

 PHILIPPINE RATING SERVICES CORPORATION	CREDIT RATING REPORT
	SM PRIME HOLDINGS, INC.

Date: September 12, 2025
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Issue Credit Rating for Proposed Bond Issue

Tranche	Amount	Tenors	Assigned Rating and Outlook
Third tranche from Shelf Registration of up to ₱100.0 billion*	Base of ₱12.0 billion with an Oversubscription Option of ₱5.0 billion	5, 7, and 10 years	PRS Aaa Stable
Total Proposed Issuance – up to ₱17.0 billion			

*As of report writing date, a total of ₱50.0 billion bonds were issued from the 2024 Debt Securities Program

Use of Proceeds: Debt refinancing

Monitoring of Outstanding Bond Issuances

Outstanding Amount (in PhP Billions)	Issue Date	Maturity Date	Interest Rate	Assigned Rating and Outlook	
Series E	2.03104	Nov 25, 2015	Nov 25, 2025	4.7990%	PRS Aaa Stable
Series F	10.00000	Jul 26, 2016	Jul 26, 2026	4.2005%	
Series L	3.62746	Mar 25, 2020	Mar 25, 2027	5.0583%	
Series N	2.50000	Feb 05, 2021	Feb 05, 2026	3.8547%	
Series O	10.00000	Nov 15, 2021	Nov 15, 2028	5.0994%	
Series P	10.91801	Apr 22, 2022	Apr 22, 2027	5.6141%	
Series Q	13.02990	Apr 22, 2022	Apr 22, 2029	6.1175%	
Series R	6.05209	Apr 22, 2022	Apr 22, 2032	6.5432%	
Series S	16.03098	May 23, 2023	Nov 23, 2025	6.2069%	
Series T	6.23651	May 23, 2023	May 23, 2027	6.2151%	
Series U	11.03251	May 23, 2023	May 23, 2029	6.3275%	
Series V	6.25000	Jun 24, 2024	Jun 24, 2027	6.5754%	
Series W	6.25000	Jun 24, 2024	Jun 24, 2029	6.7537%	
Series X	12.50000	Jun 24, 2024	Jun 24, 2031	6.9650%	
Series Y	7.12863	Feb 25, 2025	Feb 25, 2028	6.0282%	
Series Z	8.81252	Feb 25, 2025	Feb 25, 2031	6.2113%	
Series AA	9.05885	Feb 25, 2025	Feb 25, 2035	6.4784%	
Total	141.45850				

Obligations rated **PRS Aaa** are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is **extremely strong**. PRS Aaa is the **highest rating** assigned by PhilRatings. A **Stable** Outlook, on the other hand, indicates that the rating is likely to be maintained or to remain unchanged in the next 12 months.

RATIONALE

1. Well-experienced shareholders and seasoned management

SM Prime Holdings, Inc.'s (SMPH, the Company) largest stockholder is SM Investments Corporation (SMIC), with a 49.8% stake in SMPH as of end-June 2025. SMIC is one of the Philippines' largest conglomerates with market-leading businesses in retail, banking, and property. The members of the Sy Family continue to exercise strategic control of SMPH as owners and advisers of the SM Group (SMIC and all its subsidiaries). Henry T. Sy, Jr. has been serving as SMPH's Chairman of the Board since 2014. He is concurrently the Vice Chairman of SMIC.

Key management positions in SMPH, however, are held by seasoned non-family professionals and managers. Jeffrey C. Lim has led management as President since 2016. He concurrently holds various board and management positions within the SM Group. With shared key executives across the SM conglomerate, the strategic direction of SMPH is aligned with that of the SM Group, and group-wide initiatives are more effectively managed.

2. Solid brand equity

SMPH has built a solid franchise, keeping its position as a strong player in the Philippine property sector. The Company has grown to become the largest retail shopping center developer and operator in the country. Under the brand SM Supermalls, SMPH established itself as a dominant player in the malls business in the Philippines. The Company has also expanded its mall operations into China, beginning with SM City Xiamen in 2001. SMPH is set to open its ninth mall located in Fujian, China in October 2025.

The SM Residences brand covers the Company's residential projects. Going forward, SMPH will offer premium primary residences under the Signature Series brand to complement its current portfolio of economic, medium-cost, and leisure offerings. The Signature Series was launched in July 2025, marking SMPH's entry into the premium and luxury space.

SMPH continues to expand its footprint in integrated property developments with its 360-ha reclamation project called Pasay 360, in collaboration with the local government of Pasay City. Pasay 360 is envisioned to be a mixed-use development with commercial, retail, and residential components, similar to the 60-ha Mall of Asia (MOA) Complex reclamation project.

The Company's established market presence is strengthened by its ongoing developments and strategic land banking across the country. As of end-June 2025, SMPH had a total land bank of 4,404.2 hectares (ha) nationwide, spread across its various business segments. The Company believes this is sufficient to sustain five to seven years of development.

3. Improved margins, backed by sustained profitability

The Company maintained its strong profitability in 2024, with consolidated revenues rising by 9.6% from ₱128.1 billion in 2023 to ₱140.4 billion. Rental income grew by 9.1% to ₱78.7 billion and continued to account for the bulk of revenues at 56.0%. Real estate sales increased by 9.2% to ₱45.9 billion, while other revenues improved by 11.2% to ₱11.0 billion.

Revenue growth outpaced costs and expenses that resulted in operating income growth of 11.0% to ₱68.0 billion, and an improvement in operating margin to 48.5%. Net income went up by 13.9% to ₱46.5 billion, with net margin rising to 33.1%.

In the first six months of 2025 (6M2025), revenues further grew by 5.2% to ₱68.0 billion, led by a 7.1% increase in rental income to ₱40.5 billion. Real estate sales were higher by 2.2% at ₱20.0 billion. Other revenue streams increased by 6.7% to ₱5.6 billion. With costs and expenses relatively flat at ₱33.6 billion, operating income rose by 10.8% to ₱34.4 billion, lifting operating margin to 50.6%. Net income improved by 10.5% to ₱24.9 billion, with net margin increasing to 36.6%.

Profitability is expected to remain strong, driven primarily by rental income and complemented by steady contributions from residential sales and other business segments. Margins are likewise projected to be maintained within healthy levels.

4. Healthy cashflow generation and satisfactory capitalization structure

SMPH has consistently generated positive operating cash flows. In 2024, cash from operations amounted to ₱67.3 billion, up by 7.4%. This growth was driven by higher operating income together with stronger tenant and customer deposits. In 6M2025, operating cash flows remained positive at ₱33.7 billion. Cash from operations has been largely allocated to capital expenditures, dividends to shareholders and debt servicing.

Operating cash flows are expected to remain positive and to improve further, driven by the continued growth of rental income, residential sales, and other property-related revenues. This is seen to provide adequate liquidity to fund capital requirements and financial obligations.

Leverage levels are considered acceptable, despite the capital-intensive nature of the SMPH's business. Debt-to-equity (DE) ratio held steady at 0.9x, while the share of debt to capitalization was 47.7%, as of end-June 2025.

The Company's capital structure is projected to strengthen, as debt levels decline due to expected debt repayments and equity expands through the reinvestment of growing earnings.

BUSINESS PROFILE

SMPH is one of the largest integrated property developers in Southeast Asia, with an expansive portfolio that includes malls, residences, offices, hotels and convention centers. It is also one of the largest property developers in the Philippines, in terms of assets, with ₱1.1 trillion as of end-June 2025.

As of end-June 2025, SMPH had 11 integrated property developments in Metro Manila and 11 in key provincial cities in the Philippines.

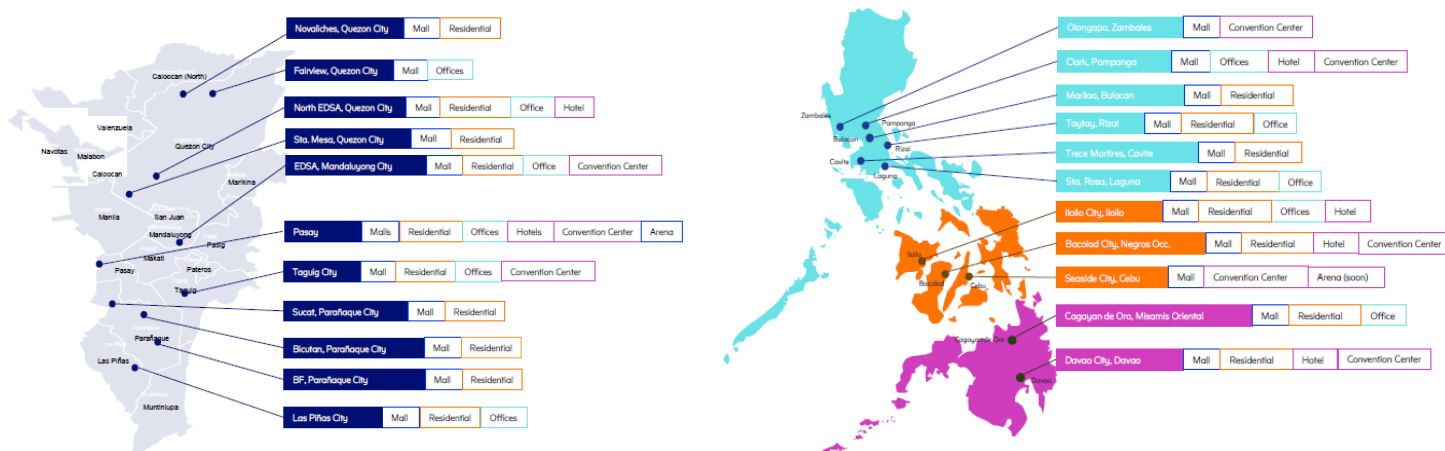


Illustration 1: SMPH Integrated Property Developments as of end-June 2025

Incorporated in 1994, SMPH grew to be the largest retail shopping center developer and operator in the Philippines. Under the brand SM Supermalls, SMPH established itself as a dominant player in the malls business in the country. The Company also expanded its mall operations into China, beginning with SM City Xiamen in 2001, its first mall in the country.

SMPH’s primary residential business is a leading developer of residential vertical and horizontal communities.

SMPH likewise owns leisure and resort developments. These include projects located in Tagaytay Highlands and Tagaytay Midlands in Laguna, Tagaytay City, and Batangas, as well as in Pico de Loro Cove within Hamilo Coast in Nasugbu, Batangas.

Hotels and Conventions business unit oversees the hospitality business of SMPH. It operates convention centers and trade halls through SMX Convention Center (SMX). SMX has evolved into a growing franchise, after branching out to Taguig, Mandaluyong, Olongapo, Davao, Bacolod, Cebu and Clark.

The Commercial business unit oversees the leasing, operations, and management of the SMPH’s office buildings located in key cities of Metro Manila.

As of end-June 2025, SMPH had a total land bank of 4,404.2 ha nationwide, spread across its various business segments: 42.1% in mall development, 39.0% in primary residential, 13.0% in residential leisure development, and 5.9% in commercial and integrated commercial development. Bulk of the land bank (84.8%) is in Luzon (excluding Metro Manila). The Company believes that its current landbank is sufficient to sustain five to seven years of development.

Business Portfolio

Table 1: Revenues and Net Income Contribution per Segment, 2023 to 6M2025/2024

In PhP Millions	Revenues				Net Income			
	2023	2024	6M2024	6M2025	2023	2024	6M2024	6M2025
Mall	71,101	77,534	37,968	40,481	23,884	27,708	15,381	17,407
Residential	43,731	47,764	20,487	20,919	12,075	13,199	5,050	5,137
Commercial and Integrated Commercial Dev't	6,897	7,780	2,671	2,677	3,826	4,350	1,554	1,700
Hotels and Convention Centers	6,679	7,783	3,695	4,110	1,272	1,509	527	635
Eliminations	-310	-470	-132	-144	-192	-226	-	-
Total	128,098	140,391	64,688	68,044	40,864	46,539	22,513	24,879

The Mall business remained as the Company's largest revenue contributor, accounting for 55.5% and 55.2% in end-2023 and end-2024, respectively. Rental income went up by 9.1% in 2024, boosted by new mall openings, as well as higher foot traffic and occupancy. Cinema and event ticket sales also posted an expansion of 18.7% in the same year.

The Residential business was the second largest revenue contributor of SMPH, accounting for 34.1% and 34.0% of consolidated revenues in end-2023 and end-2024, respectively. The segment recorded 9.2% higher revenues in 2024, as SMPH registered higher sales take-up and progress in the construction of ongoing projects.

The balance was from the Commercial and Integrated Commercial Development, as well as Hotels and Convention Centers businesses. On average, these segments contributed about 10.0% to total revenues. Despite accounting for a smaller portion of the total, revenues from these segments recorded faster double-digit increases of 12.8% (Commercial and Integrated Commercial Development) and 16.5% (Hotels and Convention Centers) in 2024. Such was attributed to the strong performance of office towers and warehouses, as well as the rebound of convention centers due to improved occupancy.

Malls

SMPH remains as the largest mall operator in the Philippines, under the SM Supermalls brand. As of end-June 2025, SMPH operated 88 Philippine malls (87 malls as of end-December 2024) with a total gross floor area (GFA) of 9.5 million square meters (sqm), from 9.4 million sqm as of end-2024. The Company's malls in the Philippines had an average daily pedestrian count of 3.8 million in 6M2025 (6M2024: 3.7 million).

Table 2: Major Mall Operators in the Philippines

	SMPH	Ayala Land	Robinsons Land	DoubleDragon
Gross Leasable Area (GLA) as of end-2024	87 malls 5.0 million sqm	34 malls 2.2 million sqm	55 malls 1.7 million sqm	44 malls 612,000 sqm*

*in GFA (total GLA is not available)

Table 3: Geographical Distribution of SMPH Malls, 6M2025

Location	Number of Malls	Gross Floor Area (million sqm)	% Total GFA
Metro Manila	25	3.9	34.8%
Luzon*	48	3.6	32.1%
Visayas	8	1.3	11.6%
Mindanao	7	0.7	6.3%
China	8	1.7	15.2%
TOTAL	96	11.2	100.0%

*Excluding Metro Manila

As of end-June 2025, the mall business had a landbank of 1,852.4 ha.

SMPH's mall expansion is geared towards the provinces, with a focus on Northern Luzon, Visayas, and other progressive cities in Mindanao. In May 2025, SMPH opened SM City Laoag, adding more than 92,000 sqm of GFA to its portfolio. SM City La Union is also set to open within the year, with 112,000 sqm of GFA.

Meanwhile, SMPH had eight malls in China with a total GFA of 1.7 million sqm as of end-June 2025. Average daily pedestrian count for China malls was at 300,000 in 2024. The Company is set to open its ninth China mall in October 2025, located in Fujian province. Management plans to open another mall in China in the next two years.¹

SM Supermalls President Steven Tan believes that brick-and-mortar stores will continue to be relevant, citing that online retail accounts for only 7.5% of retail transactions in the country. To enhance in-store experience and convenience, SM Supermalls is modernizing its malls in the Philippines and China. The company has rolled out artificial intelligence (AI) concierges, self-checkout systems, and digital kiosks, while also introducing cleaning and sanitation robots, electric vehicle (EV) charging stations, and accessibility tools such as screen readers. Mr. Tan believes, however, that the future of retail is a hybrid model, where businesses are present, whether offline or online. In this connection, SM has also invested in digital platforms, including SM Malls online.²

Residences

Primary Homes

SMPH is one of the country's major developers of high-rise buildings (HRBs), mid-rise buildings (MRBs), and single-detached house and lot (H&L). Since 2013, SMPH had launched 185,166 units of primary residences, with an approximate value of ₱717.2 billion.

As of end-June 2025 and end-2024, SMPH had 67 residential projects nationwide. Of the total, 47 residential projects were in Metro Manila, with majority classified as HRBs. These projects are primarily located in the cities of Quezon, Pasay, Parañaque, and Makati. In key provincial cities, there were 20 residential projects – 17 were MRBs, while the remaining three were H&L developments. Strategically situated near SM malls and transport terminals, these projects offered enhanced accessibility and convenience.

¹ [SM to open 9th China mall in October](#)

² [SM Supermalls taps cleaning robots in modernisation push](#)

Reservation sales of the residential business amounted to ₱24.5 billion in 6M2025. Unsold inventory is 26,767 units, with an estimated value of ₱174.0 billion.

Property analysts have been noting a downtrend in condominium sales in some markets, notably Metro Manila. The decline is attributed to the following factors: localized oversupply, rising affordability gaps, and increased transaction costs like homeowners' association (HOA) fees. The market also faces a decline due to increased supply following past speculative demand from foreign investors, particularly in the POGO industry. This has created an imbalance and left many potential Filipino buyers unable to avoid inflated prices.

The bulk (50%) of buyers in 6M2025 was local Filipinos; overseas Filipinos and foreigners accounted for 34% and 16% of total buyers, respectively.

As of end-June 2025, the primary residential business had a landbank of 1,718.4 ha: 1,368.7 ha in Luzon (including 76.6 ha in Metro Manila); 152.4 ha, Visayas; and 197.3 ha, Mindanao.

SMPH is set to offer premium primary residences to expand its existing portfolio, which currently includes economic, medium-cost, and leisure developments. In July 2025, SMPH launched its Signature Series by SM Residences, marking its entry into the premium and luxury space. Signature Series will offer residential products across various high-end tiers, with entry-level premium units starting at ₱15 million, upscale offerings from ₱25 million, and luxury to ultra-luxury properties beginning at ₱65 million.³

SMPH has earmarked an initial capex of ₱25.0 billion for the maiden project of the Signature Series. The project, with predominantly residential components and complementary commercial and civic developments, will be in a 284-ha property located in Susana Heights, Muntinlupa City. Minimum pricing is ₱100.0 million per lot.

In August 2025, SMPH announced a strategic partnership for a landmark development in Makati City. The Company is finalizing this strategic partnership for a landmark development in Makati City. The Signature Series has a landbank of almost 400 ha, the bulk of which is located in Metro Manila.

Leisure Homes

SMPH's leisure homes included two 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. On the other hand, the 40-ha Pico de Loro represents the first development of the Hamilo Coast project, which is a premier sustainable coastal resort town in Nasugbu, Batangas. These two main projects are continuously being enhanced and developed into communities.

Of the total residential sales in 6M2025, ₱1.4 billion was from leisure projects; the figure represents an 8.6% year-on-year increase.

The Leisure Homes business unit had a landbank of 571.0 ha, as of end-June 2025.

Commercial and Integrated Commercial Development

Commercial business unit handles the development, leasing, operations, and management of office buildings and warehouses. Office buildings include the E-com Centers in the MOA Complex and the SM Cyber Buildings in Makati and Quezon City. These offices cater to a wide range of enterprise requirements,

³ [SM introduces Signature Series by SM Residences, setting new standards in premium living](#)

including multinational headquarters, incubator spaces, Business Process Outsourcing (BPO) / KPO operations, and shared office facilities.

SMPH had 22 office towers with a combined GFA of almost 1.6 million sqm as of end-June 2025 and end-2024.

The Company maintains a healthy tenant mix: 65% BPOs, 33% traditional office tenants, and 2% from other sectors. PhilRatings notes that SMPH does not have Philippine Offshore Gaming Operator (POGO) tenants.

As of end-June 2025, SMPH also had five warehouses with a total of 206,000 sqm in GFA.

Under its Integrated Commercial Development segment (formerly called Coastal Development segment), SMPH is undertaking a 360-ha reclamation project called Pasay 360 (formerly SM Smart City). This project is being undertaken by the Company in collaboration with the local government of Pasay City. Pasay 360 is envisioned to be a mixed-use development with commercial, retail, and residential components, similar to the completed MOA reclamation project.⁴ Pasay 360 was one of the projects authorized to resume by President Ferdinand R. Marcos Jr., following its review by the government. In 2023, large-scale reclamation projects in Manila Bay, which were previously approved under President Rodrigo R. Duterte's administration, were ordered suspended by President Marcos Jr. The suspension was to allow further studies and ensure the projects' compliance with environmental regulations. Project Pasay 360 is estimated to be worth US\$2.6 million (₱150.0 billion). Moving forward, the large-scale project is expected to generate over one million jobs, and billions of pesos in taxes for the national and local governments.

The full reclamation of the land is expected by end-2025. The target turnover of the project to the Pasay City local government is in 2028. SMPH has set a 2025 capex spend of ₱25.0 billion for the project.

The Commercial and Integrated Commercial Development business unit had an available landbank of 262.4 ha, as of end-June 2025.

Hotels and Convention Centers

SM Hotels and Convention Centers business unit develops and operates the portfolio of SMPH in the hospitality business. As of end-June 2025, SMPH operated ten hotels with over 2,600 rooms. These ten hotels were: Taal Vista Hotel in Tagaytay, Radisson Blu Hotel in Cebu, Pico Sands Hotel in Hamilo Coast, Park Inn by Radisson in Davao, Park Inn by Radisson in Clark, Conrad Manila in Pasay, Park Inn by Radisson in Iloilo, Park Inn by Radisson in North EDSA, Park Inn by Radisson in Bacolod, and Lanson Place MOA.

SM Hotels and Convention Centers business unit is also operating six convention centers (SMX Convention Centers) and two trade halls, with almost 42,000 sqm of total leasable space, as of end-June 2025. These developments collectively formed the largest privately-run exhibition and conventions chain in the Philippines. The SMX Convention Centers are located in the MOA Complex, Taguig, Davao, Bacolod, Olongapo, and Clark, while the two trade halls are in SM Megamall and SM Seaside City Cebu. The occupancy rate of the convention center business improved due to healthy bookings and busy MICE⁵ event schedules.

⁴ In 2006, the SM Mall of Asia was completed and became the anchor development in the 60-ha reclaimed property now known as the MOA Complex.

[SM Renames Business District as Mall of Asia Complex](#)

⁵ Meetings, Incentives, Conferences, and Exhibitions

Management and Strategy

SMIC is SMPH's largest stockholder, owning 49.8% of the Company's outstanding shares as of end-June 2025. SMIC is the holding company of the SM Group and is one of the largest conglomerates in the Philippines, with market-leading businesses in retail, banking, and property. As of report writing date, SMIC has outstanding PRS-rated bonds amounting to ₱7.5 billion, all of which are rated PRS Aaa, with a Stable Outlook.

SMIC's retail and merchandising arm with a nationwide portfolio of stores, SM Retail Inc. (SM Retail), operates department stores under "The SM Store" brand, and a wide range of food retail formats including Supermarkets, Hypermarkets, Savemore, Waltermart and Alfamart stores, and ranges from stand-alone hypermarkets and large supermarkets in malls, to mid-sized stores in neighborhoods and small local minimarts. SM Retail also operates specialty stores focused on DIY, furniture, appliances, fashion, and toys, among others.

Under SMIC's banking group are BDO Unibank, Inc. (BDO) and China Banking Corporation (China Bank), the country's largest and fifth largest banks by resources, respectively, as of end-June 2025. China Bank currently has an Issuer Credit Rating of PRS Aaa (corp.), with a Stable Outlook, from PhilRatings.

The Portfolio Investments Group comprise SMIC's equity investments in other new and related sectors that capture high growth opportunities in the emerging Philippine economy, such as premium commercial buildings, leisure, logistics, geothermal steam production, food manufacturing, and mining.

In 2024, SMIC's consolidated revenues increased by 6.3% to ₱654.8 billion, driven by a 5.0% growth in retail segment revenues due to expanded store networks and improved consumer spending. On the other hand, higher property segment revenues were attributed to higher mall rental, while growth in the banking segment revenues were supported by expansion in customer loans and improved asset quality. Overall, SMIC's full-year earnings grew by 8.0% to ₱114.6 billion, with a net profit margin of 17.5%.

In 6M2025, SMIC reported a net income of ₱58.8 billion, a 6.7% increase from ₱55.1 billion in the same period last year. Net profit margin was healthy at 18.4% for the period. SMIC's consolidated revenues went up by 5.9% to ₱319.2 billion. Growth was sustained across all core businesses, with higher earnings attributable to positive consumer sentiment and a supportive macroeconomic environment.

Table 4: SMIC Segment Contribution to Revenues and Net Income, 2023 to 6M2025/2024

	Revenues				Net Income			
	2023	2024	6M2024	6M2025	2023	2024	6M2024	6M2025
Retail	67%	66%	65%	66%	19%	18%	14%	15%
Property	19%	20%	21%	20%	25%	26%	27%	28%
Banks	7%	7%	7%	7%	47%	49%	50%	50%
Portfolio	7%	7%	7%	7%	9%	7%	9%	7%

The members of the Sy Family continue to exercise strategic control of SMPH as owners and advisers of the SM Group. The Chairman of the Board since 2014 is Henry T. Sy, Jr., son of the founder of the SM Group, the late Henry Sy, Sr. He is also concurrently the Vice Chairman of the Board of SMIC.

Key management positions, however, are held by seasoned non-family professionals and managers. Jeffrey C. Lim has led management as President since 2016. He also concurrently holds various board and executive positions within the SM Group.

As of end-December 2024, SMPH had 11,984 employees, up from 11,163 employees in 2023. There is no existing collective bargaining agreement (CBA) between the Company and any of its employees.

In 2024, SMPH spent ₱89 billion in capex: 39.7% was allocated to malls; 26.0% residential developments; 10.1% commercial, hotels and convention centers; and 24.1%, integrated commercial developments. SMPH has budgeted a capex of ₱100.0 billion in 2025, and which is to be funded by a combination of internally generated funds and external borrowings.

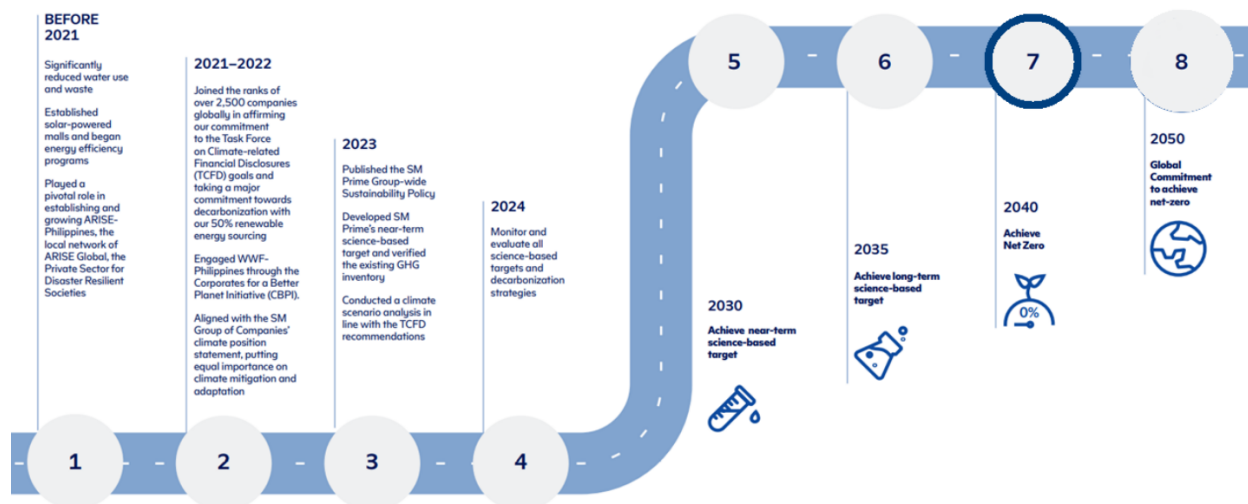
Environmental, Social and Governance (ESG)

The SM Group takes an integrated approach in creating shared value for all its stakeholders and applying global ESG best practices across its ecosystem of businesses. The Group aligns its sustainability programs with the 17 United Nations Sustainable Development Goals. Additionally, SMIC is a signatory of the UN Global Compact’s Ten Principles.

The creation of SMPH’s Sustainability Council in 2019 oversees the Company’s sustainability programs. The Council is comprised of the following groups: Advisory Group (Head Office divisions that provide recommendations, based on their expertise, to the Steering Committee), Sustainability Secretariat (the department that coordinates with the members of the Advisory Group and business unit heads), and the Technical Working Group (members of the business units that serve as data collectors and analysts). Mr. Lim, SMPH’s President, is the Steering Committee Chairman.

SMPH targets to achieve net-zero emissions by 2040, based on its net-zero ambition action plan.

Net-Zero Ambition Action Plan



Source: SMPH Investor Kit FY2024

The minimum near-term goal is to reduce Scopes 1 and 2 greenhouse gases (GHG) emissions by 46.2%, and Scope 3 GHG emissions by 27.5% by 2030, based on 2019 levels. These targets were set in collaboration with World Wide Fund for Nature Philippines (WWF-Philippines). In this phase of the action plan, the Company will prioritize energy efficiency measures across existing and new developments.

The SMPH Road to Net-Zero by 2040:

1. Sustainable Energy Supply
2. Energy Efficiency & Demand-Side Management
3. End-use Energy
4. Carbon Sequestration
5. Greening construction

In addition to its net-zero emissions target, SMPH takes bold steps toward achieving a “waste-free future” by reducing waste through recycling, segregation, and innovative reuse programs that keep materials in circulation and out of landfills. In 2024, SM GUUN Environmental Company, Inc. (SM GUUN) was incorporated to engage in recycling and repurposing waste of any kind. SMPH owns 70% of SM GUUN.

Sustainable water management was also promoted across SMPH developments in line with its “water for tomorrow” initiative. To reduce consumption and encourage conservation, the Company implemented rainwater harvesting, wastewater treatment, and water recycling technologies across its developments.

One major shift towards a more sustainable portfolio is the redevelopment of SM Megamall in Mandaluyong City, which has been redesigned to integrate long-term sustainability measures throughout the property. SMPH announced a ₱7.0-billion budget for the renovation, with phased completion targeted between 2027 and 2029. Some of the integral sustainability features of the redevelopment include solar panels installation, a 500-cubic-meter rainwater harvesting system for water conservation, ETFE⁶ roofing for reduced artificial lighting and lower cooling costs, and LED lighting and sensor-activated escalators to lower energy consumption.

SMPH is looking at sustainable financing (such as green bonds) or sustainability-linked financing instruments, to diversify its funding sources. The Company is evaluating the viability of issuing such bonds given its good standing in terms of ESG rating. In August 2025, SMPH retained its inclusion in the FTSE4Good Index Series, a globally recognized benchmark for companies that adhere to ESG standards.⁷ This was the ninth consecutive year that SMPH was included in the FTS4Good Index Series.

⁶ [ETFE](#) (Ethylene Tetrafluoroethylene) durable, highly transparent, environmentally friendly, and a lightweight alternative to glass structures. It's the new generation material which goes beyond glass.

⁷ The FTSE4Good Index evaluates companies using more than 300 data points across three core pillars—environmental, social, and governance; spanning 14 themes such as climate change, human rights, and anti-corruption. Firms must meet minimum ESG score thresholds of 3.3 for developed markets and 2.9 for emerging markets, with reviews conducted semi-annually.

ECONOMY⁸

The Gross Domestic Product (GDP) of the Philippines expanded by 5.7% in 2024, mainly driven by the growth in the following industries: construction (10.3%), financial and insurance activities (9.0%), wholesale and retail trade; repair of motor vehicles and motorcycles (5.6%). While higher than the 5.5% GDP growth recorded in 2023, the number failed to hit the government's 6.0%-6.5% growth target for 2024. According to National Economic and Development Authority (NEDA) Undersecretary Rosemarie Edillon, extreme weather events and geopolitical tensions during the year prevented the country from achieving its growth target. Nonetheless, with last year's growth, the country remained one of the fastest-growing economies in the Asia Pacific region.

Of the three major economic sectors, Services and Industry posted growths of 6.7% and 5.6%, respectively, while Agriculture, Forestry, and Fishing (AFF) contracted by 1.5%. The contraction of the AFF sector was on the back of the six consecutive storms that struck the country between the end of October and the middle of November last year.

On the demand side, all major expenditure items recorded growth: household spending increased by 4.9%; government expenditure, 7.3%; investment spending, 7.7%; exports, 3.3%; and imports, 4.2%. PhilRatings notes, however, that the household spending growth for 2024 was slower than the 5.5% recorded in 2023, likely due to elevated price levels and borrowing costs during the period.

In December 2024, inflation settled at 2.9%. This brought the 2024 average inflation rate to 3.2%, well within the 2.0%-4.0% target of the government. Such was also a notable improvement from the 6.0% average inflation rate recorded in 2023. Considering the easing inflation in 2024, the Bangko Sentral ng Pilipinas (BSP) reduced the policy rate by a total of 75 basis points (bps) during the year, bringing it down to 5.75% by end-December 2024.

In 1H2025, the country recorded a GDP growth of 5.4%, slightly lower than the 5.5%-6.5% target of the government. Such was also notably lower than the 6.2% GDP growth recorded in the first half of 2024. In terms of quarterly growth, the economy expanded at a faster pace of 5.5% in the second quarter of the year, compared with the 5.4% recorded in the first quarter. According to Department of Economy, Planning and Development (DEPDev, formerly NEDA) Undersecretary Rosemarie Edillon, the first quarter economic performance reflected developments from the broader global context of tempered economic activity amid persistent uncertainties. The second quarter performance, on the other hand, reflected

⁸ [PSA OpenSTAT > Gross National Income and Gross Domestic Product, by Expenditure Shares, Growth Rates](#)
[PSA OpenSTAT > Gross National Income and Gross Domestic Product, by Industry, Growth Rates](#)
[GDP Expands by 5.2 Percent in the Fourth Quarter of 2024](#)
[DBM: 2024 GDP growth still puts PH among 'fastest-growing' economies](#)
[PH average inflation decelerates to 3.2% in 2024](#)
[BSP finishes 2024 with third rate cut](#)
[PSA Infographics > Prices](#)
[GDP Expands by 5.5 Percent in the Second Quarter of 2025](#)
[Philippines' GDP growth in Q2 pegged at faster 5.6%](#)
[Philippine economy grows 5.5% in Q2 2025 amid cooling inflation](#)
[Philippine central bank governor confident inflation will hit 2% in 2025](#)
[Philippine central bank on track for two more rate cuts in 2025](#)
[Inflation inches up from record low, hits 1.5% in August 2025](#)
[Philippines revises medium term growth targets to reflect global uncertainties](#)

stronger household spending growth, partially offset by dampened government expenditures due to the election-related ban on disbursements.

From a low of 0.9% in July 2025, inflation rose to 1.5% in August 2025, according to the Philippine Statistics Authority (PSA). The PSA attributed the higher inflation rate to the annual increase in food and alcoholic beverages, which rose to 0.9% in August 2025 from 0.2% in July 2025. Transport held steady at -0.2% in August 2025. Core inflation, which does not include volatile commodities such as food and energy, increased to 2.7% in August 2025, from 2.3% in July 2025. The figure was also higher from 2.6% in August 2024. Considering the August 2025 figure, year-to-date inflation is 1.7%.

Over the next 18 months, however, various economic watchdogs believe that the country will grow at a slower pace considering the potential adverse impact of the reciprocal tariffs imposed by the US. Singapore-based DBS Bank lowered its forecast Philippine GDP growth for 2025 from 5.8% to 5.6%, citing softer consumer and business confidence. BMI Country Risk & Industry Research, on the other hand, maintained its forecast that growth will slow down to 5.4% this year. The research firm believes that subdued remittances growth and tariff uncertainty would weigh heavily on household consumption and investment. Japan-based Nomura Group, however, maintained its 2025 GDP growth forecast at 5.3%. Pantheon Macroeconomics, which is based in the United Kingdom, similarly kept its 5.3% growth forecast for 2025.

In June 2025, the government lowered its growth target for the year and narrowed its growth goals for 2026 to 2028. The revised targets reflect global uncertainties stemming from tensions in the Middle East and shifts in U.S. trade policies. GDP growth for 2025 is now projected at 5.5%-6.5%, down from the earlier forecast of 6%-8%, while GDP targets for 2026-2028 were narrowed to 6%-7%, from the previous range of 6%-8%.

The government also trimmed its inflation assumption for 2025, lowering it to 2%-3% from 2%-4%, but maintained its inflation outlook for 2026-2028 at 2%-4%. It also revised its fiscal program, with the budget deficit as a share of GDP now expected to widen to 5.5% in 2025 and 5.2% in 2025, from previous forecasts of 5.3% and 4.7%, respectively.

Citing the need to support growth amid global uncertainties, the Bangko Sentral ng Pilipinas (BSP) cut rates for a second meeting in a row on June 19, 2025, and left the door open for at least one more reduction this year. The decision of the Monetary Board brought the overnight borrowing rate to 5.25%. The BSP has so far reduced policy rates by a total of 125 basis points (bps) since last year.

INDUSTRY

Retail⁹

According to Colliers, the mall sector within and outside Metro Manila has been recovering well post-COVID. In Metro Manila, retail vacancy improved to 13.1% in the first quarter of 2025, from 15.1% in the third quarter of 2024. Such improvement was on account of the significant take-up from recently

⁹ [Colliers Q1 2025 Metro Manila Retail Report](#)
[Expanding retail's footprint on malls](#)
[Philippine retail segment faces competition](#)
[F&B tenants drive the next wave of retail development](#)

completed malls in the region. It was also the lowest vacancy recorded since the 13.8% in the first quarter of 2021.

Adapting to pandemic-driven shifts in consumer behavior, the retail property sector has been forced to initiate major changes. Data from the Philippine Retailers Association (PRA) showed that the share of e-commerce to total retail sales had surged from 3%-5% pre-pandemic to 20%-25% in 2023. With the accelerated adoption of e-commerce among the local consumers, brick-and-mortar retailers have faced mounting pressure to stay relevant.

In the past quarters, the sector also saw the emergence of new trends – the resurgence of food and beverage (F&B) sector as a core driver of mall traffic, the shift of more property firms towards suburban areas, and the entry of more foreign retailers.

The foregoing shifts in the sector are reshaping leasing strategies, guiding mall design, and influencing expansion priorities of developers and retailers. According to global real estate services firm Cushman and Wakefield (CWK), many of these retailers and developers have already begun undertaking significant changes to their existing mall spaces to remain agile amid cost pressures driven by evolving consumer expectations and the need to retain loyal tenants.

By the end of 2026, Colliers foresees mall vacancy to revert to pre-COVID levels, supported by easing inflation, lower interest rates, and higher consumer spending. The research firm, however, expects a slowdown in the addition of new supply in Metro Manila from 2025 to 2027 as developers focus on redeveloping existing malls across the region. Nonetheless, more malls are lined up for completion beyond 2025 in thriving localities outside of Metro Manila.

Office¹⁰

The office market in Metro Manila sustained its growth momentum in the first half of 2025, according to Colliers. Expansions and new setups of traditional and outsourcing firms drove the steady demand for office space in the capital region during the period. As of end-June 2025, net absorption reached 96,000 sqm or about 60% of Colliers' projected net take-up for 2025.

In terms of supply, a total of 166,100 sqm of new office space was completed as of end-June 2025. In the second half of the year, Colliers expects the addition of 359,400 sqm new office completions, with 63% coming from Quezon City, the Makati fringe, and the Bay Area.

With the addition of new supply, as well as the exit of POGOs, vacancy in the second quarter of the year rose to 20%, from 19.7% in the first quarter of 2025. Nonetheless, vacated office space in Metro Manila declined to 382,000 sqm in the first half of 2025, a 27% drop from the first half of 2024. Colliers believes that such is reflective of stronger tenant retention and improved market sentiment. It is worth noting that bulk of the vacated office space in Metro Manila for the said period stemmed from POGO pre-terminations (53%), followed by traditional firms (28%) and Information Technology and Business Process Management (IT-BPM) occupiers (19%). Among non-POGO tenants, vacated spaces were largely driven by non-renewals, Letter of Intent (LOI) cancellations, and rightsizing initiatives.

¹⁰ [Colliers Q2 2025 Metro Manila Office Report](#)

In the next three years, Colliers anticipates the delivery of about 296,700 sqm of new office space within Metro Manila. This figure, however, is lower than the pre-POGO annual average of 350,000 sqm. Outside the capital region, Colliers sees pockets of opportunities for developers considering the observed increased business activity in key provincial cities and growing interest in underserved locations across the country.

Industrial¹¹

In 2024, the Philippines's total warehouse supply reached 37.6 million sqm, up by 4.0% percent from 2023. The increase was driven by new developments in Laguna, Batangas, and Cebu. As of end-June 2025, majority of the warehouse supply can be found outside Metro Manila, particularly in the nearby provincial areas. In Luzon, while the CALABARZON¹² region remains a top location for industrial real estate, the supply extends as far as Pangasinan in the north. Outside Luzon, warehouse supply is also strong in Cebu, Davao, and Cagayan De Oro. At present, demand for industrial space in the country is driven by companies in the manufacturing, logistics, and e-commerce industries. According to Lobien Realty Group, Inc. (LRG) Associate Director Steph Ng, the size of country's warehousing market is expected to reach \$447.0 million (₱25.5 billion) by the end of 2025 at a compound annual growth rate (CAGR) of 54.2%.

Jettson Yu, Founder and CEO of commercial real estate consultancy firm PRIME Philippines, shared that another major factor fueling the industrial sector's growth is the increasing demand for data centers. With the rapid rise of artificial intelligence and digital services across the country, more data centers are needed to support expanding operations. Mr. Yu revealed that several data center companies are already in the pipeline, particularly to meet the demand for localized data storage and processing.

Colliers highlighted several government reforms and initiatives that will likely attract industrial investments. These include: (1) Ease of Paying Taxes Act, (2) Green Lanes for Strategic Investments, (3) CREATE MORE Act, (4) Foreign Investments Act, (5) US CHIPS Act, (6) Electric Vehicle Incentive Strategy, (6) Cold Storage for Food Security Act, and (7) Land Lease Extension for foreigners. Additionally, the establishment of more economic zones (ecozones) can bring more strategic investments to the country. The PEZA reported that the government has approved the establishment of 27 new ecozones since 2023. These new ecozones, valued at ₱9.2 billion, cover information technology, electronics, and manufacturing industrial parks.

By the end of 2025, PRIME Philippines projects that warehouse supply would breach 40 million sqm, with upcoming expansions in Rizal, Cavite, Laguna, Pampanga, Cebu, and Davao.

¹¹ [Colliers H2 2024 Metro Manila Industrial Report](#)
[Philippine industrial sector awakens: Record occupancy and warehouse growth set the stage for a 2025 boom](#)
[PHL may need 50M sq.m. of industrial space by 2035](#)
[Lobien's 2025 mid-year report of the real estate industry](#)

¹² Cavite, Laguna, Batangas, Rizal, and Quezon

Hospitality¹³

In 2024, the country welcomed approximately 5.95 million international visitors. While it marked a 119.0% recovery from 2019, it fell short of the Department of Tourism's (DoT) target of 7.7 million foreign tourist arrivals for the year. In the first five months of 2025, foreign visitor arrivals in the country slipped to 2.54 million, slightly down by 1.2% from the same period in 2024. Moreover, two of the country's main source market of tourists, South Korea and China, have recorded lower arrivals since 2024. Nonetheless, Colliers noted that tourists are also spending more and staying longer, with the country being the highest ranked in Southeast Asia in terms of average expenditure per arrival and length of stay.

In terms of supply, Colliers recorded the completion of 97 rooms in the first half of the year, with the opening of a new hotel in Taguig City. The research firm, however, halved its projected additional supply in 2025, from 2,700 to 1,500, due to construction delays.

Notwithstanding the lower foreign tourist arrivals, average hotel occupancy in Metro Manila remained stable at 64.0%. Colliers expects average occupancy to hover at 60% throughout 2025 considering subdued international arrivals and new hotel rooms coming online in the second half of the year.

Going forward, Colliers believes that hotel demand will continue to be driven by domestic tourists and business travelers. The research firm has also observed several in-person events that drive demand for meetings, incentives, conferences, and exhibition (MICE) facilities. These networking and special events, Colliers believes, will continue to propel demand for MICE facilities especially in MICE hubs such as Clark in Pampanga, Cebu, Davao, and Iloilo.

Residential¹⁴

Property companies are slowing down the construction and marketing of new high-rise housing projects, as the real estate industry faces an oversupply of middle-income condominiums in Metro Manila. Demand for condominiums has ebbed after the government banned offshore gaming operators in the Philippines and the country's economic growth slowed. According to estimates by property consultants Colliers and Leechiu, developers were left with more than 70,000 unsold units as of end-2024.

To move the inventory, developers have introduced creative pricing schemes to make condominiums more affordable to buyers. Incentives include low down payments, longer payment periods as well as rent-to-own schemes. Some companies also include furniture and free parking space, as well as offer to help buyers lease out their properties to prospective tenants.

According to Leechiu, these promotions have pushed 1Q2025 take-up to go up by 14% from 4Q2024. Developers, however, have slowed the introduction of new projects. The slowdown is seen to minimize oversupply, which Colliers estimates would take the market almost eight years to clear.

¹³ [Colliers H1 2025 Metro Manila Hotel Report](#)
[DoT optimistic for 2025 despite missing foreign arrivals target](#)
[Overseas Pinoys keep 5-month tourist arrivals afloat](#)
[South Korea And China Declines Contribute To Philippine Tourism Falling Short Of Over Eight Million Visitor Goal In 2025](#)
[Chinese arrivals went down in 2024 —DOT](#)
[Fueling hospitality growth](#)

¹⁴ [Philippine Developers Turn Cautiously Optimistic Amid Metro Manila Condominium Supply Glut](#)

DMCI Homes is offering buyers a rent-to-own option to make its projects more affordable, requiring minimal upfront costs. According to DMCI Homes, the company's top selling residences are in prime locations, designed for resort living, as well as those offering smaller and more affordable units. DMCI believes these indicate continued strong demand for well-located, value-driven properties that align with the shifting preferences of buyers. The company expects this trend to remain in 2025.

Colliers noted that demand in the premium residential segment (price range of ₱12 million to ₱50 million per unit) increased slightly during 1Q2025. In contrast, sale of units in the middle-income segment (₱7 million to ₱12 million) have been softening. According to Colliers, bulk of the oversupply is in this market. On the other hand, demand for ultra luxury apartments (at least ₱50.0 million) remained robust.

Ayala Land is set to launch in 2H2025 a resort-themed luxury tower in Makati, building on the strong demand for Park Villas, a 51-storey ultra-high-end residential tower at the heart of the Makati Central Business District where each floor has a single unit priced at over ₱500 million each. Ayala Land is also focusing on horizontal developments, spending ₱12.6 billion in 1Q2025 on horizontal projects outside of Metro Manila. The company's sales in Metro Manila fell by 15% in 1Q2025, but sales outside the capital region rose by 3%.

Similarly, SMPH also building projects outside Metro Manila, where demand remained strong. SMPH noted that demand in provincial markets continued to be healthy, particularly in its integrated property developments.

FINANCIAL PROFILE

Table 5. Financial Highlights

	In ₱ millions					% Change				
	2021	2022	2023	2024	6M2025	2022	2023	2024	24 vs 6M25	
Cash and Cash Equivalents	39,776	42,060	31,817	31,246	27,850	5.7	(24.4)	(1.8)	(10.9)	
Total Assets	804,403	874,215	943,328	1,019,431	1,050,900	8.7	7.9	8.1	3.1	
Total Debt	313,718	352,397	366,658	389,920	406,945	12.3	4.0	6.3	4.4	
Total Liabilities	470,043	509,063	544,441	583,190	604,906	8.3	6.9	7.1	3.7	
Total Equity	334,361	365,152	398,887	436,240	445,995	9.2	9.2	9.4	2.2	
Current Ratio (x)	1.4	1.5	1.3	1.1	1.0					
Debt to Equity Ratio (x)	0.9	1.0	0.9	0.9	0.9					
Solvency Ratio (x)	1.7	1.7	1.7	1.7	1.7					

	In ₱ millions					% Change				
	2021	2022	2023	2024	6M2024	6M2025	2022	2023	2024	6M2025
Rental Income	34,694	58,244	72,114	78,674	37,832	40,534	67.9	23.8	9.1	7.1
Real Estate Sales	45,116	39,047	42,040	45,905	19,585	20,016	(13.5)	7.7	9.2	2.2
Other Income	2,505	8,495	13,943	15,812	7,271	7,493	239.1	64.1	13.4	3.1
Total Revenue	82,315	105,786	128,098	140,391	64,688	68,044	28.5	21.1	9.6	5.2
Costs and Expenses	49,901	56,542	66,818	72,354	33,621	33,618	13.3	18.2	8.3	(0.0)
Operating Income (Loss)	32,415	49,243	61,279	68,037	31,067	34,426	51.9	24.4	11.0	10.8
Other Income (Charges)	(4,681)	(10,529)	(11,439)	(11,195)	(3,914)	(4,183)	124.9	8.6	(2.1)	6.9
Net income	21,911	30,743	40,864	46,539	22,513	24,879	40.3	32.9	13.9	10.5
Net Cash Flow from Operations	30,667	35,693	62,655	67,289	34,183	33,742	16.4	75.5	7.4	(1.3)
Operating Profit Margin (%)	39.4	46.6	47.8	48.5	48.0	50.6				
Interest Coverage Ratio (x)	4.0	4.4	4.6	5.1	5.7	5.9				

Profitability

2024 VS. 2023

SMPH's consolidated revenues grew by 9.6%, from ₱128.1 billion in 2023 to ₱140.4 billion in 2024. This growth was mainly driven by higher rental income and real estate sales, further supported by contributions from other revenue streams as the Company continued to expand its leisure and recreational activities.

Rental revenues rose by 9.1% to ₱78.7 billion, accounting for 56.0% of total revenues and reaffirming its position as the Company's primary growth driver. Real estate revenues likewise went up by 9.2% to ₱45.9 billion, or 32.7% of the total, supported by stronger sales take-up and construction progress in various projects. Other revenues, representing 11.3% of total revenues, similarly grew by 13.4% to ₱15.8 billion, driven by higher contributions from the Company's hotels, convention centers, and leisure operations.

Increase in revenues outgrew the growth in cost and expenses. Despite the 8.3% increase in costs and expenses to ₱72.4 billion, from ₱66.8 billion in the prior year, The Company's operating income managed to rise by 11.0% to ₱68.0 billion, from ₱61.3 billion in 2023. Operating profit margin improved to 48.5%, from 47.8%.

Interest expense remained steady at ₱13.9 billion, given the marginal increase in total debt. Interest and dividend income were also stable at ₱2.2 billion. Meanwhile, income from others – net improved significantly by 50.8% to ₱0.5 billion, attributable to the Company's equity in net earnings of associates and joint ventures, as well as foreign exchange gains and losses.

SMPH ended the year with net income of ₱46.5 billion, an increase of 13.9% from ₱40.9 billion in 2023. Net profit margin also improved, reaching 33.1%, up from 31.9% in the previous year.

6M2025 VS. 6M2024

In 6M2025, SMPH registered ₱68.0 billion in consolidated revenues, 5.2% higher than the ₱64.7 billion posted in 6M2024. The increase was primarily driven by rental income growth, alongside increase in real estate sales and other revenues.

Rental income grew by 7.1% to ₱40.5 billion, accounting for 59.6% of total revenues, driven by contribution from new mall openings and higher occupancy rates across its portfolio. Real estate sales rose marginally by 2.2% to ₱20.0 billion, supported by sustained sales take-up and construction progress of its residential projects such as Calm Residences in Laguna, Gold Tower Residential-Offices in Paranaque, Glade Residences in Iloilo, and Joy Residences in Bulacan. Cinema ticket revenues, however, decreased by 6.5% to ₱1.9 billion, as attendance was softer during the period. Other revenues increased by 6.7% to ₱5.6 billion, due to higher food and beverages operations, and other leisure-related income.

Total costs and expenses was steady at ₱33.6 billion, a reduction in administrative and marketing costs counterbalanced increased depreciation. This supported a 10.8% increase in operating income, which rose from ₱31.1 billion in 6M2024 to ₱34.4 billion in 6M2025, pushing operating profit margin up to 50.6%, compared to 48.0% in the prior period.

Interest expense grew by 6.2%, from ₱5.8 billion in 6M2024 to ₱6.2 billion in 6M2025, due to additional debt incurred to fund various capex requirements. Interest and dividend income increased by 29.2% to ₱1.4 billion on account of higher cash balances and returns on investments. Income from others – net, meanwhile, declined by 28.7% to ₱0.6 billion, mainly due to lower equity earnings from associates.

SMPH recorded a net income increase of 10.5% to ₱24.9 billion, compared with ₱22.5 billion in 6M2024. Net profit margin also improved to 36.6%, from 34.8% in the same period last year.

Projected Period

The Company is projected to post steady revenue growth over the forecast period, with rental income expected to continue being the main contributor. Real estate sales will also provide a significant share to revenues, supported by unit turnovers and new project launches across various segments. Other revenue streams are anticipated to be consistent contributors alongside the core businesses.

Revenue growth is expected to see a stronger increase in the mid-term, driven by higher rental activity and property sales. Rental income will be supported by same-store performance and additional contributions from new malls, offices, hotels, and expansion projects. Real estate sales will benefit from both completed developments that are ready for turnover and new launches.

Costs and expenses are anticipated to grow proportionately with revenues, keeping operating margins steady. Operating expenses will continue to comprise the largest portion of costs, while real estate-related expenses will move in line with sales volumes.

Net income is projected to expand consistently, accompanied by steady improvements in profit margins moving forward.

Cashflow and Liquidity

2024 VS. 2023

In 2024, net cash provided by the Company's operating activities amounted to ₱67.3 billion, up by 7.4% from ₱62.7 billion in 2023.

Net cash used in investing activities, on the other hand, amounted to ₱64.6 billion in 2024, slightly lower by 3.2% compared with the ₱66.7 billion recorded in 2023. The majority of these outflows were for investment properties, as SMPH continued to expand its malls, residential developments, and integrated property projects.

On the financing side, SMPH recorded a net cash outflow of ₱3.3 billion in 2024, a decline of 47.1% from the ₱6.2 billion outflows in 2023, as debt was refinanced. Besides funding operations and investments, cash was also used to settle debt obligations, lease liabilities, and dividend distributions.

With the foregoing, cash and cash equivalents declined to ₱31.2 billion as of end-2024, slightly down by 1.8% from ₱31.8 billion as of end-2023. Current assets, nevertheless, managed to increase by 6.1%, from ₱217.5 billion as of end-2023 to ₱230.7 billion as of end-2024, mainly attributable to higher receivables and contract assets, alongside increases in land and development costs and other current assets. Current

liabilities posted a much faster growth of 23.0% to ₱212.0 billion as of end-2024, from ₱172.4 billion as of end-2023. Such was propelled by higher accounts payable and currently maturing long-term debt.

SMPH's current ratio was at 1.1x as of end-2024 compared to 1.3x as of end-2023. The Company maintained ample debt servicing capability, with EBIT Interest coverage ratio of 5.1x.

6M2025 VS. 6M2024

Net operating cash flow remained positive amounting to ₱33.7 billion in 6M2025; the number, however, is slightly lower by 1.3% than the ₱34.2 billion in 6M2024. The decline was attributable to higher tax payments, reduced tenants' deposits, and increased receivables, partly offset by higher earnings.

Net cash used in investing activities rose by 16.5% to ₱35.1 billion, from ₱30.1 billion in the same period in 2024. Such reflected larger capital spending for investment properties, mainly due to new malls and residential developments. Modest cash inflows were also received from dividends and interest income during the period.

Financing activities resulted in a net outflow of ₱2.0 billion in 6M2025, slightly lower by 3.9% than the ₱2.1 billion recorded in 6M2024. Loan availments of ₱111.8 billion supported funding requirements but were counterbalanced by higher repayments of long-term debt (₱93.0 billion) and dividend payments (₱14.3 billion). The Company also repurchased treasury shares amounting to ₱179.8 million during the period, as part of its share buyback program.

As a result of the foregoing, cash and cash equivalents decreased by 10.9% to ₱27.9 billion as of end-June 2025, from ₱31.2 billion at end-2024. SMPH's current assets marginally grew by 0.8% to ₱232.5 billion as of end-June 2025. Current liabilities, however, rose at a faster pace of 11.2% to ₱235.7 billion, due to higher borrowings and payables.

Consequently, current ratio was at 1.0x as of end-June 2025. EBIT interest coverage ratio improved to 5.9x. Debt service coverage ratio (DSCR) was 0.3x.

Projected Period

Over the projected period, liquidity is seen to remain sound. Operating cash flows are forecast to grow steadily, although some fluctuations may occur due to the movements in working capital requirements. Operating cash flows will continue to be propelled by SMPH's core business in malls, commercial and integrated commercial developments, hotels and residential projects.

Cash used in investing activities will remain sizable throughout the forecast period, mainly attributed to capex for new residential developments, construction of investment properties, and landbank acquisitions. In the later years, operating cash will also be allocated to these projects as well as to debt repayments. Moving forward, the Company's internally generated cash is seen to cover a significant share of investment requirements.

Financing cash flows, on the other hand, is foreseen to be negative, primarily due to the settlement of maturing loans and bonds. External funding will continue to supplement operations, particularly for debt refinancing.

Cash balance is projected to be on an uptrend, though liquidity ratios may narrow as internally generated cash is used for investments and debt servicing. Nonetheless, SMPH is expected to maintain sufficient liquidity to meet both operational and financial commitments.

Capital Structure

2024 VS. 2023

As of end-2024, total debt stood at ₱389.9 billion, marginally up by 6.3% from ₱366.7 billion as of end-2023. The increase was due to new loan availments to finance the Company's portfolio expansion. Meanwhile, total equity rose faster by 9.4%, from ₱398.9 billion as of end-2023 to ₱436.2 billion as of end-2024, primarily driven by the continued plow back of earnings.

SMPH's DE ratio held steady at 0.9x, while its debt-to-capitalization ratio marginally declined from 47.9% as of end-2023 to 47.2% as of end-2024. Solvency ratio was stable at 1.7x.

6M2025 VS. 6M2024

SMPH's total debt rose by 4.4% to ₱406.9 billion as of end-June 2025, as it secured additional debts to fund ongoing projects. Total equity likewise increased by 2.2% to ₱446.0 billion, primarily driven by retained earnings.

DE ratio remained steady at 0.9x, while total debt-to-capitalization ratio was slightly up to 47.7%. Solvency ratio continued to be stable at 1.7x.

In line with the ₱5.0 to ₱10.0 billion share buyback program approved in December 2024, SMPH repurchased more than eight million shares in 6M2025 at an average price of ₱22.18, for a total consideration of ₱179.8 million.

Projected Period

SMPH's capital structure is seen to strengthen over the forecast period, backed by the projected decline in borrowings as the Company gradually settles debt obligations. Refinancing activities will be controlled, allowing overall debt levels to ease over time. On the other hand, stockholders' equity is anticipated to rise steadily, anchored on consistent profitability and the accumulation of retained earnings.

Based on the foregoing, leverage and solvency ratios are projected to improve, supporting a stronger capital position over the projected period.

Financial Flexibility

SMPH has established access to multiple funding sources. Its most recent bond offering in February 2025 was oversubscribed, enabling the Company to raise the full ₱25.0 billion, including the oversubscription option. The bonds, issued under Series Y, Series Z, and Series AA, will mature in 2028, 2031, and 2035, respectively. Moreover, the Company has access to ample credit lines from both local and international institutions, providing SMPH with added flexibility in funding its requirements.

The Company may also tap into the equities market, being one of the largest listed real estate developers on the Philippine Stock Exchange (PSE) based on capitalization. As of September 11, 2025, SMPH had a market capitalization of ₱690.0 billion.