



Press Release

SM Prime Second Quarter 2010 Net Income Rises 11% to Php1.9 Billion

(03 August 2010. Pasay City, Philippines.) SM Prime Holdings, Inc. (SM Prime), the Philippines' dominant shopping mall developer and operator, posted an 11% increase in net income in the second quarter of 2010, to Php1.9 billion from Php1.7 billion in the same period last year. Revenues for the quarter reached Php5.9 billion, for a 19% increase, year-on-year. EBITDA for the period was at Php4.0 billion, for an increase of 17% and an EBITDA margin of 67%.

For the first half of 2010, SM Prime reported a 10% increase in consolidated net income, which amounted to Php3.8 billion from Php3.4 billion in the same period last year. Consolidated revenues grew 17% to Php11.3 billion, compared with Php9.6 billion during the first semester of 2009. EBITDA for January to June rose 17% to Php7.7 billion, for an EBITDA margin of 68%.

SM Prime President Mr. Hans T. Sy said, "The encouraging results delivered by SM Prime validate our positive sentiment on the economy, which is further bolstered by robust consumer spending. In that light, we look to the second half of the year with more optimism in executing our expansion plans. We aim to offer more avenues for high quality yet affordable products and services, for which the SM brand is known."

For the first half of 2010, SM Prime's consolidated rental revenues continued to contribute the biggest share, growing by 13% and amounting to Php9.5 billion, as compared to Php8.4 billion during the same period last year. The increase was supported by the continued strength of the consumer and remittance sectors and the added space resulting from the opening of new malls in 2009 namely, SM City Naga, SM City Rosario, and SM Center Las Piñas, together with SM City Tarlac, which opened in April of this year. In addition, expansion projects in SM North EDSA, SM City Fairview, and SM City Rosales also contributed to rental revenue growth. The new malls and expansions in 2009 and 2010 added 340,000 square meters (sqm) to the company's total gross floor area (GFA) and presently register an average occupancy rate of 94%. Excluding new malls opened and expansions completed from 2008 to 2010, same store rental growth is at 6%.

Meanwhile, due to a marked increase in the number of blockbuster movies shown this year, cinema ticket sales from January to June 2010 surged 47% to Php1.4 billion from Php0.9 billion during the same period in 2009. Hit movies shown since January this year include “Avatar”, “Iron Man 2”, “Clash of the Titans”, “Shrek Forever After”, and “Miss You Like Crazy”, among others.

Operating expenses during the first six months of 2010 rose 18% to Php5.3 billion from Php4.5 billion due to an increase in administrative and depreciation expenses. Income from operations increased to Php6.0 billion, up 17% from Php5.1 billion.

In terms of gross revenues, the three malls in China contributed Php0.6 billion for the six months ended 30 June 2010, or 5% of total consolidated revenues. In terms of net income, these malls contributed Php0.1 billion for the six-month period, or 3% of total consolidated net income. Rental revenue of the three malls continued to grow at a hefty pace of 26% during the first semester of 2010, compared to the same period in 2009. The growth is largely due to improvements in the average occupancy rate, lease renewals, and the opening of the SM Xiamen Lifestyle Center, which added 110,000 sqm of GFA to the Xiamen mall, for a total GFA of 0.6 million sqm. The average occupancy rate for the three malls in China is now at 87%.

Following the April 2010 opening of SM City Tarlac, SM Prime will launch later this year SM City Novaliches in Quezon City and SM City San Pablo and SM City Calamba, both of which are in the province of Laguna. The company is also set to open its fourth SM mall in mainland China, which will be located in the city of Suzhou. By year-end, the company is expected to have 40 malls in the Philippines, with an estimated total GFA of 4.7 million sqm.

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SIGNATURES

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 03, 2010



JEFFREY C. LIM
Executive Vice-President