C O V E R   S H E E T

SEC Registration Number

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C O M P A N Y   N A M E

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q		

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
	8831-1000	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
2,308		June 30

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. John Nai Peng C. Ong		8831-1000	

CONTACT PERSON's ADDRESS

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

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

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

SEC No. AS094-000088
File No.

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

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

8831-1000
(Telephone Numbers)

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

Form 17-Q for the 2nd Quarter of 2026
(Form Type)

N/A
Amendment Designation

June 30, 2026
Period Ended Date

N/A
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended **JUNE 30, 2026**

2. SEC Identification Number **AS094-000088**

3. BIR Tax Identification No. **003-058-789**

4. Exact name of registrant as specified in its charter **SM PRIME HOLDINGS, INC.**

5. **PHILIPPINES** 6. (SEC Use Only)

Province, Country or other jurisdiction of incorporation or organization — Industry Classification Code:

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

8. **(632) 8831-1000**
Registrant's telephone number, including area code

9. **NA**
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common shares ₱1 Par Value	**28,640,323,894**
Debt Securities - Retail Bonds	**₱137,896,480,000**

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 [ ]

SM Prime Holdings, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
Balance Sheets as at June 30, 2026 (Unaudited) and
December 31, 2025 (Audited)
Statements of Income for the Six-Month Periods Ended
June 30, 2026 and 2025 (Unaudited)

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 17, 20 and 21)	**₱26,882,767**	₱27,645,144
Receivables and contract assets (Notes 6, 17, 20 and 21)	**88,685,186**	86,190,422
Real estate inventories (Note 7)	**79,757,103**	74,107,710
Equity instruments at fair value through other comprehensive income (FVOCI) (Notes 8, 20 and 21)	**646,473**	717,171
Derivative assets (Notes 20 and 21)	**1,239,688**	3,298,744
Prepaid expenses and other current assets (Note 9)	**20,114,105**	19,242,478
Total Current Assets	**217,325,322**	211,201,669
Noncurrent Assets		
Equity instruments at FVOCI - net of current portion (Notes 8, 17, 20 and 21)	**16,299,241**	18,290,879
Investment properties (Notes 10 and 21)	**690,916,870**	665,641,251
Investments in associates and joint ventures (Note 11)	**37,046,993**	35,534,519
Deferred tax assets - net	**2,376,447**	1,905,912
Other noncurrent assets (Notes 12, 17, 20 and 21)	**155,521,906**	161,304,435
Total Noncurrent Assets	**902,161,457**	882,676,996
	₱1,119,486,779	₱1,093,878,665
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 13, 17, 20 and 21)	**₱106,311,324**	₱104,777,023
Loans payable and current portion of long-term debt (Notes 14, 17, 20 and 21)	**90,440,410**	99,294,642
Current portion of derivative liabilities (Notes 20 and 21)	**78,012**	39,354
Income tax payable	**1,895,094**	943,694
Total Current Liabilities	**198,724,840**	205,054,713
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 14, 17, 20 and 21)	**340,196,191**	323,459,597
Tenants' and customers' deposits - net of current portion (Notes 13, 20 and 21)	**32,643,814**	31,420,483
Deferred tax liabilities - net	**15,268,894**	15,709,068
Derivative liabilities - net of current portion (Notes 20 and 21)	**1,765,439**	286,564
Other noncurrent liabilities (Notes 15 and 21)	**46,662,677**	48,869,553
Total Noncurrent Liabilities	**436,537,015**	419,745,265
Total Liabilities	**635,261,855**	624,799,978

(Forward)

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Equity Attributable to Equity Holders of the Parent		
Capital stock (Notes 16 and 23)	**₱33,166,300**	₱33,166,300
Additional paid-in capital - net	**38,068,655**	38,068,655
Cumulative translation adjustment	**8,243,868**	5,368,753
Net fair value changes of equity instruments at FVOCI (Note 8)	**13,566,247**	15,628,583
Net fair value changes on cash flow hedges	**(1,350,456)**	(586,197)
Remeasurement loss on defined benefit obligation	**(852,161)**	(852,161)
Retained earnings (Note 16):		
Appropriated	**170,000,000**	170,000,000
Unappropriated	**221,476,364**	208,990,805
Treasury stock (Notes 16 and 23)	**(7,754,457)**	(4,227,113)
Total Equity Attributable to Equity Holders of the Parent	**474,564,360**	465,557,625
Non-controlling Interests	**9,660,564**	3,521,062
Total Equity	**484,224,924**	469,078,687
	₱1,119,486,779	₱1,093,878,665

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Data)

	Three-Month Periods Ended June 30		Six-Month Periods Ended June 30	
	2026	2025	**2026**	2025
	(Unaudited)		(Unaudited)	
REVENUES				
Rent (Notes 10 and 17)	**₱22,246,239**	₱20,513,084	**₱43,856,751**	₱40,534,048
Real estate sales (Note 7)	**11,754,369**	10,799,500	**19,510,898**	20,016,127
Others (Notes 17 and 18)	**4,379,610**	3,957,456	**8,291,270**	7,493,360
	38,380,218	35,270,040	**71,658,919**	68,043,535
COSTS AND EXPENSES (Notes 17 and 19)	**19,034,976**	17,522,806	**35,586,924**	33,617,640
INCOME FROM OPERATIONS	**19,345,242**	17,747,234	**36,071,995**	34,425,895
OTHER INCOME (CHARGES)				
Interest expense (Notes 14 and 17)	**(2,953,853)**	(2,727,463)	**(6,021,080)**	(6,043,673)
Interest and dividend income (Notes 5, 6, 8, 12 and 17)	**421,321**	776,963	**890,374**	1,437,512
Others - net (Notes 6, 7, 10, 11, 14 and 15)	**(1,126,453)**	66,279	**(874,998)**	423,385
	(3,658,985)	(1,884,221)	**(6,005,704)**	(4,182,776)
INCOME BEFORE INCOME TAX	**15,686,257**	15,863,013	**30,066,291**	30,243,119
PROVISION FOR INCOME TAX (Note 22)	**2,558,816**	2,848,058	**5,071,740**	5,363,685
NET INCOME	**₱13,127,441**	₱13,014,955	**₱24,994,551**	₱24,879,434
Attributable to:				
Equity holders of the Parent (Note 23)	**₱12,878,264**	₱12,802,101	**₱24,538,849**	₱24,455,415
Non-controlling interests	**249,177**	212,854	**455,702**	424,019
	₱13,127,441	₱13,014,955	**₱24,994,551**	₱24,879,434
Basic/Diluted earnings per share (Note 23)	**₱0.448**	₱0.444	**₱0.854**	₱0.848
Dividend per share (Note 16)	**₱0.42**	₱0.48	**₱0.42**	₱0.48

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

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

	Three-Month Periods Ended June 30		Six-Month Periods Ended June 30	
	2026	2025	**2026**	2025
	(Unaudited)		(Unaudited)	
NET INCOME	**₱13,127,441**	₱13,014,955	**₱24,994,551**	₱24,879,434
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified to profit or loss:				
Unrealized gain (loss) due to changes in fair value of financial assets at FVOCI (Note 8)	**(86,966)**	(193,228)	**(2,062,336)**	712,139
Items that may be reclassified to profit or loss:				
Net fair value changes on cash flow hedges	**(97,979)**	(390,623)	**(764,259)**	(1,086,804)
Cumulative translation adjustment	**1,130,018**	(75,993)	**2,875,115**	(257,932)
	945,073	(659,844)	**48,520**	(632,597)
TOTAL COMPREHENSIVE INCOME	**₱14,072,514**	₱12,355,111	**₱25,043,071**	₱24,246,837
Attributable to:				
Equity holders of the Parent	**₱13,823,337**	₱12,142,257	**₱24,587,369**	₱23,822,818
Non-controlling interests	**249,177**	212,854	**455,702**	424,019
	₱14,072,514	₱12,355,111	**₱25,043,071**	₱24,246,837

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2026 AND 2025

(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent											
	Capital Stock (Notes 16 and 23)	Additional Paid-in Capital - Net	Cumulative Translation Adjustment	Net Fair Value Changes of Equity Instruments at FVOCI (Note 8)	Net Fair Value Changes on Cash Flow Hedges	Remeasurement Loss on Defined Benefit Obligation - Net	Retained Earnings (Note 16) Appropriated	Retained Earnings (Note 16) Unappropriated	Treasury Stock (Notes 16 and 23)	Total	Non-controlling Interests	Total Equity
At December 31, 2025 (Audited)	**₱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**
Effect of common control business combination (Note 2)	–	–	–	–	–	–	–	–	–	–	**6,200,000**	**6,200,000**
At December 31, 2025, as adjusted	**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**	**9,721,062**	**475,278,687**
Net income for the period	–	–	–	–	–	–	–	**24,538,849**	–	**24,538,849**	**455,702**	**24,994,551**
Other comprehensive income (loss)	–	–	**2,875,115**	**(2,062,336)**	**(764,259)**	–	–	–	–	**48,520**	–	**48,520**
Total comprehensive income (loss) for the period	–	–	**2,875,115**	**(2,062,336)**	**(764,259)**	–	–	**24,538,849**	–	**24,587,369**	**455,702**	**25,043,071**
Cash dividends (Note 16)	–	–	–	–	–	–	–	**(12,062,875)**	–	**(12,062,875)**	–	**(12,062,875)**
Cash dividends received by a subsidiary (Note 16)	–	–	–	–	–	–	–	**9,585**	–	**9,585**	–	**9,585**
Cash received by a non-controlling interest	–	–	–	–	–	–	–	–	–	–	**(516,200)**	**(516,200)**
Acquisition of treasury shares (Note 16)	–	–	–	–	–	–	–	–	**(3,527,344)**	**(3,527,344)**	–	**(3,527,344)**
At June 30, 2026 (Unaudited)	**₱33,166,300**	**₱38,068,655**	**₱8,243,868**	**₱13,566,247**	**(₱1,350,456)**	**(₱852,161)**	**₱170,000,000**	**₱221,476,364**	**(₱7,754,457)**	**₱474,564,360**	**₱9,660,564**	**₱484,224,924**
At December 31, 2024 (Audited)	₱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 period	–	–	–	–	–	–	–	24,455,415	–	24,455,415	424,019	24,879,434
Other comprehensive income (loss)	–	–	(257,932)	712,139	(1,086,804)	–	–	–	–	(632,597)	–	(632,597)
Total comprehensive income (loss) for the period	–	–	(257,932)	712,139	(1,086,804)	–	–	24,455,415	–	23,822,818	424,019	24,246,837
Cash dividends (Note 16)	–	–	–	–	–	–	–	(13,859,849)	–	(13,859,849)	–	(13,859,849)
Cash dividends received by a subsidiary (Note 16)	–	–	–	–	–	–	–	10,954	–	10,954	–	10,954
Cash dividends received by non-controlling interests	–	–	–	–	–	–	–	–	–	–	(464,580)	(464,580)
Sale of non-controlling interest	–	458	–	–	–	–	–	–	–	458	142	600
Acquisition of treasury shares (Note 16)	–	–	–	–	–	–	–	–	(179,840)	(179,840)	–	(179,840)
At June 30, 2025 (Unaudited)	₱33,166,300	₱38,164,631	₱2,877,824	₱18,519,905	(₱482,773)	(₱792,229)	₱100,000,000	₱254,598,490	(₱3,164,535)	₱442,887,613	₱3,106,999	₱445,994,612

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Six-Month Periods Ended June 30	
	2026	2025
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱30,066,291**	₱30,243,119
Adjustments for:		
Depreciation and amortization (Notes 10, 12 and 19)	**8,194,345**	7,610,386
Interest expense (Notes 14 and 17)	**6,021,080**	6,043,673
Interest and dividend income (Notes 5, 6, 8, 12 and 17)	**(890,374)**	(1,437,512)
Equity in net earnings of associates and joint ventures (Note 11)	**(1,543,667)**	(1,449,890)
Loss (gain) on:		
Disposals of investment properties and property equipment (Notes 10 and 12)	**(18,904)**	43,924
Unrealized foreign exchange and settlement of derivatives - net	**595,597**	66,185
Operating income before working capital changes	**42,424,368**	41,119,885
Decrease (increase) in:		
Receivables and contract assets	**1,449,239**	(6,240,116)
Real estate inventories	**592,448**	2,077,005
Prepaid expenses and other current assets	**(753,687)**	(1,486,860)
Increase (decrease) in:		
Accounts payable and other liabilities	**(614,897)**	4,286,189
Tenants' and customers' deposits - net of current portion	**1,047,514**	(1,058,201)
Cash generated from operations	**44,144,985**	38,697,902
Income tax paid	**(4,938,043)**	(5,106,425)
Net cash provided by operating activities	**39,206,942**	33,591,477
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**645,772**	1,016,519
Dividends received from investments at FVOCI	**301,456**	343,892
Proceeds from disposal of investment properties and property equipment	**55,147**	5,030
Additions to investment properties (Note 10)	**(26,621,558)**	(35,035,168)
Decrease (increase) in other noncurrent assets	**1,088,004**	(1,446,213)
Net cash used in investing activities	**(24,531,179)**	(35,115,940)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of bank loans and long-term debt (Note 14)	**82,155,728**	111,791,595
Proceeds from matured derivatives	**3,802,645**	154,500
Acquisition of treasury shares (Note 16)	**(3,527,344)**	(179,840)
Payments of:		
Bank loans and long-term debt (Note 14)	**(79,000,382)**	(92,985,241)
Dividends to stockholders and non-controlling interests (Note 16)	**(12,569,490)**	(14,313,475)
Interest	**(5,923,849)**	(5,880,374)
Lease liabilities (Note 15)	**(453,992)**	(454,139)
Net cash used in financing activities	**(15,516,684)**	(1,866,974)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**78,544**	(4,495)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(762,377)**	(3,395,932)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**27,645,144**	31,246,171
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱26,882,767**	₱27,850,239

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

SM Prime Holdings, Inc. (SMPH or the Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on January 6, 1994. SMPH was 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.

The registered office and principal place of business of the Parent Company is at 7/F MOA Square, Seashell Lane cor. Coral Way, Mall of Asia Complex, Brgy. 76 Zone 10, CBP-1A, 1300 Pasay City, Metro Manila, Philippines.

2. Basis of Preparation

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

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

<u>Statement of Compliance</u>
The accompanying interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual audited consolidated financial statements as at December 31, 2025.

Basis of Consolidation
The interim condensed consolidated financial statements include the accounts of the Parent Company and all of its subsidiaries. As at June 30, 2026, there were no significant changes in the composition of the Company and in the Parent Company's ownership interests in its subsidiaries except as discussed below:

In 2026, SM Development Corporation (SMDC), an SMPH subsidiary, acquired 49% interest in SH Properties Joint Venture (SHPJV). SHPJV was established between SMIC and SMDC in 2025 and entailed cash and assets infusion of both parties. SHPJV is established for the development of a mixed-use project. SHPJV is accounted for as a subsidiary of SMDC by virtue of control, as evidenced by SMDC's power to direct the relevant operating and financing activities of SHPJV. The companies involved are all under common control by the Sy Family.

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

Except as otherwise disclosed, there were no significant changes in the significant accounting judgments, estimates and assumptions used by the Company for the six-month period ended June 30, 2026.

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3. **Summary of Material Accounting Policy Information**

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2025, except for the following amendments which became effective in 2026. The adoption of these amendments did not have any material impact on the interim condensed consolidated financial statements.

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 36 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*

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, 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 continues to assess the potential 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, *Consolidated Financial Statements,* and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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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 hotel and convention centers and operates and maintains any and all services and facilities incident thereto.

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

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

In 2026, the Company revised its business segment information to reflect changes on how the Executive Committee monitors business segments' 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
Inter-segment transactions are eliminated in the interim condensed consolidated financial statements.

Business Segment Data

	June 30, 2026 (Unaudited)				
	Malls	**Residential**	**Hotels and Convention Centers**	**Commercial and Integrated Commercial Developments**	**Consolidated Balances**
			(In Thousands)		
Revenues:					
External customers	**₱41,633,569**	**₱20,627,609**	**₱4,446,935**	**₱4,950,806**	**₱71,658,919**
Inter-segment	**199,167**	–	–	**101,287**	–
	₱41,832,736	**₱20,627,609**	**₱4,446,935**	**₱5,052,093**	**₱71,658,919***
Segment results:					
Income before income tax	**₱24,824,480**	**₱802,554**	**₱950,292**	**₱3,488,965**	**₱30,066,291**
Provision for income tax	**(4,210,119)**	**(135,278)**	**(186,372)**	**(539,971)**	**(5,071,740)**
Net income	**₱20,614,361**	**₱667,276**	**₱763,920**	**₱2,948,994**	**₱24,994,551**
Net income attributable to Equity holders of the Parent	**₱20,174,825**	**₱651,110**	**₱763,920**	**₱2,948,994**	**₱24,538,849**
Other information:					
Capital expenditures**	**₱12,840,951**	**₱9,909,347**	**₱2,065,954**	**₱5,901,326**	**₱30,717,578**

**Net of inter-segment transactions amounting to ₱300 million.*
***Excludes capitalized interest*

	June 30, 2025 (Unaudited)				
	Malls	Residential	Hotels and Convention Centers	Commercial and Integrated Commercial Developments	Consolidated Balances
			(In Thousands)		
Revenues:					
External customers	₱38,471,594	₱20,919,470	₱4,110,047	₱4,542,424	₱68,043,535
Inter-segment	182,833	–	–	81,455	–
	₱38,654,427	₱20,919,470	₱4,110,047	₱4,623,879	₱68,043,535*
Segment results:					
Income before income tax	₱19,828,191	₱6,348,228	₱817,261	₱3,249,439	₱30,243,119
Provision for income tax	(3,486,675)	(1,210,986)	(158,636)	(507,388)	(5,363,685)
Net income	₱16,341,516	₱5,137,242	₱658,625	₱2,742,051	₱24,879,434
Net income attributable to Equity holders of the Parent	₱15,926,449	₱5,128,290	₱658,625	₱2,742,051	₱24,455,415
Other information:					
Capital expenditures**	₱13,288,057	₱6,351,285	₱759,222	₱16,938,312	₱37,336,876

**Net of inter-segment transactions amounting to ₱264 million.*
***Excludes capitalized interest*

	Malls	Residential	Hotels and Convention Centers	Commercial and Integrated Commercial Developments	Consolidated Balances*
			(In Thousands)		
			June 30, 2026 (Unaudited)		
Segment assets	**₱508,945,014**	**₱388,875,891**	**₱28,379,715**	**₱194,709,640**	**₱1,119,486,779**
Segment liabilities	**₱269,182,600**	**₱212,525,418**	**₱16,803,425**	**₱138,173,893**	**₱635,261,855**
			December 31, 2025 (Audited)		
Segment assets	₱499,751,600	₱379,985,226	₱28,008,229	₱187,651,775	₱1,093,878,665
Segment liabilities	₱273,536,963	₱210,461,843	₱11,764,547	₱130,554,790	₱624,799,978

**Net of inter-segment transactions amounting to ₱1,423 million and ₱1,518 million as at June 30, 2026 and December 31, 2025, respectively.*

For the six-month periods ended June 30, 2026 and 2025, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

The Company disaggregates its revenue information in the same manner as it reports its segment information. The disaggregation of revenues based on nature (type of goods or service) is presented in the consolidated statements of income (i.e., rent and real estate sales). Nature of other revenues is further disaggregated in Note 18 to the consolidated financial statements. The timing of material revenue is disclosed in Note 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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
	(In Thousands)	
Cash on hand and in banks (see Note 17)	**₱3,693,841**	₱4,464,410
Temporary investments (see Note 17)	**23,188,926**	23,180,734
	₱26,882,767	₱27,645,144

Interest income earned from cash in banks and temporary investments amounted to ₱409 million and ₱808 million for the six-month periods ended June 30, 2026 and 2025, respectively.

6. **Receivables and Contract Assets**

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
	(In Thousands)	
Trade:		
Sale of real estate (billed and unbilled)*	**₱162,316,958**	₱163,713,207
Rent (see Note 17)	**13,461,543**	13,938,825
Accrued interest (see Note 17)	**280,661**	302,141
Nontrade and others (see Note 17)	**4,162,352**	3,274,337
	180,221,514	181,228,510
Less allowance for expected credit loss (ECLs)	**724,427**	735,876
	179,497,087	180,492,634
Less noncurrent portion of receivables from sale of real estate (see Note 12)	**90,811,901**	94,302,212
	₱88,685,186	₱86,190,422

**Includes unbilled revenue from sale of real estate amounting to ₱148,674 million and ₱137,787 million as at June 30, 2026 and December 31, 2025, respectively.*

Interest income earned from receivables amounted to ₱163 million and ₱152 million for the six-month periods ended June 30, 2026 and 2025, respectively.

The Company assigned billed and unbilled receivables from sale of real estate on a without recourse basis to local banks amounting to ₱5,164 million and ₱3,111 million for the six-month periods June 30, 2026 and 2025, respectively (see Note 17).

The discount on sale of receivable included under “Others - net” in the interim consolidated statements of income amounted to ₱409 million and ₱151 million for the six-month periods ended June 30, 2026 and 2025, respectively.

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

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
	(In Thousands)	
At beginning of the period	**₱735,876**	₱774,250
Reversals - net of provisions	**(11,449)**	(38,374)
At end of the period	**₱724,427**	₱735,876

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

7. Real Estate Inventories

The movements in this account are as follows:

	Land and Development	Condominium and Residential Units for Sale	Residential and Subdivision Lots for Sale	Total
		(In Thousands)		
Balance as at December 31, 2024 (Audited)	₱55,782,795	₱21,133,609	₱11,123	₱76,927,527
Development cost incurred	14,049,487	–	–	14,049,487
Cost of real estate sold	(10,734,523)	(6,884,870)	–	(17,619,393)
Transfers	(2,043,328)	2,043,328	–	–
Reclassifications from investment properties (see Note 10)	297,595	–	–	297,595
Translation adjustment and others	239,032	191,083	22,379	452,494
Balance as at December 31, 2025 (Audited)	57,591,058	16,483,150	33,502	74,107,710
Development cost incurred	8,920,826	–	76,156	8,996,982
Effect of common control business combination (see Note 2)	3,749,482	–	2,421,200	6,170,682
Cost of real estate sold (see Note 19)	(5,391,547)	(4,015,120)	(182,763)	(9,589,430)
Transfers	(1,549,459)	1,549,459	–	–
Translation adjustment	–	71,159	–	71,159
Balance as at June 30, 2026 (Unaudited)	**₱63,320,360**	**₱14,088,648**	**₱2,348,095**	**₱79,757,103**

Land and development pertain to the Company's on-going residential units and condominium projects.

Condominium and residential units and residential and subdivision lots for sale pertain to completed projects. These are stated at cost as at June 30, 2026 and December 31, 2025.

Contract fulfillment assets, included under land and development pertain to unamortized portion of land cost totaling ₱2,109 million and ₱2,406 million as at June 30, 2026 and December 31, 2025, respectively.

Real estate sales amounted to ₱19,511 million and ₱20,016 million in June 30, 2026 and 2025, respectively, of which ₱7,344 million and ₱7,561 million pertains to sale of completed projects.

Income from forfeitures, except accounts covered by Maceda Law, amounted to ₱999 million and ₱748 million for the six-month periods ended June 30, 2026 and 2025, respectively, presented under "Others - net" account in the consolidated statements of income.

8. Equity Instruments at FVOCI

This account consists of investments in:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
	(In Thousands)	
Shares of stock:		
Listed (see Note 17)	**₱16,936,636**	₱18,998,972
Unlisted	**9,078**	9,078
	16,945,714	19,008,050
Less noncurrent portion	**16,299,241**	18,290,879
	₱646,473	₱717,171

Dividend income from investments at FVOCI amounted to ₱266 million and ₱423 million for the six-month periods ended June 30, 2026 and 2025, respectively (see Note 17).

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

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
	(In Thousands)	
At beginning of the year	**₱15,628,583**	₱17,807,766
Unrealized gain (loss) due to changes in fair value	**(2,062,336)**	712,139
At end of the period	**₱13,566,247**	₱18,519,905

9. Prepaid Expenses and Other Current Assets

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
	(In Thousands)	
Input and creditable withholding taxes	**₱20,831,711**	₱19,841,629
Advances and deposits	**9,794,857**	9,384,252
Prepaid taxes and other prepayments	**4,603,034**	4,719,955
Supplies, inventories and others	**679,088**	687,954
	35,908,690	34,633,790
Less noncurrent portion of input and creditable withholding taxes (see Note 12)	**15,794,585**	15,391,312
	₱20,114,105	₱19,242,478

10. **Investment Properties**

The movements in this account are as follows:

	Land, Building and Leasehold Improvements	Building Equipment, Furniture and Others	Right-of-use Asset (ROUA)	Construction in Progress	Total
			(In Thousands)		
Cost					
Balance as at December 31, 2024 (Audited)	₱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 12)	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 (Audited)	559,197,588	74,344,478	34,433,849	160,993,967	828,969,882
Additions	5,287,203	2,359,126	–	18,612,506	26,258,835
Reclassifications (see Note 12)	10,846,144	1,085,398	–	(10,830,005)	1,101,537
Translation adjustment	5,263,932	522,208	1,481,610	465,358	7,733,108
Disposals	(72,383)	(53,823)	–	–	(126,206)
Balance as at June 30, 2026 (Unaudited)	₱580,522,484	₱78,257,387	₱35,915,459	₱169,241,826	₱863,937,156
Accumulated Depreciation and Amortization					
Balance as at December 31, 2024 (Audited)	₱100,189,629	₱42,998,504	₱4,107,661	₱–	₱147,295,794
Depreciation and amortization (see Note 19)	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 (Audited)	110,832,285	47,592,507	4,903,839	–	163,328,631
Depreciation and amortization (see Note 19)	5,309,263	2,291,963	460,712	–	8,061,938
Translation adjustment	1,370,347	234,406	112,983	–	1,717,736
Disposals	(36,947)	(51,072)	–	–	(88,019)
Balance as at June 30, 2026 (Unaudited)	₱117,474,948	₱50,067,804	₱5,477,534	₱–	₱173,020,286
Net Book Value					
As at December 31, 2025 (Audited)	₱448,365,303	₱26,751,971	₱29,530,010	₱160,993,967	₱665,641,251
As at June 30, 2026 (Unaudited)	**₱463,047,536**	**₱28,189,583**	**₱30,437,925**	**₱169,241,826**	**₱690,916,870**

In 2026 and 2025, 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 or loss on disposals and derecognition is recognized under "Others - net" account in the interim consolidated statements of income.

Portions of investment properties located in China with total carrying value of ₱1,594 million and ₱1,543 million as at June 30, 2026 and December 31, 2025, respectively are mortgaged as collaterals to secure domestic borrowings (see Note 14).

Consolidated rent income from investment properties amounted to ₱43,857 million and ₱40,534 million for the six-month periods ended June 30, 2026 and 2025, respectively.

Consolidated costs and expenses from investment properties amounted to ₱19,419 million and ₱18,878 million for the six-month periods ended June 30, 2026 and 2025, respectively (see Note 19).

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 ₱169,242 million and ₱160,994 million as at June 30, 2026 and December 31, 2025, respectively.

The outstanding contracts with various contractors related to the construction of on-going projects are valued at ₱34,766 million and ₱39,120 million as at June 30, 2026 and December 31, 2025, 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 ₱5,591 million and ₱10,176 million for the six-month period ended June 30, 2026 and for the year ended December 31, 2025, respectively. Capitalization rates used range from 2.02% to 6.20% for the six-month period ended June 30, 2026 and from 1.93% to 6.59% for the year ended December 31, 2025.

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 21).

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

11. Investments in Associates and Joint Ventures

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

As at June 30, 2026, there were no changes in the Company's ownership interests in its investments in associates and joint ventures.

The movements in this account are as follows:

	Associates	Joint Ventures	Total
		(In Thousands)	
Balance as at December 31, 2024 (Audited)	₱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 (Audited)	23,453,038	12,081,481	35,534,519
Equity in net earnings	919,040	624,627	1,543,667
Dividends	–	(54,570)	(54,570)
Translation	23,377	–	23,377
Balance as at June 30, 2026 (Unaudited)	**₱24,395,455**	**₱12,651,538**	**₱37,046,993**

The carrying value of investment in Feihua Real Estate (Chongqing) Company Ltd. amounted to ₱336 million and ₱313 million as at June 30, 2026 and December 31, 2025, respectively.

The carrying value of investment in Ortigas Land Corporation (OLC) amounted to ₱24,059 million and ₱23,140 million as at June 30, 2026 and December 31, 2025, respectively which consists of its proportionate share in the net assets of OLC and fair value adjustments. The share in profit and total comprehensive income amounted to ₱919 million and ₱963 million for the six-month periods ended June 30, 2026 and 2025, respectively.

The carrying values of investments in Waltermart amounted to ₱9,671 million and ₱9,329 million as at June 30, 2026 and December 31, 2025, respectively. The aggregate share in profit and total comprehensive income, net of dividends received amounted to ₱342 million and ₱291 million for the six-month periods ended June 30, 2026 and 2025, respectively.

The carrying value of investment in ST 6747 Resources Corporation amounted to ₱2,981 million and ₱2,753 million as at June 30, 2026 and December 31, 2025, respectively. The aggregate share in profit and total comprehensive income amounted to ₱228 million and ₱168 million for the six-month periods ended June 30, 2026 and 2025 respectively.

The Company has no outstanding contingent liabilities or capital commitments related to its investments in associates and joint ventures as at June 30, 2026 and December 31, 2025.

12. Other Noncurrent Assets

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
	(In Thousands)	
Receivables from sale of real estate - net of current portion* (see Note 6)	**₱90,811,901**	₱94,302,212
Bonds and deposits	**43,835,606**	44,044,928
Input and creditable withholding taxes - net of current portion (see Note 9)	**15,794,585**	15,391,312
Escrow and time deposits (see Notes 17 and 21)	**2,099,186**	5,080,646
Property and equipment - net of accumulated depreciation of ₱3,134 million and ₱3,008 million, respectively (see Note 19)	**1,692,459**	1,666,905
Derivative assets - net of current portion (see Notes 20 and 21)	**–**	287,182
Others	**1,288,169**	531,250
	₱155,521,906	₱161,304,435

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

Bonds and deposits related to land acquisitions amounting to ₱1,102 million and ₱230 million were reclassified to investment properties as at June 30, 2026 and December 31, 2025, respectively (see Note 10).

Interest income earned from escrow and time deposits amounted to ₱52 million and ₱55 million for the six-month periods ended June 30, 2026 and 2025, respectively.

13. Accounts Payable and Other Current Liabilities

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
	(In Thousands)	
Trade payable (see Note 17)	**₱53,710,564**	₱58,046,755
Tenants' and customers' deposits*	**46,648,500**	45,425,847
Accrued operating expenses	**23,240,773**	16,602,410
Retention payable	**4,030,132**	5,086,262
Accrued interest (see Note 17)	**3,083,431**	2,986,200
Payable to government agencies	**2,418,483**	1,979,996
Liability for purchased land	**2,227,849**	2,590,572
Deferred output VAT	**828,685**	722,203
Nontrade	**489,258**	501,252
Lease liabilities	**121,077**	134,895
Others	**2,156,386**	2,121,114
	138,955,138	136,197,506
Less noncurrent portion of tenants' and customers' deposits	**32,643,814**	31,420,483
	₱106,311,324	₱104,777,023

**Includes unearned revenue from sale of real estate amounting to ₱6,723 million and ₱6,998 million as at June 30, 2026 and December 31, 2025, respectively.*

Accrued operating expenses consist of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
	(In Thousands)	
Payable to contractors	**₱10,085,022**	₱9,007,616
Utilities	**4,818,714**	1,703,443
Marketing, advertising and others	**8,337,037**	5,891,351
	₱23,240,773	₱16,602,410

14. Loans Payable and Long-term Debt

This account consists of:

	Availment Date	Maturity Date	Weighted Average Interest Rate	Outstanding Balance	
				June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
				(In Thousands)	
Philippine peso-denominated debt instruments	July 26, 2016 - June 10, 2026	January 12, 2026 - November 17, 2035	Floating BVAL + margin; Fixed - 5.70%	**₱349,149,230**	₱325,311,730
U.S. dollar-denominated debt instruments*	January 29, 2021 - April 17, 2026	January 25, 2026 - April 8, 2031	SOFR + spread; quarterly; Fixed - 4.75%	**67,495,954**	86,208,413
China yuan renminbi-denominated loans**	May 6, 2021 - June 25, 2026	April 20, 2026 - June 24, 2037	Loan prime rate; annually; Fixed - 2.27%	**15,962,454**	13,146,777
				432,607,638	424,666,920
Less debt issue cost				**1,971,037**	1,912,681
				430,636,601	422,754,239
Less loans payable and current portion of long-term debt				**90,440,410**	99,294,642
				₱340,196,191	₱323,459,597

BVAL – Bloomberg Valuation Service
SOFR – Secured Overnight Financing 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 time deposits (see Note 12) and investment properties located in China (see Note 10).*

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

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
	(In Thousands)	
Balance at beginning of the year	**₱1,912,681**	₱1,715,421
Additions	**356,503**	990,223
Amortization	**(298,147)**	(792,963)
Balance at end of the year	**₱1,971,037**	₱1,912,681

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

Repayment Schedule
The repayments of loans payable and long-term debt are scheduled as follows:

	Gross Loan	Debt Issue Cost	Net
		(In Thousands)	
Within 1 year	₱90,990,232	(₱549,822)	₱90,440,410
More than 1 year to 5 years	260,047,126	(1,297,044)	258,750,082
More than 5 years	81,570,280	(124,171)	81,446,109
	₱432,607,638	(₱1,971,037)	₱430,636,601

The loan agreements of the Company provide certain restrictions and requirements principally with respect to maintenance of required financial ratios (i.e., current ratio of not less than 1.00:1.00, debt to equity ratio of not more than 0.70:0.30 to 0.80:0.20 and interest coverage ratio of not less than 2.50:1.00) and material change in ownership or control. As at June 30, 2026 and December 31, 2025, the Company is in compliance with the terms of its loan covenants.

Interest expense incurred from loans payable and long-term debt amounted to ₱6,021 million and ₱6,044 million for the six-month periods ended June 30, 2026 and 2025, respectively.

15. Other Noncurrent Liabilities

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
	(In Thousands)	
Deferred output VAT - net of current portion	**₱15,920,886**	₱18,181,925
Retention payable - net of current portion	**12,142,364**	10,349,858
Lease liabilities	**12,111,090**	12,219,014
Defined benefit liability	**651,791**	682,978
Others	**5,836,546**	7,435,778
	₱46,662,677	₱48,869,553

The terms and conditions of the above liabilities follow:

- 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.

- 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.

- Payment of lease liabilities amounted to ₱454 million for the six-month periods ended June 30, 2026 and 2025 and forms part of the financing cash flows.

  Interest on lease liabilities included under "Others - net" in the interim consolidated statements of income amounted to ₱119 million and ₱145 million for the six-month periods ended June 30, 2026 and 2025, respectively. Lease liabilities amounting to ₱614 million were derecognized in 2025 (see Note 10).

  The undiscounted payments of lease liabilities are scheduled as follows:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
	(In Thousands)	
Within 1 year	**₱870,253**	₱873,684
More than 1 year to 5 years	**3,412,809**	3,401,235
More than 5 years	**24,947,860**	25,080,056
	₱29,230,922	₱29,354,975

16. Equity

Capital Stock

As at June 30, 2026 and December 31, 2025, the Company has an authorized capital stock of 40,000 million with a par value of ₱1 a share, of which 33,166 million shares were issued (see Note 23).

As at June 30, 2026 and December 31, 2025, the Company has 28,619 million and 28,798 million outstanding shares, respectively.

Retained Earnings

On April 28, 2026, the Company's Board of Directors (BOD) approved the declaration of cash dividend of ₱0.420 per share or ₱12,063 million to stockholders of record as of May 13, 2026, ₱10 million of which was received by a subsidiary. This was paid on May 27, 2026.

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 a subsidiary. This was paid on May 28, 2025.

On December 1, 2025, the BOD approved the appropriation of retained earnings amounting to ₱170,000 million. On the same date, the BOD approved the reversal of appropriated retained earnings amounting to ₱100,000 million.

As at June 30, 2026 and December 31, 2025, the retained earnings appropriated amounted to ₱170,000 million for planned construction projects and land banking activities from 2026 to 2029. 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 available for dividend declaration amounted to ₱40,527 million and ₱35,213 million as at June 30, 2026 and December 31, 2025, respectively.

Treasury Stock

The share buyback transactions are as follows:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
	(In Thousands, Except Per Share Data)	
Acquisition of treasury shares	**₱3,527,344**	₱179,840
Total shares re-acquired	**180,535**	8,109
Average price per share	**₱19.54**	₱22.18

As at June 30, 2026 and December 31, 2025, the Company has 4,549 million and 4,368 million shares of treasury stock, respectively. This includes reacquired capital stock and shares held by a subsidiary, stated at acquisition cost of ₱7,754 million and ₱4,227 million as at June 30, 2026 and December 31, 2025, respectively.

17. Related Party Transactions

The significant transactions entered into by the Company with its related parties and the amounts included in the accompanying interim condensed consolidated financial statements with respect to these transactions follow:

	Amount of Transactions		Outstanding Amount [Asset (Liability)]			
	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)	Terms	Conditions
	(In Thousands)					
Ultimate Parent						
Rent income	**₱46,049**	₱40,561	**₱–**	₱–		
Rent receivable	–	–	**14,707**	14,149	Non-interest bearing	Unsecured; not impaired
Other revenues	**13,888**	13,789	–	–		
Other receivable	–	–	**2,438**	2,924	Non-interest bearing	Unsecured; not impaired
Rent expense	**36,704**	34,159	–	–		
Trade payable	–	–	**(33,323)**	(67,323)	Non-interest bearing	Unsecured
Equity instruments at FVOCI	–	–	**86,201**	102,201		
Dividend income	**2,484**	1,899	–	–		
Bank and Retail Group						
Cash and cash equivalents	**107,895,139**	111,466,865	**23,261,622**	26,197,964	Interest bearing based on prevailing rates	Unsecured; not impaired
Rent income	**9,754,212**	9,262,233	–	–		
Rent receivable	–	–	**3,023,628**	3,644,386	Non-interest bearing	Unsecured; not impaired
(Forward)						

	Amount of Transactions		Outstanding Amount [Asset (Liability)]			
	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)	Terms	Conditions
	(In Thousands)					
Other revenues	**₱41,591**	₱40,630	**₱–**	₱–		
Other receivable	**–**	–	**38,440**	31,746	Non-interest bearing	Unsecured; not impaired
Interest income	**424,820**	788,575	**–**	–		
Accrued interest receivable	**–**	–	**114,448**	58,543	Non-interest bearing	Unsecured; not impaired
Dividend income	**239,852**	385,483	**–**	–		
Equity instruments at FVOCI	**–**	–	**12,919,316**	14,517,071		
Escrow and time deposits	**78,631**	209,808	**1,646,513**	1,567,882	Interest bearing based on prevailing rates	Unsecured; not impaired
Receivable financed	**5,163,597**	3,111,036	**–**	–	Without recourse	Unsecured
Loans payable and long-term debt	**16,125,330**	26,096,353	**(23,230,155)**	(26,688,411)	Interest bearing based on prevailing rates	Unsecured
Interest expense	**1,115,146**	641,907	**–**	–		
Accrued interest payable	**–**	–	**(150,750)**	(158,790)	Non-interest bearing	Unsecured
Other expense	**578,005**	263,980	**–**	–		
Trade payable	**–**	–	**(75,074)**	(65,727)	Non-interest bearing	Unsecured
Other Related Parties						
Rent income	**261,684**	230,989	**–**	–		
Rent receivable	**–**	–	**86,218**	75,858	Non-interest bearing	Unsecured; not impaired
Other revenues	**31,086**	26,582	**–**	–		
Other receivable	**–**	–	**28,704**	30,048	Non-interest bearing	Unsecured; not impaired
Rent expense	**325**	248	**–**	–		
Trade payable	**–**	–	**(12,376)**	(11,322)	Non-interest bearing	Unsecured

Compensation of Key Management Personnel

The aggregate compensation and benefits related to key management personnel for the six-month periods ended June 30, 2026 and 2025 consist of short-term employee benefits amounting to ₱882 million and ₱840 million, respectively, and post-employment benefits (pension benefits) amounting to ₱105 million and ₱115 million, respectively.

18. Other Revenues

Details of other revenues are as follows:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
	(In Thousands)	
Merchandise sales	**₱2,120,230**	₱1,853,162
Cinema and event ticket sales	**2,009,374**	1,899,213
Food and beverages	**1,450,619**	1,382,098
Amusement income	**775,693**	691,894
Bowling and ice skating fees	**289,169**	233,317
Others (see Note 17)	**1,646,185**	1,433,676
	₱8,291,270	₱7,493,360

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

19. Costs and Expenses

This account consists of:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
	(In Thousands)	
Cost of real estate sold (see Note 7)	**₱9,589,430**	₱8,490,011
Administrative	**8,243,737**	8,276,278
Depreciation and amortization (see Notes 10 and 12)	**8,194,345**	7,610,386
Business taxes and licenses	**3,352,464**	3,121,512
Marketing and selling expenses	**3,108,973**	2,964,850
Film rentals	**986,385**	972,702
Rent (see Note 17)	**778,371**	744,282
Insurance	**187,828**	234,229
Others	**1,145,391**	1,203,390
	₱35,586,924	₱33,617,640

Rent expense amounting to ₱778 million and ₱744 million pertains to variable payments for various lease agreements and forms part of the operating cash flows. Administrative expenses include utilities, security, janitorial and other outsourced services. Others include bank charges, donations, dues and subscriptions, service fees and transportation and travel.

20. Financial Risk Management Objectives and Policies

The Company's principal financial instruments, other than derivatives, comprise of cash and cash equivalents, accrued interest and other receivables, equity instruments at FVOCI and 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, 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.

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 June 30, 2026 and December 31, 2025, after considering the effect of interest rate swaps, approximately 67% and 54%, respectively, of its long-term debt instruments, are at a fixed rate of interest.

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

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

The Company's foreign currency-denominated monetary net assets amounted to US$4 million (₱231 million) as at June 30, 2026 and US$5 million (₱299 million) as at December 31, 2025.

In translating the foreign currency-denominated monetary assets to peso amounts, the exchange rates used were ₱61.36 to US$1.00 and ₱58.79 to US$1.00, the Philippine peso to US dollar exchange rates as at June 30, 2026 and December 31, 2025, respectively.

Liquidity Risk
Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments or that a market for derivatives may not exist in some circumstance.

The Company seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Company intends to use internally generated funds and proceeds from debt and equity issues.

As part of its liquidity risk management program, the Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives. These initiatives may include bank loans, debt capital and equity market issues. The Company also has readily available credit facility with banks and affiliates to meet its current and long-term financial liabilities.

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instruments or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Equity Price Risk
Equity price risk arises from the changes in the levels of equity indices and the value of individual stocks traded in the stock exchange.

As a policy, management monitors its equity price risk pertaining to its investments in quoted equity securities which are classified as equity instruments at FVOCI in the interim consolidated balance sheets based on market expectations. Material equity investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

Capital Management
Capital includes equity attributable to the owners of the Parent.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

21. Financial Instruments

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

	June 30, 2026 (Unaudited)				
	Carrying Value	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
			(In Thousands)		
Financial Assets					
Derivative assets	**₱1,239,688**	**₱1,239,688**	**₱–**	**₱1,239,688**	**₱–**
Financial assets at amortized cost:					
Escrow and time deposits (included under "Other noncurrent assets") (see Note 12)	**2,099,186**	**2,103,054**	**–**	**2,103,054**	**–**
Financial assets at FVOCI:					
Equity instruments	**16,945,714**	**16,945,714**	**16,936,636**	**–**	**9,078**
Nonfinancial Assets* (see Note 10)	**690,916,870**	**2,554,527,781**	**–**	**–**	**2,554,527,781**
	₱711,201,458	**₱2,574,816,237**	**₱16,936,636**	**₱3,342,742**	**₱2,554,536,859**
Financial Liabilities					
Derivative liabilities	**₱1,843,451**	**₱1,843,451**	**₱–**	**₱1,843,451**	**₱–**
Loans and borrowings:					
Long-term debt - net of current portion	**340,196,191**	**326,405,061**	**–**	**–**	**326,405,061**
Tenants' deposits - net of current portion**	**31,381,091**	**30,758,437**	**–**	**–**	**30,758,437**
Other noncurrent liabilities***	**17,978,910**	**17,816,178**	**–**	**–**	**17,816,178**
	₱391,399,643	**₱376,823,127**	**₱–**	**₱1,843,451**	**₱374,979,676**

**Consists of investment properties*
***Excluding residential customers' deposits amounting to ₱1,263 million*
****Excluding lease liabilities and nonfinancial liabilities amounting to ₱28,684 million*

	December 31, 2025 (Audited)				
	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") (see Note 12)	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 10)	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*
****Excluding lease liabilities and nonfinancial liabilities amounting to ₱31,084 million*

Fair Value Hierarchy

The Company uses the fair value hierarchy for determining and disclosing the fair value of financial instruments.

During the six-month period ended June 30, 2026 and the year ended December 31, 2025, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Derivative Instruments. The fair values are based on quotes obtained from counterparties.

Escrow and Time Deposits. The fair values are based on the discounted value of future cash flows using the prevailing market rates.

Financial assets at FVOCI. The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business.

Nonfinancial Assets. 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 June 30, 2026 and 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 June 30, 2026 and December 31, 2025.
Variable Rate Loans	For variable rate loans that re-price every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates. For variable rate loans that re-price every six months, the fair value is determined by discounting the principal amount plus the next interest payment amount using the prevailing market rate as at June 30, 2026 and December 31, 2025 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 1.12% to 7.32% and 1.34% to 6.85% as at June 30, 2026 and December 31, 2025, respectively.

The Company assessed that the carrying values of cash and cash equivalents, receivables, bank loans and accounts payable and other current liabilities approximate their fair values due to the short-term nature and maturities of these financial instruments.

There were no financial instruments subject to an enforceable master netting arrangement that were not offset in the interim consolidated balance sheets.

Derivative Instruments Accounted for as Cash Flow Hedges
As at June 30, 2026 and December 31, 2025, the Company has outstanding arrangements to hedge both foreign currency and interest rate exposures on its foreign currency denominated debts.

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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
	(In Thousands)	
Balance at beginning of period	**₱3,260,008**	₱4,720,380
Net changes in fair value during the period	**(917,945)**	(680,285)
Fair value of settled derivatives	**(2,945,826)**	(780,087)
Balance at end of period	**(₱603,763)**	₱3,260,008

22. **Provision for Income Tax**

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

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
	(In Thousands)	
Provision for current tax	**₱5,875,997**	₱4,878,612
Provision for deferred tax	**(804,257)**	485,073
	₱5,071,740	₱5,363,685

23. **Earnings per share (EPS) Computation**

Basic/diluted EPS is computed as follows:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
	(In Thousands, Except Per Share Data)	
Net income attributable to equity holders of the Parent (a)	**₱24,538,849**	₱24,455,415
Common shares issued (see Note 16)	**33,166,300**	33,166,300
Less weighted average number of treasury stock	**4,443,398**	4,312,938
Weighted average number of common shares outstanding (b)	**28,722,902**	28,853,362
EPS (a/b)	**₱0.854**	₱0.848

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

SM Prime net income is at ₱24.54 billion in 1H 2026

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

	Six Months Ended June 30				
	2026	**% to Revenues**	**2025**	**% to Revenues**	**% Change**
Profit and Loss Data					
Revenues	71,659	100%	68,044	100%	5%
Costs and Expenses	35,587	50%	33,618	49%	6%
Operating Income	36,072	50%	34,426	51%	5%
Net Income	24,539	34%	24,455	36%	0%
EBITDA	43,811	61%	41,612	61%	5%

	Second Quarter Ended June 30				
	2026	**% to Revenues**	**2025**	**% to Revenues**	**% Change**
Profit and Loss Data					
Revenues	38,380	100%	35,270	100%	9%
Costs and Expenses	19,035	50%	17,523	50%	9%
Operating Income	19,345	50%	17,747	50%	9%
Net Income	12,878	34%	12,802	36%	1%
EBITDA	23,223	61%	21,379	61%	9%

	June 30 2026	**% to Total Assets**	**Dec 31 2025**	**% to Total Assets**	**% Change**
Balance Sheet Data					
Total Assets	1,119,487	100%	1,093,879	100%	2%
Investment Properties	690,917	62%	665,641	61%	4%
Total Debt	430,637	38%	422,754	39%	2%
Net Debt	403,754	36%	395,109	36%	2%
Total Equity	474,564	42%	465,558	43%	2%

Financial Ratios	**June 30 2026**	**June 30 2025**	**Dec 31 2025**
Current Ratio*	2.0	2.1	2.0
Acid Test Ratio*	1.1	1.2	1.1
Solvency Ratio	13.9%	14.2%	13.8%
Debt to Equity	48:52	48:52	48:52
Net Debt to Equity	46:54	46:54	46:54
Return on Equity	10.4%	11.0%	10.9%
Net Income Margin	34.2%	35.9%	34.6%
Asset to Equity	2.4	2.4	2.4
Interest Coverage Ratio**	7.3	6.9	6.8
Debt to EBITDA	4.9	4.7	4.9

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

***interest expense excludes discount on sale of receivable*

Revenues

SM Prime recorded consolidated revenues of ₱71.66 billion in the first six months of 2026 from ₱68.04 billion in the same period of 2025, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of ₱43.86 billion in the first six months of 2026, an 8% increase from ₱40.53 billion in the same period of 2025. 81% is contributed by the malls while 19% is from offices and hotels and convention centers.

Real Estate Sales

SM Prime's real estate sales is at ₱19.51 billion in the first six months of 2026. During the second quarter of 2026, SM Prime reviewed and made changes to the parameters used to assess the continued viability of contracts of existing real estate customers. Real estate sales is coming from sales take-up and construction accomplishment of ongoing projects, including, Gold Towers Residential-Offices in Parañaque, Sands Residences in Manila, Vail Residences in Cagayan de Oro, Joy Residences in Bulacan and Jade Residences in Makati.

Other Revenues

SM Prime's other revenues is at ₱8.29 billion in the first six months of 2026, an increase of 11% from ₱7.5 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 first six months of 2026 includes Toy Story 5, Avatar: Fire and Ash, Colony, The Devil Wears Prada 2 and The Loved One.

Costs and Expenses

SM Prime recorded consolidated costs and expenses of ₱35.59 billion in the first six months of 2026, operating expenses includes depreciation and amortization, taxes and licenses, marketing and selling expenses, utilities and manpower costs. Gross profit margin on real estate is 51% in 2026.

Other Income (Charges)

Interest Expense

SM Prime's consolidated interest expense is at ₱6.02 billion in the first six months of 2026, from ₱6.04 billion. 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 ₱0.02 billion in the first six months of 2026 compared to ₱1.86 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 ₱5.07 billion in the first six months of 2026.

Net income attributable to Parent

SM Prime's net income attributable to Parent is at ₱24.54 billion in the first six months of 2026 compared to ₱24.46 billion in the same period of 2025.

Balance Sheet Accounts

SM Prime's total assets increased by 2% to ₱1,119.49 billion from ₱1,093.88 billion as of June 30, 2026 and December 31, 2025, respectively.

Real estate inventories increased to ₱79.76 billion from ₱74.11 billion as of June 30, 2026 and December 31, 2025, respectively, due to construction accomplishments for the period and additions of residential lots for sale, net of cost of sold units.

Equity instruments at fair value through other comprehensive income decreased to ₱16.95 billion from ₱19.01 billion as of June 30, 2026 and December 31, 2025, with equivalent decrease in net fair value changes of equity instruments at FVOCI to ₱13.57 billion from ₱15.63 billion as of June 30, 2026 and December 31, 2025, respectively, due to changes in fair values under this portfolio.

Prepaid expenses and other current assets increased to ₱20.11 billion from ₱19.24 billion as of June 30, 2026 and December 31, 2025, respectively, due to increase in input taxes and advances to contractors related to ongoing construction of malls and residential projects.

Deferred tax asset - net increased to ₱2.38 billion from ₱1.91 billion as of June 30, 2026 and December 31, 2025, respectively.

Derivative liabilities - net decreased to ₱0.60 billion from derivative assets – net of ₱3.26 billion as of June 30, 2026 and December 31, 2025, respectively, mainly due to maturities during the period and net fair value changes on interest rate and foreign exchange transactions. Unrealized loss on net fair value changes on cash flow hedges decreased to ₱1.35 billion from ₱0.59 billion as of June 30, 2026 and December 31, 2025, respectively.

Income tax payable increased to ₱1.90 billion from ₱0.94 billion as of June 30, 2026 and December 31, 2025, respectively, mainly due to provisions, net of payments made during the period.

Other noncurrent liabilities which includes retention payable related to the ongoing construction of residential and integrated commercial development projects, deferred output VAT related to residential projects and lease liabilities decreased to ₱46.66 billion from ₱48.87 billion as of June 30, 2026 and December 31, 2025, respectively.

Cumulative translation adjustment increased to ₱8.24 billion from ₱5.37 billion as of June 30, 2026 and December 31, 2025, respectively, as a result of foreign exchange movement between periods.

Treasury stock increased to ₱7.75 billion from ₱4.23 billion as of June 30, 2026 and December 31, 2025, respectively, mainly due to buy back of shares for the period.

Non-controlling interests increased to ₱9.66 billion from ₱3.52 billion as of June 30, 2026 and December 31, 2025, respectively, due to the acquisition of non-controlling interests through a common control business combination and the corresponding share in net income attributable to non-controlling interests during the period.

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

As of June 30, 2026, SM Prime has ninety shopping malls in the Philippines with 9.8 million square meters of gross floor area (GFA) and nine shopping malls in China with 1.9 million square meters of GFA. In March 2026, the Company opened SM City Zamboanga in Zamboanga City, Zamboanga del Sur. The Company intends to open SM Nuvali in Sta. Rosa, Laguna for the second half of 2026. This new mall, plus the expansion of the Company's existing malls, will provide an addition of more than 0.3 million square meters of GFA.

SM Prime opened SM Seaside Arena in Cebu City in July 2026.

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

SM Prime has twenty-three offices with a combined GFA of 1.6 million square meters. In March 2026, the Company opened Bicutan Towers 1 and 2 in Parañaque City.

SM Prime's hotels and convention centers business unit currently has a portfolio of ten hotels with 2,602 rooms, six convention centers and two trade halls.

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

SM Prime 1H net income up by 11% to ₱24.5 Billion

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

	Six Months Ended June 30				
	2025	**% to Revenues**	**2024**	**% to Revenues**	**% Change**
Profit and Loss Data					
Revenues	68,044	100%	64,688	100%	5%
Costs and Expenses	33,618	49%	33,621	52%	0%
Operating Income	34,426	51%	31,067	48%	11%
Net Income	24,455	36%	22,066	34%	11%
EBITDA	41,612	61%	37,939	59%	10%

	Second Quarter Ended June 30				
	2025	**% to Revenues**	**2024**	**% to Revenues**	**% Change**
Profit and Loss Data					
Revenues	35,270	100%	33,969	100%	4%
Costs and Expenses	17,523	50%	17,613	52%	-1%
Operating Income	17,747	50%	16,356	48%	9%
Net Income	12,802	36%	11,604	34%	10%
EBITDA	21,379	61%	19,828	58%	8%

	Jun 30 2025	**% to Total Assets**	**Dec 31 2024**	**% to Total Assets**	**% Change**
Balance Sheet Data					
Total Assets	1,050,539	100%	1,019,431	100%	3%
Investment Properties	628,853	60%	601,340	59%	5%
Total Debt	406,945	39%	389,920	38%	4%
Net Debt	379,095	36%	358,674	35%	6%
Total Equity	442,888	42%	433,093	42%	2%

Financial Ratios	Consolidated **Jun 30 2025**	 **Dec 31 2024**
Current Ratio*	2.1	2.0
Acid Test Ratio*	1.2	1.2
Solvency Ratio	14.2%	14.1%
Debt to Equity	48:52	47:53
Net Debt to Equity	46:54	45:55
Return on Equity	11.0%	11.0%
Net Income Margin	35.9%	32.5%
Asset to Equity	2.4	2.4
Interest Coverage Ratio**	6.9	5.9
Debt to EBITDA	4.7	4.8

**excluding loans payable and current portion of long-term debt for refinancing*
*** interest expense excludes discount on sale of receivable*

Revenues

SM Prime recorded consolidated revenues of ₱68.04 billion in the first six months of 2025, an increase of 5% compared to ₱64.69 billion in the same period of 2024, primarily due to the following:

Rent

SM Prime recorded consolidated revenues from rent of ₱40.53 billion in the first six months of 2025, a 7% increase from ₱37.83 billion in the same period of 2024. 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 ₱20.02 billion in the first six months of 2025 coming from sales take-up and construction accomplishment of ongoing projects, including Calm Residences in Laguna, Gold Towers Residential-Offices in Parañaque, Glade Residences in Iloilo and Joy Residences in Bulacan.

Other Revenues

SM Prime's other revenues is at ₱7.5 billion in the first six months of 2025. Other revenues include ice skating, bowling, amusement and recreation operations, sale of food and beverages in hotels, sponsorships and advertising revenues, and cinema and event ticket sales. Cinema movies shown during the first six months of 2025 includes Final Destination: Bloodlines, Lilo & Stitch, A Minecraft Movie, And the Bread Winner Is and How to Train Your Dragon.

Costs and Expenses

SM Prime recorded consolidated costs and expenses is at ₱33.62 billion in the first six months of 2025. Operating expenses includes depreciation and amortization, taxes and licenses, marketing and selling expenses, utilities and manpower costs. Gross profit margin on real estate is maintained at 58% in 2025.

Other Income (Charges)

Interest Expense

SM Prime's consolidated interest expense increased by 6% to ₱6.19 billion in 2025 compared to ₱5.83 billion in the same period in 2024 mainly due to the issuance of retail bonds in 2025 and 2024 to refinance existing debt and various capital expenditure requirements spent for integrated commercial developments.

Interest, Dividend and Others - net

Interest, dividend and others - net increased to ₱2.01 billion in the first six months of 2025 compared to ₱1.92 billion in the same period of 2024. 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 ₱5.36 billion in the first six months of 2025 compared to ₱4.64 billion in the same period of 2024.

Net income attributable to Parent

SM Prime's net income attributable to Parent increased by 11% to ₱24.46 billion in the first six months of 2025 compared to ₱22.07 billion in the same period of 2024.

Balance Sheet Accounts

SM Prime's total assets amounted to ₱1,050.54 billion and ₱1,019.43 billion as of June 30, 2025 and December 31, 2024, respectively.

Cash and cash equivalents decreased to ₱27.85 billion from ₱31.25 billion as of June 30, 2025 and December 31, 2024, respectively, mainly due to various capital expenditures and payments of dividends and maturing debts, net of collections from operations.

Derivative assets - net decreased to ₱1.94 billion from ₱4.72 billion as of June 30, 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 period.

Prepaid expenses and other current assets increased by 5% to ₱29.90 billion from ₱28.43 billion as of June 30, 2025 and December 31, 2024, respectively, due to increase in input taxes and advances to contractors related to construction of residential projects.

Investment properties increased by 5% to ₱628.85 billion from ₱601.34 billion as of June 30, 2025 and December 31, 2024, respectively, primarily due to ongoing integrated commercial developments, construction of new mall projects and redevelopment of existing malls, net of depreciation expense for the period.

Income tax payable decreased to ₱0.99 billion from ₱1.61 billion as of June 30, 2025 and December 31, 2024, respectively, mainly due to payments, net of provisions for the year.

Other noncurrent liabilities increased to ₱45.47 billion from ₱43.37 billion as of June 30, 2025 and December 31, 2024, respectively, due to increase in retention payable and deferred output VAT related to sale of residential projects.

Cumulative translation adjustment decreased to ₱2.88 billion from ₱3.14 billion as of June 30, 2025 and December 31, 2024, respectively, as a result of foreign exchange movement between periods.

Treasury shares increased to ₱2.79 billion from ₱2.61 billion as of June 30, 2025 and December 31, 2024, respectively, mainly due to buy back of shares 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.

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

As of June 30, 2025, SM Prime has eighty-eight shopping malls in the Philippines with 9.5 million square meters of gross floor area (GFA) and eight shopping malls in China with 1.7 million square meters of GFA. In May 2025, the Company opened SM City Laoag in Ilocos Norte. The Company intends to launch SM City La Union for the second half of 2025, which will provide an additional GFA of 0.1 million square meters.

SM Prime has twenty-two office buildings with a combined GFA of almost 1.6 million square meters.

SM Prime’s hotels and convention centers business unit currently has a portfolio of ten hotels with over 2,600 rooms, six convention centers and two trade halls.

SM Prime Holdings, Inc. and Subsidiaries
Aging of Accounts Receivable and Contract Assets
As at June 30, 2026
(Amounts in Thousands)

Trade:	
Sale of real estate (billed and unbilled)	**₱162,316,958**
Rent	**13,461,543**
Accrued interest	**280,661**
Nontrade and others	**4,162,352**
	180,221,514
Less allowance for ECLs	**724,427**
	179,497,087
Less noncurrent portion of receivables from sale of real estate	**90,811,901**
	₱88,685,186

The aging analysis of total receivables are as follows:

Neither past due nor impaired	**₱158,665,121**
Past due but not impaired:	
Less than 30 days	**5,080,291**
31–90 days	**5,925,342**
91–120 days	**2,657,974**
Over 120 days	**7,168,359**
Impaired	**724,427**
	₱180,221,514

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

SM PRIME HOLDINGS, INC. AND SUBSIDIARIES
FINANCIAL RATIOS AND KEY PERFORMANCE INDICATORS
AS OF JUNE 30, 2026, JUNE 30, 2025 and DECEMBER 31, 2025

Ratio	Formula	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)	June 30, 2025 (Unaudited)
		(amounts in thousands, except ratios)		
Current Ratio	**Total Current Assets divided by Total Current Liabilities**			
	Total current assets	₱217,325,322	₱211,201,669	₱232,481,451
	Current liabilities	198,724,840	205,054,713	235,724,920
	Less: Loans payable and current portion of long-term debt*	(90,440,410)	(99,294,642)	(127,177,704)
	Divide by: Current liabilities excluding loans payable and current portion of long-term debt	108,284,430	105,760,071	108,547,216
	Current ratio	**2.0**	**2.0**	**2.1**
	**due for refinancing*			
Acid Test Ratio	**Quick Assets divided by Total Current Liabilities**			
	Cash and cash equivalents	₱26,882,767	₱27,645,144	₱27,850,239
	Receivables and contract assets	88,685,186	86,190,422	96,250,312
	Equity instruments at fair value through other comprehensive income - current	646,473	717,171	821,378
	Quick assets	116,214,426	114,552,737	124,921,929
	Divide by: Current liabilities excluding loans payable and current portion of long-term debt	108,284,430	105,760,071	108,547,216
	Acid test ratio	**1.1**	**1.1**	**1.2**
Solvency Ratio	**EBITDA divided by Total Liabilities**			
	EBITDA*	₱88,586,721	₱86,388,345	₱85,840,505
	Divided by: Total liabilities	635,261,855	624,799,978	604,905,540
	Asset to liabilities ratio	**13.9%**	**13.8%**	**14.2%**
	**rolling*			
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 and current portion of long-term debt	₱90,440,410	₱99,294,642	₱127,177,704
	Long-term debt - net of current portion	340,196,191	323,459,597	279,767,065
	Total interest-bearing debt (a)	430,636,601	422,754,239	406,944,769
	Add: Total equity attributable to equity holders of the parent (b)	474,564,360	465,557,625	442,887,613
	Total interest-bearing debt and equity attributable to equity holders of the parent (c)	905,200,961	888,311,864	849,832,382
	Debt to equity ratio (a/c):(b/c)	**48:52**	**48:52**	**48:52**

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**

Ratio	Formula	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)	June 30, 2025 (Unaudited)
		(amounts in thousands, except ratios)		
	Total interest-bearing debt	₱430,636,601	₱422,754,239	₱406,944,769
	Less: Cash and cash equivalents	(26,882,767)	(27,645,144)	(27,850,239)
	Total net interest-bearing debt (a)	403,753,834	395,109,095	379,094,530
	Add: Total equity attributable to equity holders of the parent (b)	474,564,360	465,557,625	442,887,613
	Total net interest-bearing debt and equity attributable to equity holders of the parent (c)	878,318,194	860,666,720	821,982,143
	Net debt-to-equity ratio (a/c):(b/c)	**46:54**	**46:54**	**46:54**
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*	₱48,931,164	₱48,847,730	₱48,021,220
	Divide by: Average total equity attributable to equity holders of the parent	470,060,993	449,325,349	437,990,342
	Return on equity	**10.4%**	**10.9%**	**11.0%**
	**rolling*			
Net Income Margin	**Net Income divided by Total Revenue**			
	Net income attributable to equity holders of the parent	₱24,538,849	₱48,847,730	₱24,455,415
	Divide by: Total revenue	71,658,919	141,107,015	68,043,535
	Net income margin	**34.2%**	**34.6%**	**35.9%**
Asset to Equity Ratio	**Total Assets divided by Total Equity Attributable to the Equity Holders of the Parent**			
	Total assets	₱1,119,486,779	₱1,093,878,665	₱1,050,900,152
	Divide by: Total equity attributable to equity holders of the parent	474,564,360	465,557,625	442,887,613
	Asset to equity ratio	**2.4**	**2.4**	**2.4**
Interest Coverage Ratio	**Earnings Before Interest, Taxes and Depreciation and Amortization (EBITDA) divided by Total Interest Expense**			
	Income from operations	₱36,071,995	₱71,730,766	₱34,425,895
	Less: Net income attributable to non controlling interest	(455,702)	(878,803)	(424,019)
	Add: Depreciation and amortization	8,194,345	15,536,382	7,610,386
	EBITDA	43,810,638	86,388,345	41,612,262
	Divide by: Interest expense*	6,021,080	12,740,177	6,043,673
	Interest coverage ratio	**7.3**	**6.8**	**6.9**

**excludes discount on sale of receivable*

Ratio	**Formula**	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)	June 30, 2025 (Unaudited)
		(amounts in thousands, except ratios)		
Debt-to-EBITDA	**Total Interest-Bearing Liabilities divided by EBITDA**			
	Total interest-bearing liabilities	₱430,636,601	₱422,754,239	₱406,944,769
	Divide by: EBITDA*	88,586,721	86,388,345	85,840,505
	Debt to EBITDA	**4.9**	**4.9**	**4.7**

*rolling

SM PRIME HOLDINGS, INC.
Retail Bond – Series AB, AC and AD Bonds
As of June 30, 2026

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

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

(2) Actual Gross and Net Proceeds

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

(3) Each Expenditure Item where the Proceeds were Used

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

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

As of June 30, 2026, ₱16,799 million of the proceeds from retail bond had been fully utilized to refinance long-term debt.

SIGNATURE

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

SM PRIME HOLDINGS, INC.
Registrant

Date: August 14, 2026

JOHN NAI PENG C. ONG
Chief Finance Officer