

SM PRIME

Creditors' Rights

SM Prime upholds the rights of its creditors. The Company faithfully complies with all its loan agreements with various creditors. It ensures timely payment of its loans and efficiently operates its business to assure creditors of the Company's sound financial standing and loan payment capabilities. To ensure its commitment, SM Prime manages its liquidity profile to service its maturing debts.

As at December 31, 2024 and 2023, the Company is in compliance with the terms of its loan covenants.

See excerpts from the *2024 SMPH SEC Form 17-A discussions on Long-Term Debts and Liquidity Risk*.

17. Long-term Debt

This account consists of:

	Availment Date	Maturity Date	Weighted Average Interest Rate	Outstanding Balance	
				2024	2023
				<i>(In Thousands)</i>	
Philippine peso-denominated loans	September 1, 2014 - December 26, 2024	April 25, 2024 - April 22, 2032	Floating BVAL + margin; Fixed - 5.58%	₱287,331,190	₱269,313,740
U.S. dollar-denominated loans*	April 15, 2019 - August 27, 2024	February 28, 2024 - August 10, 2029	SOFR + spread; quarterly	76,161,303	84,350,144
China yuan renminbi-denominated loans**	May 6, 2021 - December 27, 2024	April 20, 2026 - June 24, 2037	LPR, SOFR; annually; Fixed - 3.65%	10,830,711	10,590,461
				374,323,204	364,254,345
Less debt issue cost				1,715,421	1,885,738
				372,607,783	362,368,607
Less current portion				89,287,442	67,746,351
				₱283,320,341	₱294,622,256

BVAL – Bloomberg Valuation Service

SOFR – Secured Overnight Financing Rate

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

***Secured by portions of investment properties located in China (see Note 12)*



Debt Issue Cost

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

	2024	2023
	<i>(In Thousands)</i>	
Balance at beginning of the year	₱1,885,738	₱2,112,928
Additions	655,334	645,502
Amortization	(825,651)	(872,692)
Balance at end of the year	₱1,715,421	₱1,885,738

Amortization of debt issuance costs is recognized in the consolidated statements of income under “Others - net” account.

Repayment and Debt Issue Cost Schedule

The repayments of long-term debt are scheduled as follows:

	Gross	Debt Issue Cost	Net
	<i>(In Thousands)</i>		
Within 1 year	₱89,971,706	₱684,264	₱89,287,442
More than 1 year to 5 years	248,774,402	994,826	247,779,576
More than 5 years	35,577,096	36,331	35,540,765
	₱374,323,204	₱1,715,421	₱372,607,783

The loan agreements of the Company provide certain restrictions and requirements principally with respect to maintenance of required financial ratios and material change in ownership or control. As at December 31, 2024 and 2023, the Company is in compliance with the terms of its loan covenants.

Interest expense from long-term debt charged to profit or loss amounted to ₱13,194 million, ₱12,989 million and ₱11,288 million for the years ended December 31, 2024, 2023 and 2022, respectively (see Note 22).

18. Equity

Capital Stock

As at December 31, 2024 and 2023, the Company has an authorized capital stock of 40,000 million with a par value of ₱1 a share, of which 33,166 million shares were issued. The Company has 28,856 million outstanding shares as at December 31, 2024 and 2023.

The following summarizes the information on SMPH's registration of securities under the Securities Regulation Code:

Date of SEC Approval/ Notification to SEC	Authorized Shares	No. of Shares Issued	Issue/Offer Price
March 15, 1994	10,000,000,000	–	₱–
April 22, 1994	–	6,369,378,049	5.35
May 29, 2007	10,000,000,000	–	–
May 20, 2008	–	912,897,212	11.86
October 14, 2010	–	569,608,700	11.50
October 10, 2013	20,000,000,000	15,773,765,315	19.50



	Appreciation (Depreciation) of \$	Effect on Income Before Tax
		<i>(In Thousands)</i>
2023	1.50	₱27,173
	1.00	18,115
	(1.50)	(₱27,173)
	(1.00)	(18,115)

Liquidity Risk

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

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

As part of its liquidity risk management program, the Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives. These initiatives may include bank loans and debt capital and equity market issues.

The Company's financial assets, which have maturities of less than 12 months and used to meet its short-term liquidity needs, include cash and cash equivalents and equity instruments at FVOCI amounting to ₱31,246 million and ₱794 million, respectively, as at December 31, 2024 and ₱31,817 million and ₱748 million, respectively, as at December 31, 2023 (see Notes 6 and 9). The Company also has readily available credit facility with banks and affiliates to meet its long-term financial liabilities.

The tables below summarize the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments as at December 31:

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

	2023			Total
	Within 1 Year	More than 1 to 5 Years	More than 5 Years	
	<i>(In Thousands)</i>			
Loans payable	₱4,384,368	₱-	₱-	₱4,384,368
Accounts payable and other current liabilities*	83,479,886	-	-	83,479,886
Long-term debt (including current portion and interest)	84,426,637	301,795,119	34,890,709	421,112,465
Derivative liabilities	7,423	265,013	-	272,436
Tenants' deposits - net of current portion**	-	24,736,578	269,391	25,005,969
Lease liabilities	874,205	3,539,853	27,505,845	31,919,903
Other noncurrent liabilities***	-	9,039,445	2,103,661	11,143,106
	₱173,172,519	₱339,376,008	₱64,769,606	₱577,318,133

* Excluding nonfinancial liabilities and lease liabilities amounting to ₱14,097 million and ₱15,598 million as at December 31, 2024 and 2023, respectively.

** Excluding residential customers' deposits amounting to ₱3,705 million and ₱296 million as at December 31, 2024 and 2023, respectively.

*** Excluding nonfinancial liabilities and lease liabilities amounting to ₱30,233 million and ₱28,235 million as at December 31, 2024 and 2023, respectively.



Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments (see Notes 6, 7, 9, 10 and 14).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The fair values of these financial assets are disclosed in Note 27. For receivables from real estate sale, the title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Company has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Company, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Company evaluates the concentration of risk with respect to trade receivables and unbilled revenue from sale of real estate as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

As at December 31, 2024 and 2023, the financial assets, except for certain receivables, are generally viewed by management as good and collectible considering the credit history of the counterparties (see Note 7). Past due or impaired financial assets are very minimal in relation to the Company's consolidated total financial assets.

Credit Quality of Financial Assets. The credit quality of financial assets is managed by the Company using high quality and standard quality as internal credit ratings.

High Quality. Pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions, companies and government agencies.

Standard Quality. Other financial assets not belonging to high quality financial assets are included in this category.

As at December 31, 2024 and 2023, the credit quality of the Company's financial assets is as follows:

	2024			Total
	Neither Past Due nor Impaired High Quality	Standard Quality	Past Due	
	<i>(In Thousands)</i>			
Financial assets at amortized cost				
Cash and cash equivalents*	₱31,135,445	₱-	₱-	₱31,135,445
Receivables**	232,934	18,760,660	19,097,928	38,091,522
Escrow and time deposits (included under "Other noncurrent assets")	3,803,029	-	-	3,803,029
Financial assets at FVTPL				
Derivative assets	4,770,827	-	-	4,770,827
Financial assets at FVOCI				
Equity instruments	21,181,916	5,317	-	21,187,233
	₱61,124,151	₱18,765,977	₱19,097,928	₱98,988,056

* Excluding cash on hand amounting to ₱111 million

** Excluding nonfinancial assets amounting to ₱54,415 million

