

SM PRIME

2025 Capital and Debt Structure

The Company's capital is managed with the aim of ensuring that a strong credit rating and healthy capital ratio is maintained, to support growth and long-term success, and further maximize shareholder value.

The Company considers its strategy when reviewing the capital and debt structure thru an effective financial risk management, covering capital and liquidity management, including credit and interest rate risks. The overall consideration for these structures is reviewed by Audit Committee and approved by the Board on a quarterly basis.

Managing capital is an ongoing activity and adjustments are made when necessary and are reviewed and monitored in relation to changes in economic conditions. Besides adjusting capital structure, monitoring allows effective and efficient management. The Company is able to monitor thru observance and usage of the gearing ratio (net), as presented below.

The Company monitors capital using the gearing ratio below as at December 31:

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

Table 1. (above) Net Interest-bearing Debt to Total Capital plus Net Interest-bearing Debt

Net gearing ratio is equivalent to 46:54 in Y2025, below the management target of 50:50 net debt to equity ratio.

With regards to reviewing the debt structure, credit risk arising from operating and financing activities, is managed by reviewing the credit quality of financial assets, using internal credit ratings. As of December 31, 2025, the financial assets are generally viewed by management with Board oversight, as good and collectible considering the credit history of the counterparties. Any past due or impaired financial assets are very minimal in relation to the Company's consolidated total financial assets.

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

* Excluding cash on hand amounting to ₱117 million

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

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

* Excluding cash on hand amounting to ₱111 million

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

Table 2. (above) Credit Quality of Financial Assets

Liquidity is important to managing debt, and the Company manages this to be able to finance capital expenditures and service maturing debts. To cover financing requirements, internally generated funds and proceeds from debt and equity issues are utilized.

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

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

Table 3. (above) Maturity of Financial Liabilities

There is regular evaluation of projected and actual cash flow information and continuously assess conditions in the market for opportunities to raise funds such as through loans or similar debt or equity issuance.

In addition, the Company manages interest in debt by using a mix of fixed and floating rate debts. It manages this mix in a cost-efficient manner by entering into interest rate swaps, designated to economically hedge underlying debt obligations. After considering the effect of interest rate swaps, approximately 54% and 70% of long-term borrowings are at a fixed interest rate as of December 31, 2025 and 2024, respectively.

The Company hedges dollar loans to manage foreign exchange and interest rate risks.

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

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

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

Table 4. (above) Carrying Amount of Long-Term Financial Liabilities

These areas of capital and debt structure are further reviewed by examining the various financial ratios that continuously ensures alignment to strategic goals and objectives.

Financial Ratios	Year ended December 31		
	2025	2024	2023
Current Ratio	2.00	2.19	2.17
Acid Test Ratio	1.08	1.18	1.09
Solvency Ratio	1.75	1.75	1.73
Debt to Equity	48:52	47:53	48:52
Net Debt to Equity	46:54	45:55	46:54
Return on Equity	11%	11%	11%
Net Income Margin	35%	33%	31%
Asset to Equity Ratio	2.35	2.35	2.38
Interest Coverage Ratio	6.61	5.90	5.31
Debt to EBITDA	4.89	4.75	4.95

Table 5. (above) Major Financial Ratios For the Years Ended December 31, 2025, 2024, and 2023