



SM PRIME

Investor Kit 2023

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Key Strategies

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Company Profile

- One of the leading integrated property developers in Southeast Asia
- One of the largest listed real estate developers on the PSE by market capitalization and net income
- Consistently cited for excellence in corporate governance, property development, environmental consciousness, and investor relations programs



Market Capitalization

US\$17.73bn

PSE Stock Symbol	SMPH
Market Capitalization (August 04, 2023)	PHP982bn
Outstanding Shares	28,879mn
Last Traded Price (August 04, 2023)	Php34.00/share
30-Day Average Volume	10.99mn



1H 2023 Financial Highlights

- Consolidated net income went up by 38% to PHP19.44 billion in 1H2023 from PHP14.11 billion in 1H2022.
- Consolidated revenues reached PHP59.85 billion, 29% increase from PHP46.34 billion in the same period being reviewed.
- Revenue Contribution: Malls Business accounts for 58%, Residential Business accounts for 32%, Other Business Segments account for 10%.
 - Philippine Malls revenues reported 53% growth to PHP31.52 billion in 1H2023 from PHP20.59 billion in 1H2022.
 - China Malls' revenues reached RMB398 million in 1H2023, 3% higher than RMB385 million in 1H2022.
 - Primary residential business, led by SM Development Corporation (SMDC), reported PHP17.56 billion revenues, 5% higher than last year's PHP16.80 billion
 - SMDC's reservation sales recorded PHP68.51 billion, 15% higher than PHP59.42 billion in the first half of last year.
 - SM Prime's other business segments, which include offices, hotels, and convention centers, registered PHP6.23 billion revenues, 40% higher than last year's PHP4.45 billion.





Sustainability



TCFD | TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



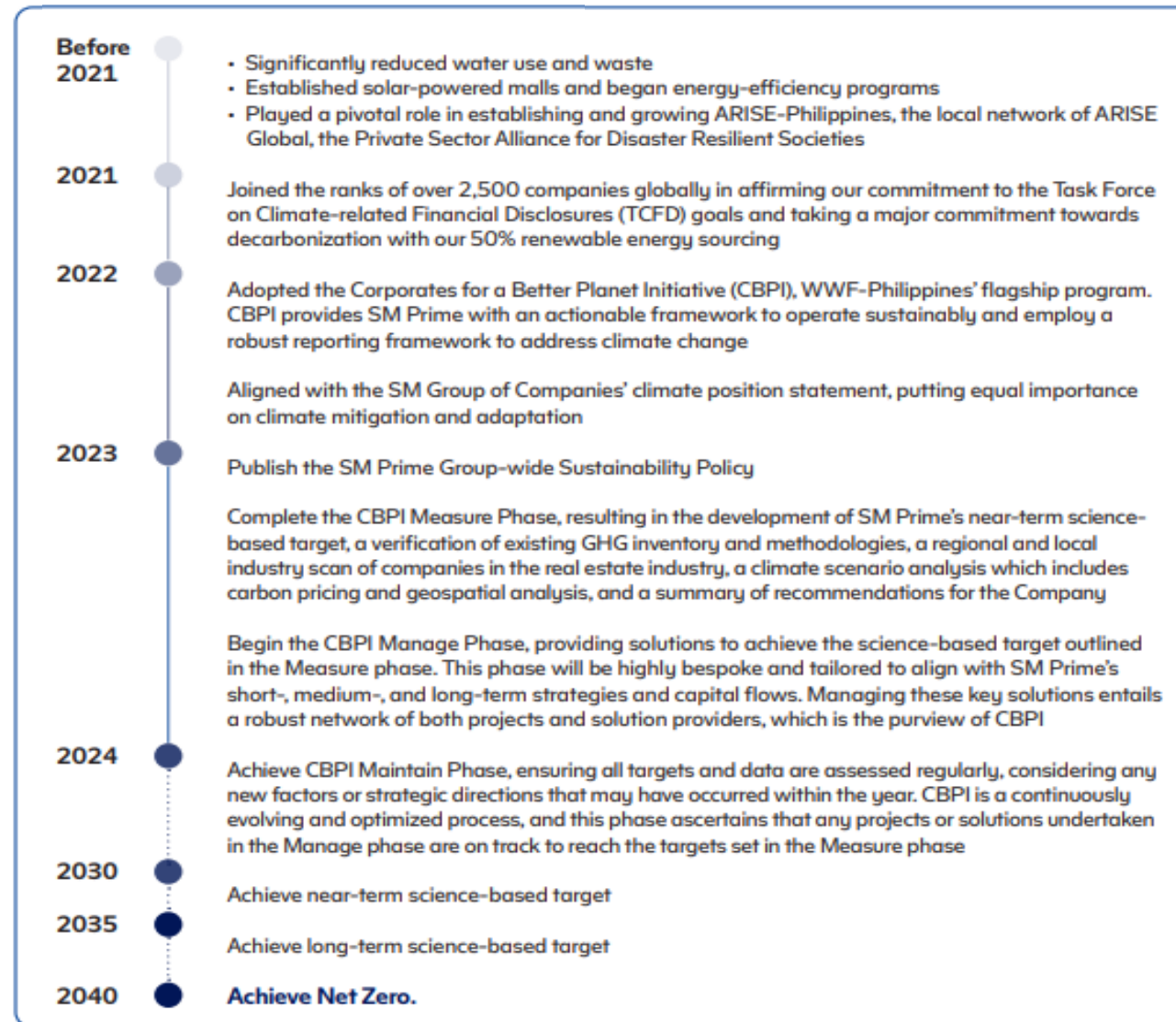
FTSE4Good



Sustainability Council



Net-Zero Ambition Action Plan



2050 - Global commitment to achieve net zero

Sustainability Framework

In 2020, our Board established a Sustainability Council with the understanding that the country's economic growth and our business growth has increased our exposure and vulnerability to global warming, global supply chain disruptions, and socio-economic forces that may undermine our prospects.

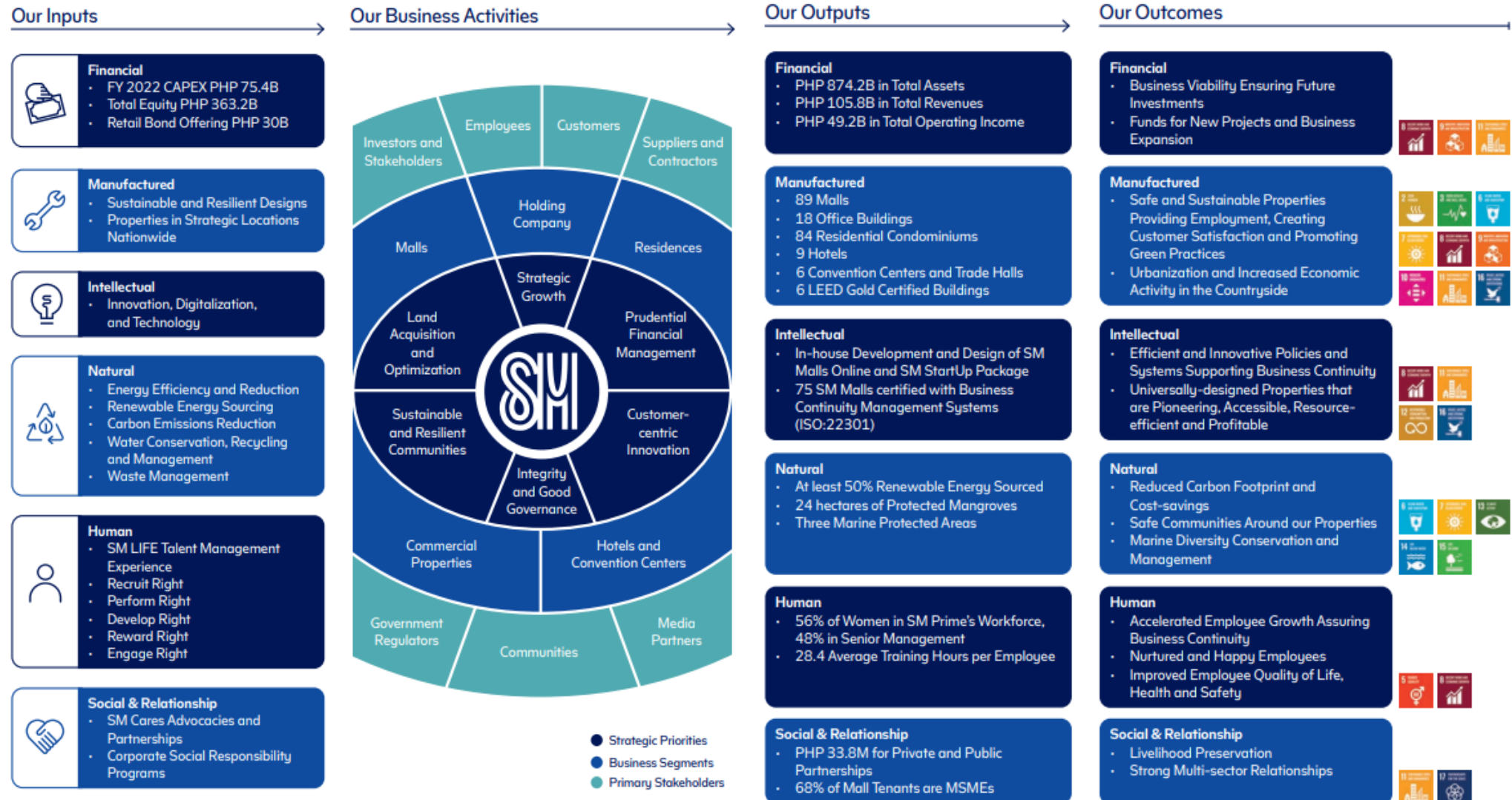
Today, SM Prime continues to augment local economic growth and reinforce commercial activity with our vast range of properties that enrich Filipino life. As we expand, we seek to create thriving communities, reduce our environmental footprint, and inspire sustainable economic growth that extends prosperity for those in the margins.

A successful sustainability framework requires a strong foundation. To ensure that fortified principles guide our framework, SM Prime follows four core pillars of sustainability.

We have aligned our sustainability pillars with the principles governing the United Nations Sustainable Development Goals, the Task Force on Climate-related Financial Disclosures (TCFD), and the 2015-2030 Sendai Framework for Disaster Reduction.



SM Prime's Value Creation



*Data as of FY2022

Key Business Unit

SM PRIME

Malls



- SM Supermalls
- SM Lifestyle, Inc.
- Family Entertainment Center, Inc.

Residences



- SM Development Corporation and Subsidiaries
- Highlands Prime, Inc.
- Costa Del Hamilo, Inc.

Offices



- Office and Warehouses
- Mall of Asia Complex
- Seaside City Cebu Complex

Hotels & Convention Centers



- Radisson Blu
- Taal Vista
- Pico Sands
- Park Inn
- Conrad Manila
- SMX Convention Centers



At a Glance

Malls



1H2023 Operating Highlights

- Total Revenues is PHP34.61 billion, 46% higher than PHP23.67 billion
- Operating Income is PHP18.63 billion, grew by 52% from PHP12.27 billion
- Total Investment Properties of PHP333.14 billion

Offices



1H2023 Operating Highlights

- Total Revenues is PHP3.25 billion, 17% increase from last year's PHP2.77 billion
- Operating Income is PHP2.17 billion, up by 7% from PHP2.03 billion
- Total Investment Properties amounted to PHP88.10 billion

Residences



1H2023 Operating Highlights

- Total Revenues is PHP19.02 billion, 4% higher than last year's PHP18.23 billion
- Operating Income is PHP7.70 billion, up by 7% from last year's PHP7.20 billion
- Total Assets amounted to PHP329.81 billion

Hotels & Convention Centers



1H2023 Operating Highlights

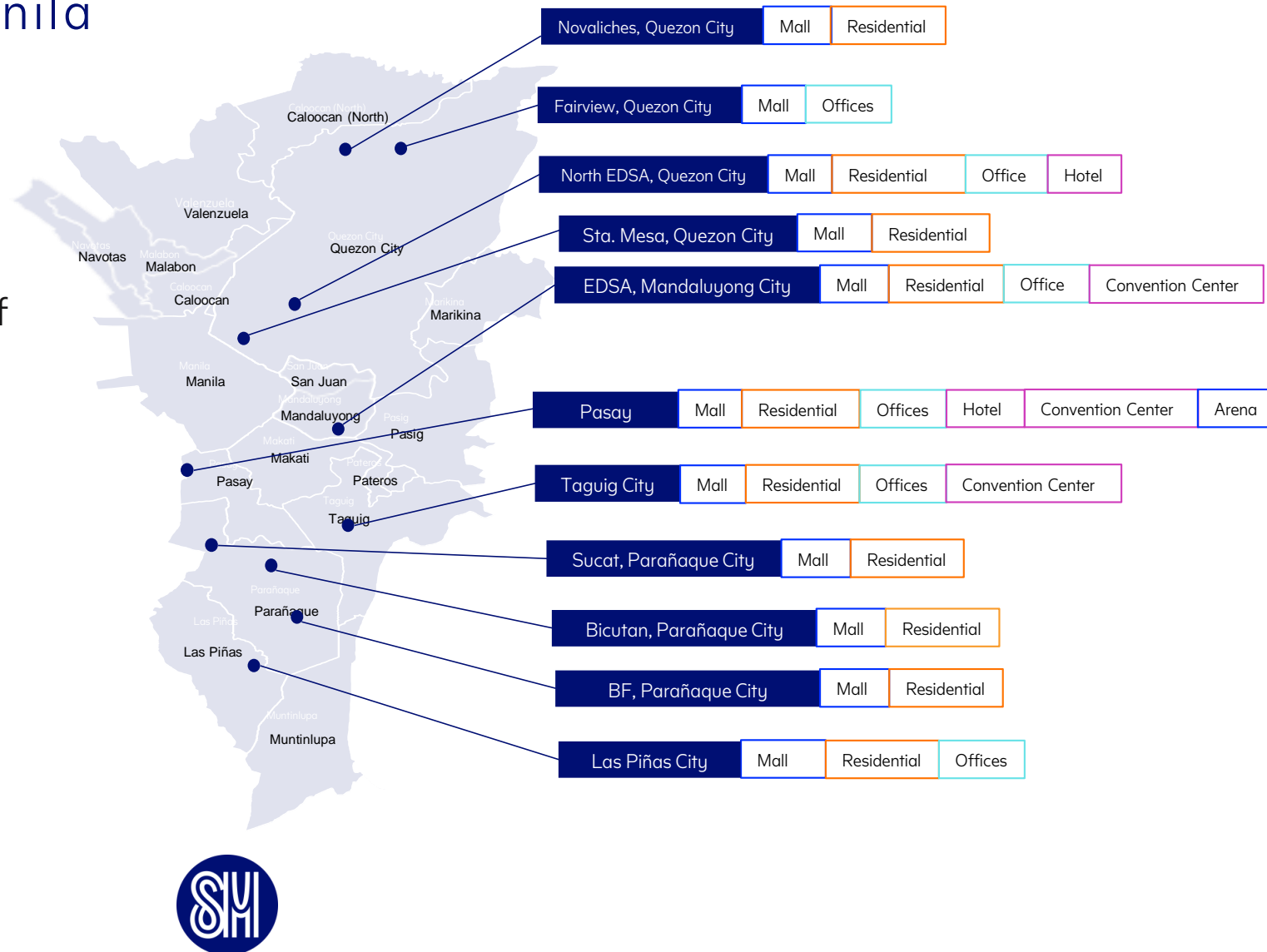
- Total Revenues is at PHP2.98 billion, 78% higher than PHP1.68 billion
- Operating Income improved by 486% to PHP0.74 billion from PHP0.13 billion
- Total Investment Properties of PHP13.90 billion



At a Glance

Lifestyle Cities in Metro Manila

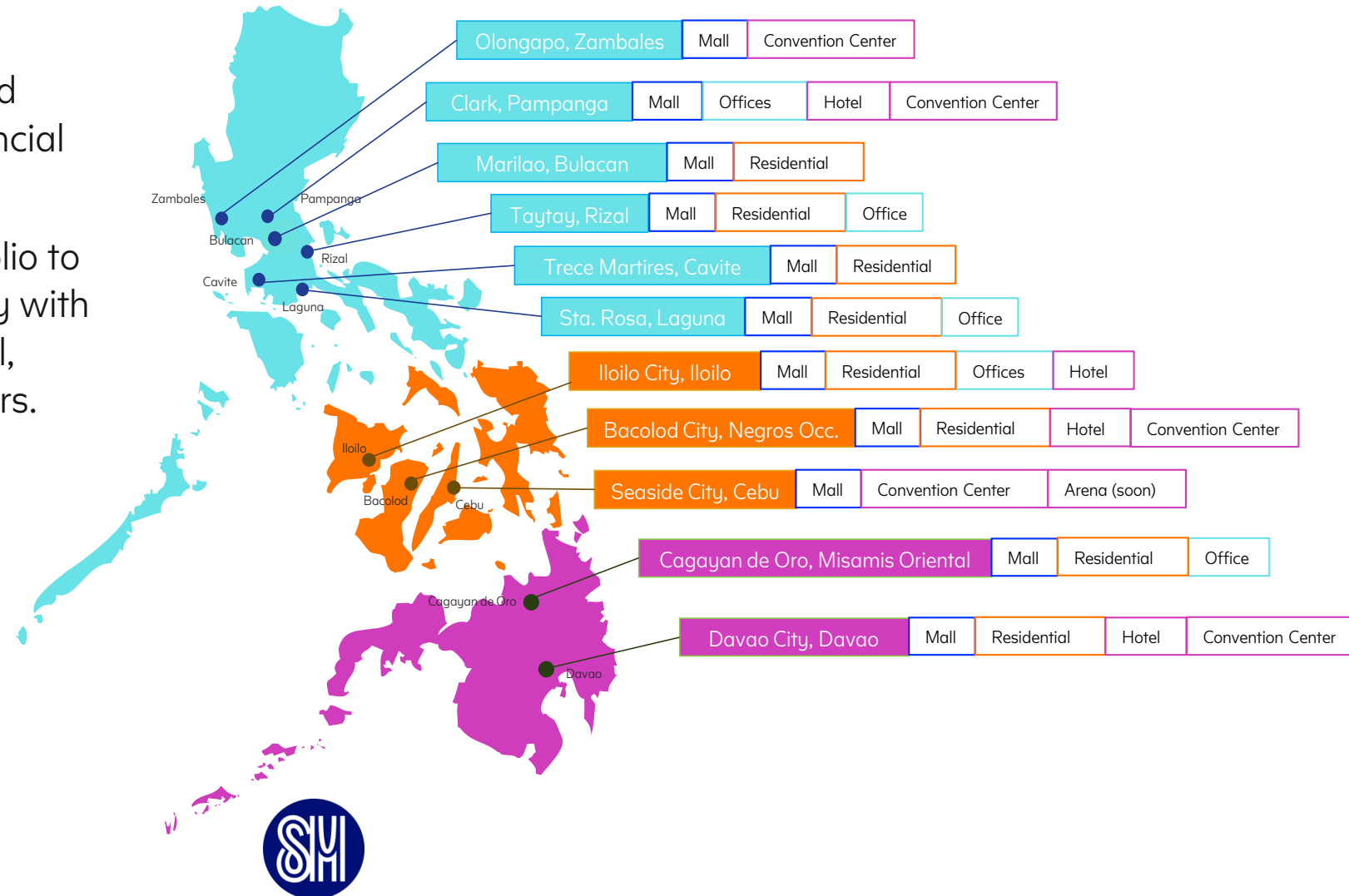
- SM Prime has ten (11) integrated property developments in Metro Manila dubbed as Lifestyle Cities.
- SM Prime's first lifestyle city is the Mall of Asia Complex in Pasay City, which spans 60 hectares of developable area



At a Glance

Lifestyle Cities in the Provinces

- SM Prime has eleven (11) integrated property developments in key provincial cities in the Philippines.
- SM Prime plans to expand its portfolio to other developing cities in the country with its key businesses – mall, residential, offices, hotels and convention centers.





Malls



(As of 1H2023)

Revenue

PHP34.61bn

Operating Income

PHP18.63bn

Gross Floor Area

10.5M sqm

Malls

83 in PH and 7 in CH



Key Business Units

Malls

PHILIPPINES



83 Malls



9.1M sqm Total GFA



19,919 Tenants



3.4M Average Daily Pedestrian Count



384 Cinema Screens



88,053 Car Park Slots

CHINA



7 Malls



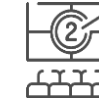
1.4M sqm Total GFA



1,952 Tenants



0.3M Average Daily Pedestrian Count



63 Cinema Screens



16,264 Car Park Slots

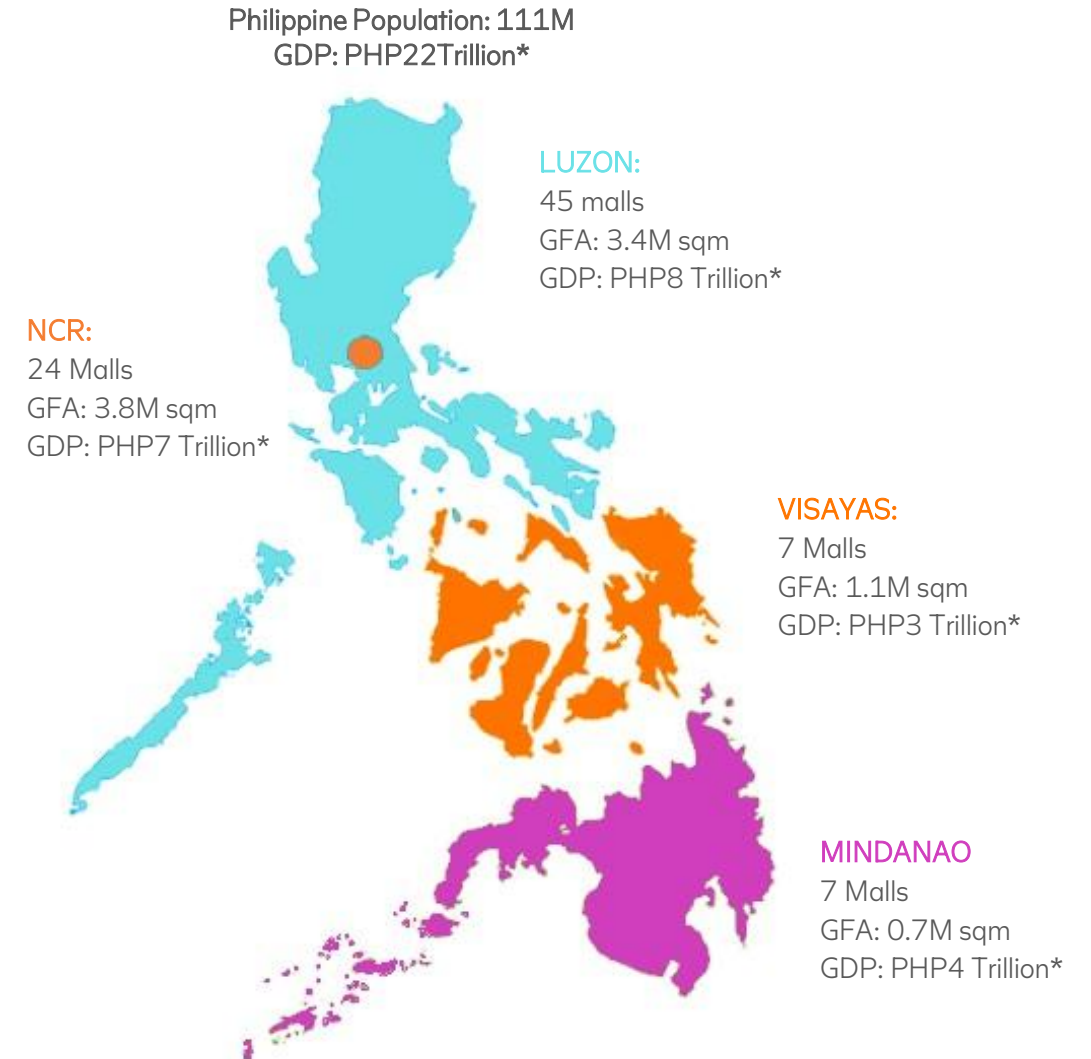
SM Prime is the largest mall operator/developer in the Philippines.



Key Business Units

Philippine Malls

- In terms of GFA, Metro Manila malls account for 42%, Luzon (ex NCR) is 38%, Visayas is 12% and Mindanao is 8%
- Average mall contracts is 93% in terms of lease awarded.
- Accounts for 50% of mall space in the country
- SMPH mall expansion is geared towards the provinces. The focus is to cover most of Northern Luzon, Visayas and the progressive cities in Mindanao.



*Source: Philippine Statistics Authority
(As of April 2023 / GRDP at Current Prices)

Key Business Units

China Mall

- Operating in China since 2001 and became part of SM Prime in 2007
- Operates 7 malls with a total GFA of 1.4m sqm:
 - SM City Xiamen
 - SM City Jinjiang
 - SM City Chengdu
 - SM City Suzhou
 - SM City Chongqing
 - SM City Zibo
 - SM City Tianjin



SM City Xiamen



SM City Tianjin



SM City Zibo



Key Business Units

Malls' Expansion Program



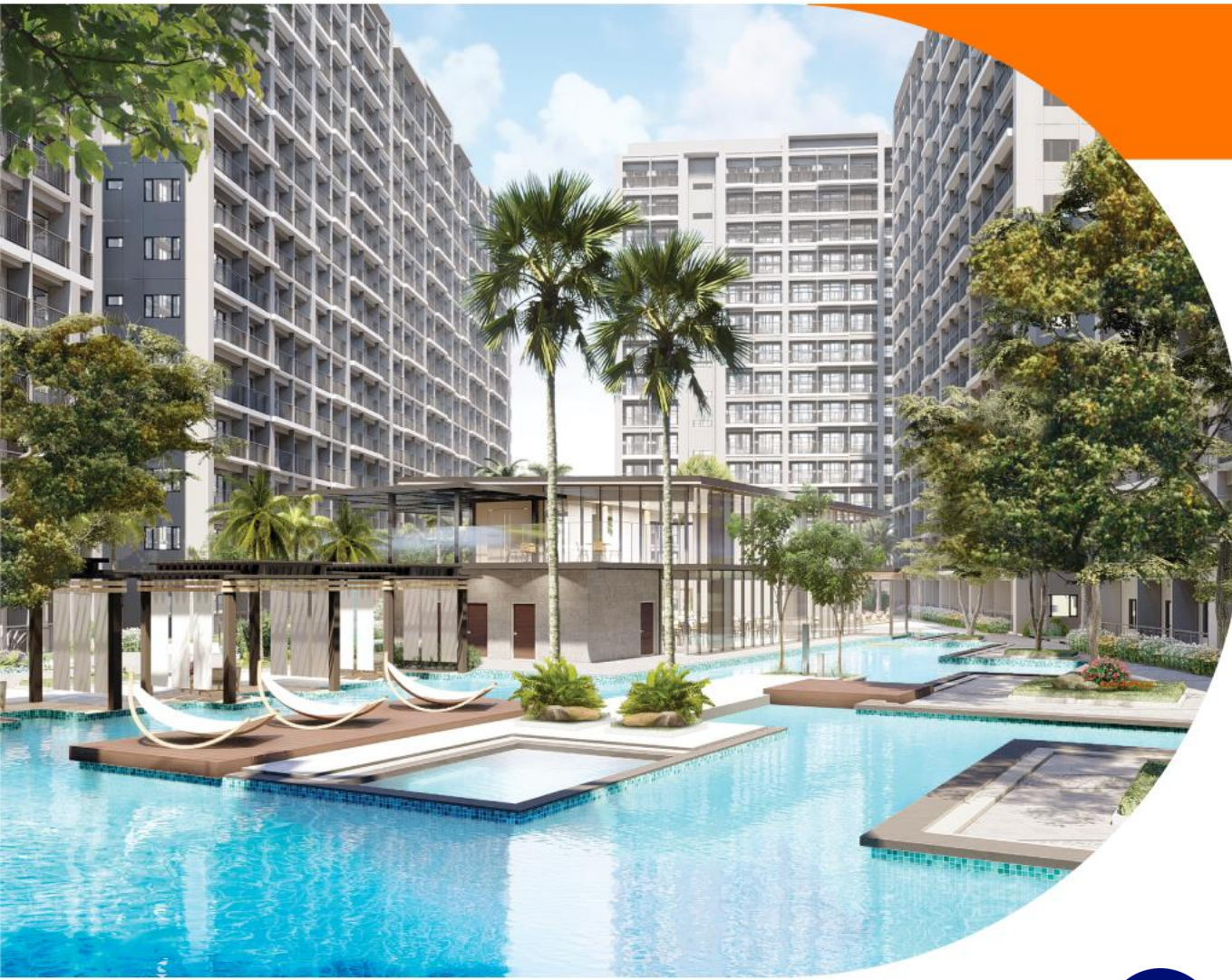
2023 New Malls	
Name	GFA (sqm)
SM City Bataan (Opened May 2023)	46,000
SM Center San Pedro	23,000
SM City Sto. Tomas	58,000



2023 Malls Expansion	
Name	GFA (sqm)
SM City Baliwag	5,000
SM City Bacolod	6,000
SM City Iloilo	2,000

- This 2023, SM Prime targets to launch three new malls and expands existing malls.
- These will add around 140,000 sqm of gross floor area in the Company's mall portfolio.
- Available landbank of almost 349 hectares which is good for over the next 5 to 7 years.





Residences



(As of 1H2023)

Revenue

PHP19.02bn

Operating Income

PHP7.70bn

Reservation Sales

PHP68.51bn

Residential Units Launched (since 2013)

PHP699bn / 179,623 units



Key Business Units

Primary Residences

- A leading residential developer of high-rise buildings (HRBs), mid-rise buildings (MRBs) and single-detached house and lots
- Accounts for 29% of the consolidated revenues
- In 1H2023, 53% of buyers are Overseas Filipinos, 32% are Local Filipinos and 15% are Foreign Buyers.



Jade Residences,
Makati City



Now Residences,
Pampanga



Zeal Residences, Cavite



Key Business Units

Primary Residences

Projects Overview (as of 1H2023)	
Ready-for-Occupancy (RFO) (Unsold Units)	4,557
Ongoing Construction (Unsold Units)	15,390
Estimated Inventory Value	PHP135.28bn
1H2023 Reservation Sales (Value)	PHP68.51bn
1H2023 CAPEX	PHP8.04bn
Landbank (hectares)	
Metro Manila	351
Outside Metro Manila	1,072



Gold Residences, Paranaque City



Key Business Units

Primary Residences in Metro Manila

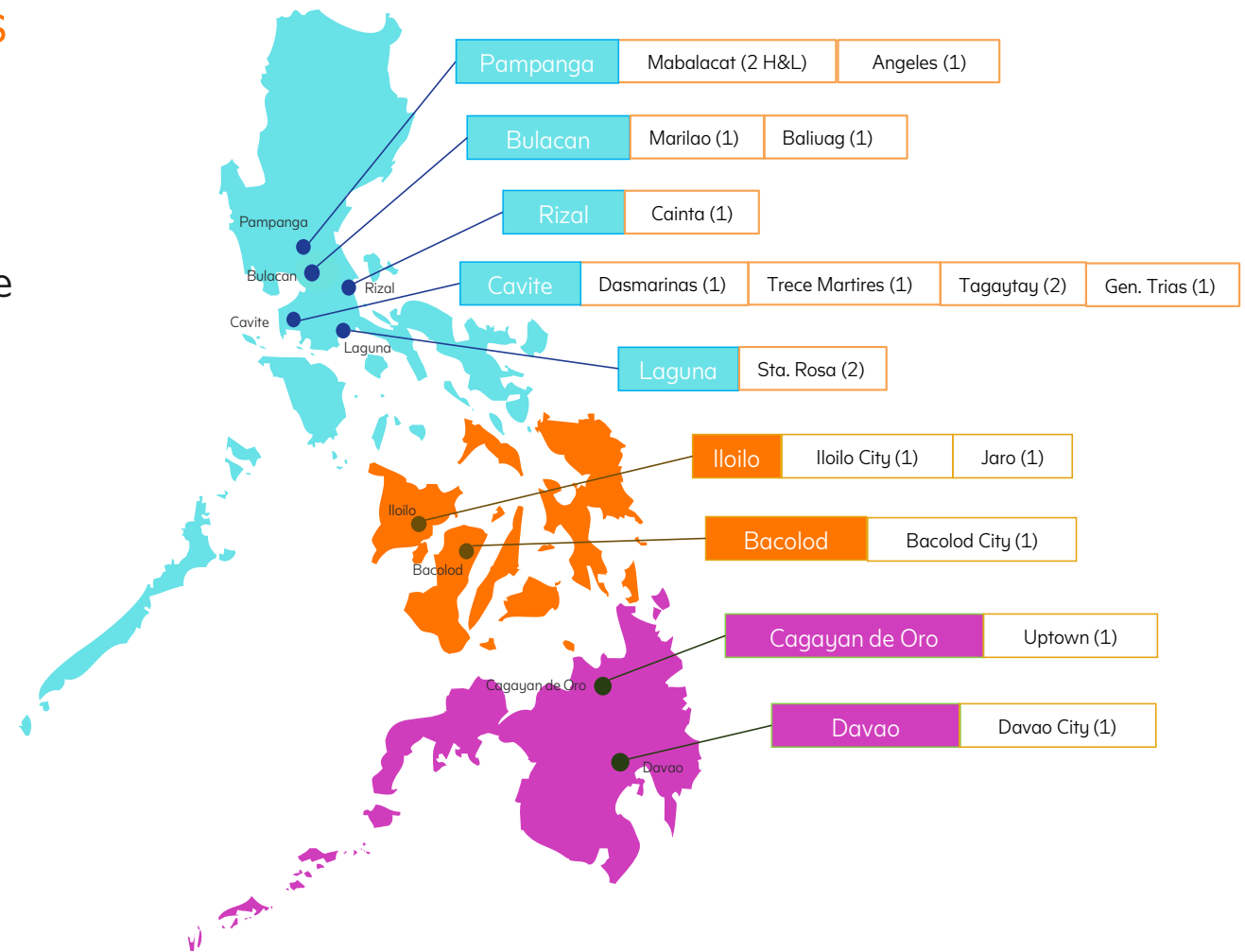
- As of June 2023, SMDC has forty-seven (47) residential developments in Metro Manila
- Majority of SMDC's residential developments in Metro Manila are High-Rise Buildings (HRB)
- In June 2023, SM Prime launched Jade Residences in Makati City
- Unbooked Revenue amounts to PHP217.98bn



Key Business Units

Primary Residences in Provinces

- As of June 2023, SMDC has eighteen (18) residential developments in key provincial cities
- 89% of these are mid-rise buildings (MRB), while 11% are house & lot (H&L) developments.
- These projects are alongside or near our SM Supermalls and transportation terminals.



Key Business Units

Leisure Homes

- Include 2 large-scale tourism projects – Tagaytay Highlands and Pico de Loro
- Tagaytay Highlands is an exclusive mountain resort, golf club and residential complex, covering some areas of Cavite, Laguna and Batangas
- The 40-hectare Pico de Loro is the Phase 1 of Hamilo Coast project, a premier and sustainable leisure destination in Nasugbu, Batangas
- Landbank of 510 hectares
- In 1H2023, SM Prime launches Trealva in Tagaytay Highlands and Ardea in Pico de Loro Cove.



Trealva
at Tagaytay Highlands

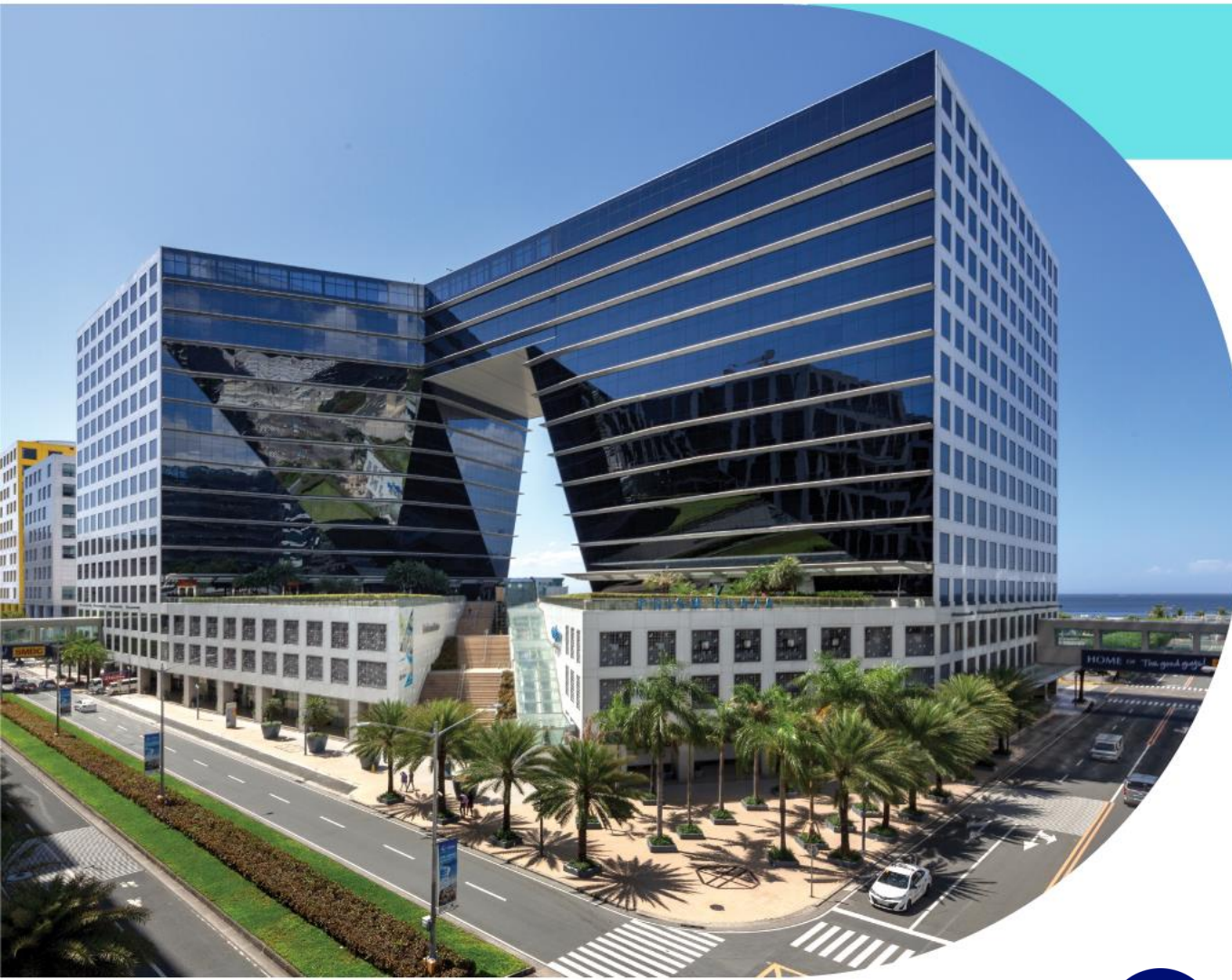


Woodlands Point Community
at Tagaytay Highlands



Freia
at Pico de Loro Cove





Offices



(As of 1H2023)

Revenue

3.25bn

Operating Income

PHP2.17bn

Gross Floor Area

1.5M sqm

Office Buildings

18



Key Business Units

Offices

- Have 18 office buildings with a combined GFA of almost 1.5m sqm
- Five of these 18 offices are located in the Mall of Asia Complex in Pasay City, with a combined GFA of almost 657,000 sqm.
- Have an available landbank of 97 hectares for future development



ThreeE-Com Center



FourE-Com Center



FiveE-Com Center





Hotels & Convention Centers



(As of 1H2023)

Revenue

PHP2.98bn

Operating Income

PHP0.74bn

Hotels

9

Convention Centers

8



Key Business Units

Hotels & Convention Centers

- Operating 9 hotels with over 2,200 rooms; 6 Convention Centers, and 2 Trade Halls with almost 42,000 sqm of leasable space as of June 2023.
- Conrad Manila and SMX Manila are both located in Mall of Asia Complex, Pasay City.
- SM Prime is scheduled to open Lanson Place in Mall of Asia Complex this 2023.



Conrad Manila



Radisson Blu Cebu



SMX Clark





Key Strategies



(As of 1H2023)

Landbank
2,379ha





1H2023 CAPEX
PHP44bn

Net Debt to Equity
47:53



Landbank

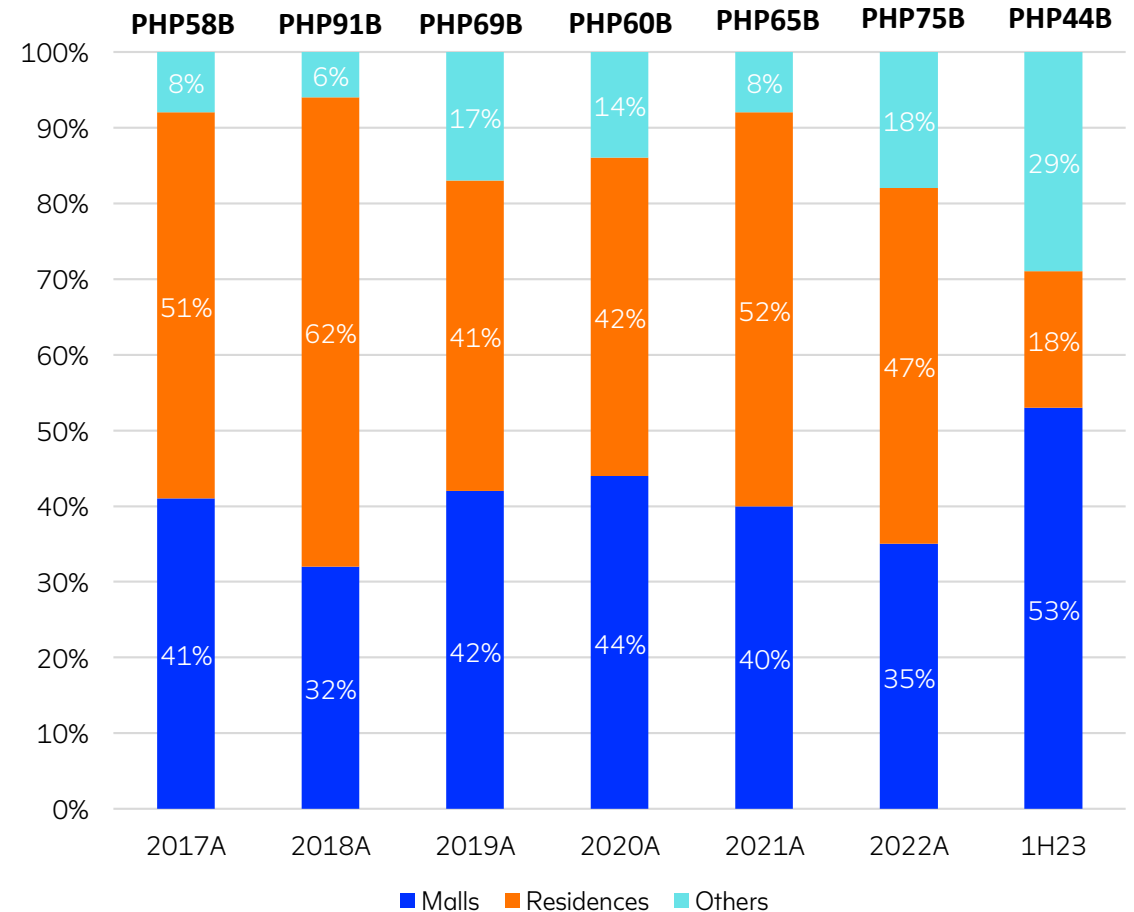
- SM Prime's extensive landbank is good for the next 5 to 7 years, and mostly located in emerging progressive cities across the country
- Leisure projects are for medium-term development

	No. of Sites	Area (in hectares)	% of Total	Area by Region (in hectares)	
				Metro Manila	Provincial
 Malls	61	349	15%	24	325
 Primary Residences	94	1,423	60%	351	1,072
 Leisure Homes	5	510	21%	-	510
 Commercial	21	97	4%	16	81
Total	181	2,379	100%	391	1,998



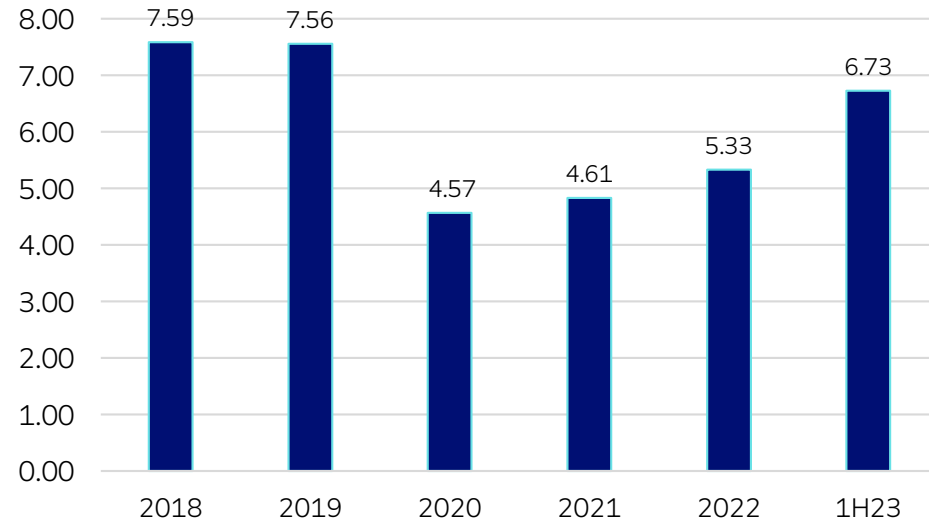
CAPEX Program

- SM Prime has set PHP80 billion as CAPEX for 2023. This will be used in various property developments as well as strategic landbanking activities
- Furthermore, the Company will continue to explore opportunistic acquisitions and/or investments.
- The CAPEX program was funded by the combination of local borrowings, internal funds as well as other funding options are also on the table.



Maintain Conservative Balance Sheet

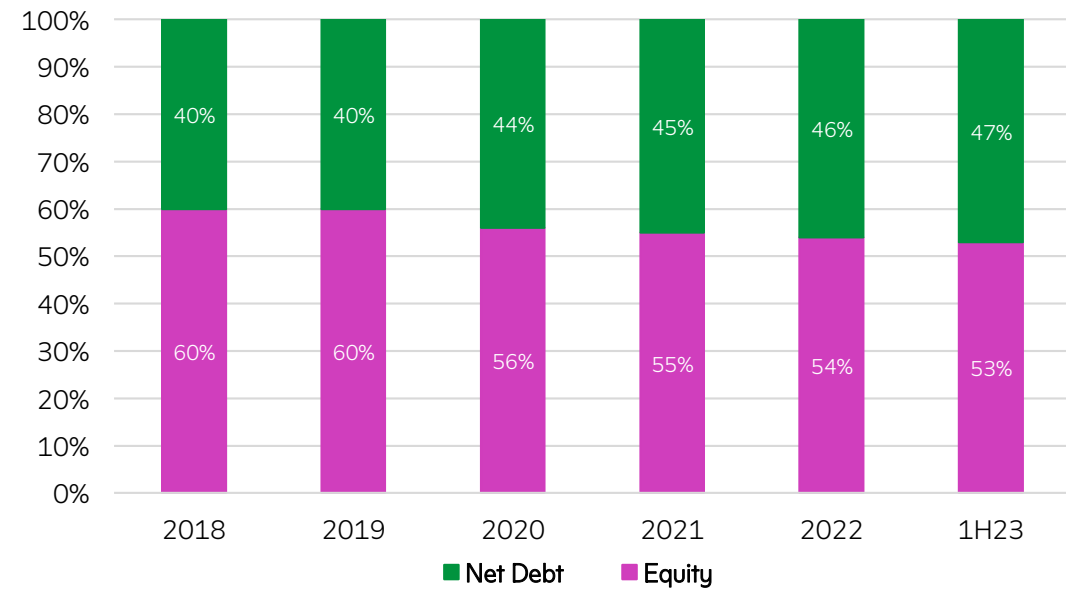
Interest Coverage Ratio*



*Earnings before interest, income taxes, depreciation and amortization (EBITDA)

Interest expense

Net Debt to Equity**



**Total interest-bearing liabilities- cash & cash equivalents

Total equity attributable to equity holders of the parent





Financial Highlights



(As of 1H2023)

Consolidated Net Income
PHP19.44bn

Consolidated Revenue
PHP59.85bn

Consolidated Operating Income
PHP28.95bn

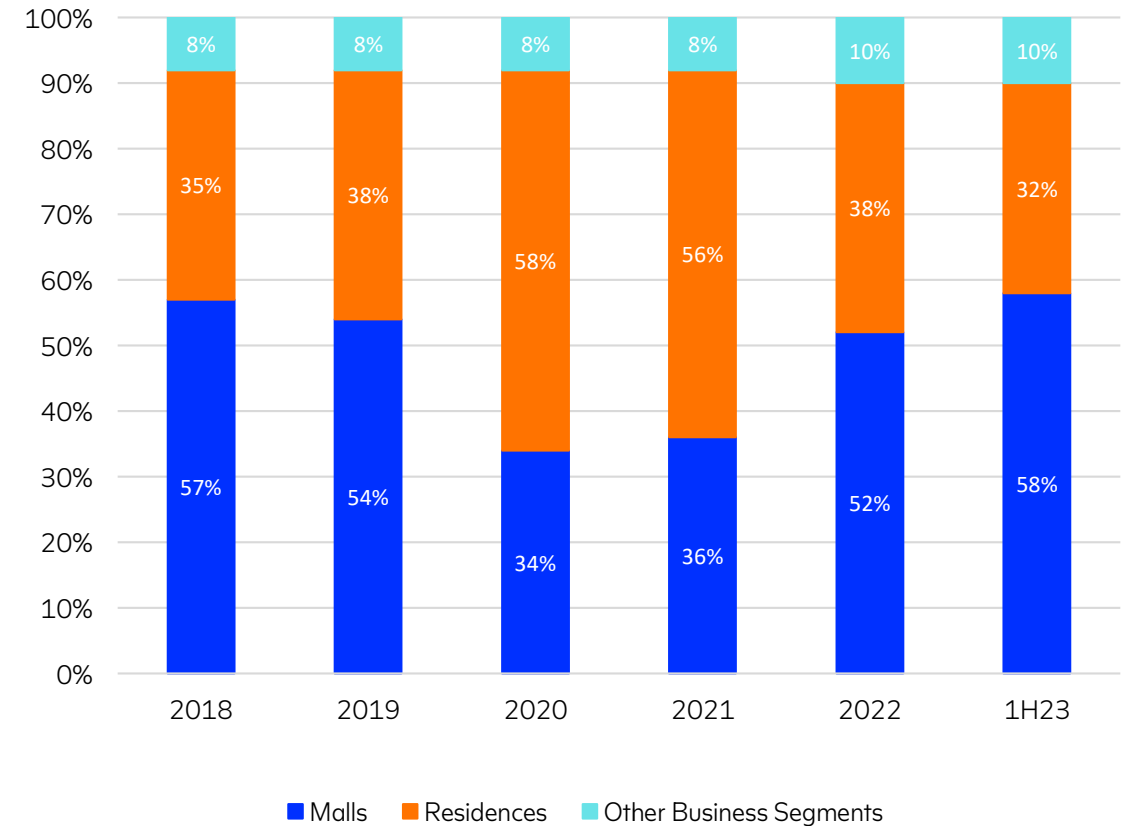
EBITDA
PHP35.22bn



Consolidated Financials

Revenue Segment Contribution

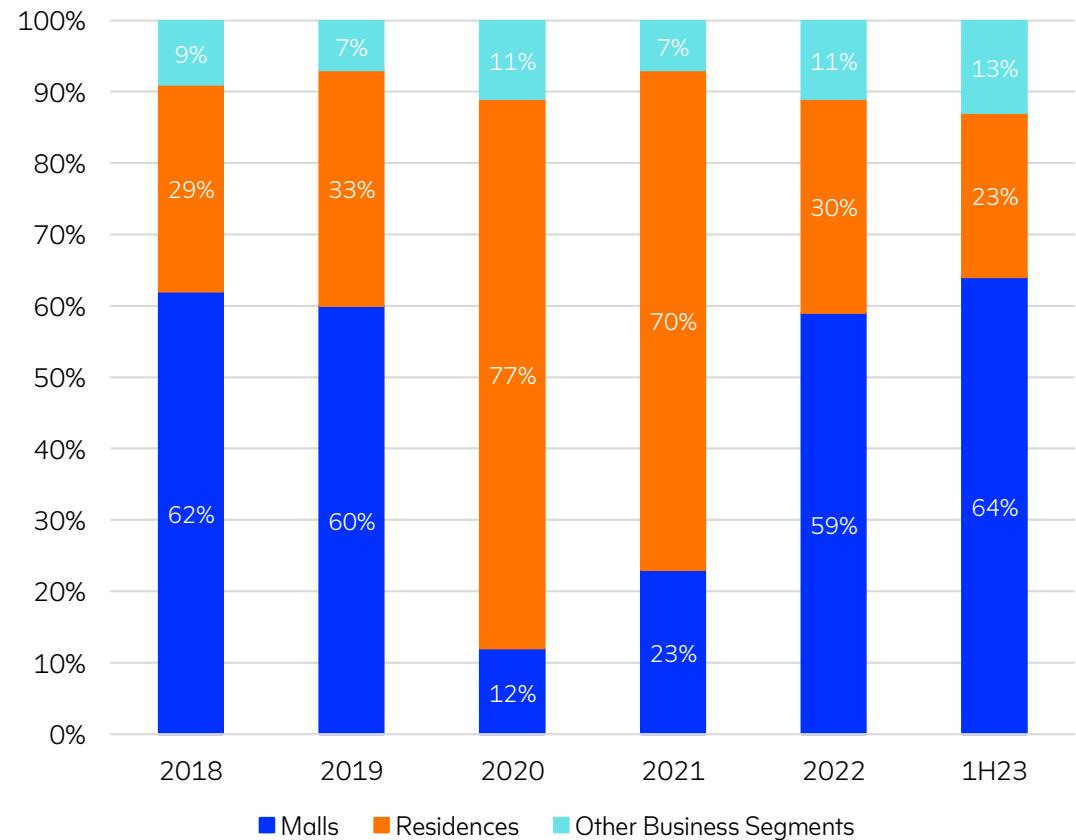
- Malls Business accounts for 58% of SM Prime's consolidated revenues.
- Residential Business accounts for 32%.
- Other Business Segments cover the rest.



Consolidated Financials

Net Income Segment Contribution

- Malls and Residences contributed the most among key business units.



Consolidated Financials

- Net income increased by 38% to PHP19.44 billion from PHP14.11 billion
- Operating income went up by 36% to PHP28.95 billion from PHP21.36 billion.
- Consolidated revenue reached PHP59.85 billion, 29% higher than PHP46.34 billion.

(In PHP Billion)	1H23	1H22	% Chg
Revenue	59.85	46.34	29%
EBITDA	35.22	26.96	31%
Operating Income	28.95	21.36	36%
Net Income	19.44	14.11	38%



Financials

Philippine Malls

- Rental Income increased by 42% to PHP26.33 billion from PHP18.56 billion
- Cinema, ticket sales, and other revenues went up by 156% to PHP5.19 billion from PHP2.03 billion
- Operating income reached PHP17.21 billion, 60% higher than PHP10.73 billion.

(In PHP Billion)	1H23	1H22	% Chg
Revenues	31.52	20.59	53%
- Rent Income	26.33	18.56	42%
- Cinema, Ticket Sales, and others	5.19	2.03	156%
EBITDA	21.40	14.50	48%
Operating Income	17.21	10.73	60%



Financials

China Malls

- SM Prime's China mall business operating income decreased to RMB0.18 billion from RMB0.19 billion.
- China malls revenues increased by 3% to RMB0.40 billion from RMB0.39 billion

(In RMB Billion)	1H23	1H22	% Chg
Revenues	0.40	0.39	3%
- Rent Income	0.39	0.37	4%
- Others	0.012	0.012	-4%
EBITDA	0.30	0.30	0%
Operating Income	0.18	0.19	-6%



Financials

Residences

- SM Prime's residential business posted PHP19.02 billion revenues, 4% higher than PHP18.23 billion.
- SMDC's reservation sales reached PHP68.51 billion, 15% higher than PHP59.42 billion.

(In PHP Billion)	1H23	1H22	% Chg
Revenues	19.02	18.23	4%
EBITDA	7.76	7.27	7%
Operating Income	7.70	7.20	7%



Financials

Other Businesses

- Commercial Properties Group and Hotels and Convention Centers revenues cover 10% of the overall consolidated revenues.
- The Company's office business segment reported PHP3.25 billion revenues, 17% higher than PHP2.77 billion.
- SMPH's hotels and convention centers business segment recorded PHP2.98 billion in revenues, 78% higher than PHP1.68 billion.

(In PHP Billion)	1H23	1H22	% Chg
Revenues	6.23	4.45	40%
EBITDA	3.97	3.04	31%
Operating Income	2.92	2.16	35%



Consolidated Balance Sheet

In PHP Million (except % data)	1H2023	% to Assets	2022	% to Assets
Assets				
Cash and cash equivalents	41,074	4%	42,060	5%
Equity instruments at fair value through other comprehensive income	20,560	2%	17,612	2%
Receivables & Contract Assets	82,527	9%	82,560	9%
Investment Properties	515,626	56%	489,266	56%
Real Estate Inventories	71,461	8%	70,500	8%
Other Assets	182,809	21%	172,217	20%
Total Assets	914,057	100%	874,215	100%
Liabilities and Stockholders' Equity				
Long-term debt and Loans Payable	370,872	41%	352,397	40%
Accounts payable and others	164,877	18%	156,666	18%
Total Liabilities	535,749	59%	509,063	58%
Total Equity attributable to equity holders of the parent	376,195	41%	363,201	42%

- We continue to maintain a very conservative balance sheet
- More than half of our assets are in the investment properties while our net gearing level is at 88%.



Cash Flow

In PHP Million (except % data)	1H23	2022	2021	2020	2019	2018
Cash Flows from Operating Activities						
Operating Income before Working Capital Changes	34,484	60,104	44,520	39,455	65,791	56,592
Net Cash provided by operations	26,365	34,933	30,667	17,190	51,728	45,964
Net Cash used in Investing Activities	(35,606)	(52,244)	(44,114)	(43,944)	(48,615)	(64,078)
Net Cash provided by (used in) Financing Activities	8,196	19,686	22,624	22,818	(7,310)	12,633
Net Increase (Decrease) in Cash and Cash Equivalents	(986)	2,284	9,114	(3,938)	(4,166)	(5,605)
Cash and Cash Equivalents at Beginning of Year	42,060	39,776	30,662	34,600	38,766	44,371
Cash and Cash Equivalents at End of Year	41,074	42,060	39,776	30,662	34,600	38,766

- Net gearing is equivalent to 47:53 in 1H2023, below the management target of keeping 50:50 net debt to equity ratio





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2022 Integrated Report





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