cebu Inc.; PHILGEPS; Philippine Association of Convention/Exhibition Organizers and Suppliers Inc.; Association of Certified Fraud Examiners; Good Governance Advocates and Practitioners of the Philippines; Information Security Audit and Controls Association; Institute of Internal Auditors; Shareholder Association of the Philippines; The Philippine Stock Exchange Inc.; HTS_ MC Gold CC-US Green Build Council Membership; People Management Association of the Philippines.

ⁱⁱSM Prime does not have a Collective Bargaining Agreement (CBA) in place but maintains open communication channels for all employees to raise concerns regarding company policies and other relevant matters. This approach ensures construction dialogue between employees and management.

ⁱⁱⁱThere are no operations assessed for risks related to corruption.

^{iv}There are no incidents of discrimination within SMPHI. Policies on non-discrimination and workplace safety are enforced through training and reporting mechanisms.

^vSM Prime is committed to fostering positive social and economic development in communities where we operate. We proactively assess and mitigate any potential impacts, ensuring that our presence contributes to sustainable growth and shared prosperity.

^{vi}SM Prime Holdings does not disclose requirements for product and service information labeling as it operates in the Real Estate Management and Services Industry.

^{vii}There are no instances of non-compliance concerning product and service information and labeling. Additionally, no instances have been found concerning marketing communications.

^{viii}There are no instances of substantiated complaints concerning breaches of customer privacy and losses of customer data

Internal Data Validation and Assurance

The SM Prime Internal Audit performed an independent and objective assurance engagement to evaluate the integrity of the ESG data and the overall reporting process. This engagement is complementary to the external assurance and validation procedures.

SM PRIME

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



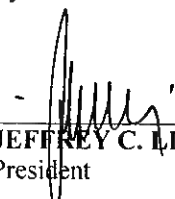
SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City PASAY CITY on APR 08 2026

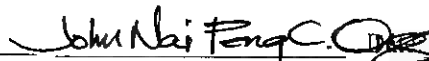
SM PRIME HOLDINGS, INC.

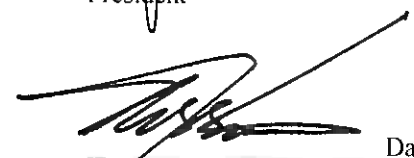
Pursuant to the requirements of the Securities Regulations Code, this annual report has been signed by the following persons in their capacities and on the dates indicated.

By:


JEFFREY C. LIM
President

Date:


JOHN NAI PENG C. ONG
Chief Finance Officer


ELMER B. SERRANO
Corporate Secretary

Date:

APR 08 2026
SUBSCRIBED AND SWORN to before me this APR 08 2026 at PASAY CITY, affiants exhibiting to me their passports and tax identification, as follows:

NAME	ID NO.	DATE OF ISSUE	PLACE OF ISSUE
JEFFREY C. LIM			
JOHN NAI PENG C. ONG			
ELMER B. SERRANO			

Doc. No. 386 ;
Page No. 79 ;
Book No. VII ;
Series of 2026




ATTY. RONHEL VINN A. PAPA

Notary Public for Pasay City

Unti December 31, 2026. Commission No. 25-19

IBP OR No. 563343 12/05/2025 / Roll No. 73157

PTR OR No. 9232351 01/08/2026 / TIN# 743-448-049

MCLE Compliance No. VIII-0017246 valid until April 14, 2028

APR 08 2026