



## Investor Kit

This presentation is available online through [www.smprime.com](http://www.smprime.com)

# Disclaimer

This presentation does not constitute a prospectus or other offering memorandum in whole or in part. This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities of the Company. There shall be no sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to any qualification under the securities laws of such state or jurisdiction. This presentation has not been and will not be reviewed or approved by any statutory or regulatory authority or any stock exchange in the Philippines or elsewhere. Prospective investors should undertake their own assessment with regard to their investment and they should obtain independent advice on any such investment's suitability, inherent risks and merits and any tax, legal and accounting implications which it may have for them.

This presentation contains statements about future events and expectations that constitute "forward-looking statements." These forward-looking statements include words or phrases such as the Company or its management "believes", "expects", "anticipates", "intends", "may", "plans", "foresees", "targets", "aims" "would", "could" or other words or phrases of similar import. Similarly, statements that describe the Company's objectives, plans or goals are also forward-looking statements. All such forward-looking statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Such forward-looking statements are made based on management's current expectations or beliefs as well as assumptions made by, and information currently available to, management. These forward-looking statements speak only as at the date of this presentation and nothing contained in this presentation is or should be relied upon as a promise or representation as to the future.

This presentation and the contents hereof are for the exclusive use of the intended recipient(s). This presentation and the contents hereof should not be (i) forwarded or delivered or transmitted in any manner whatsoever, to any other person other than the intended recipient(s); or (ii) reproduced in any manner whatsoever. Any forwarding, distribution or reproduction of this presentation in whole or in part is unauthorized. This presentation must not be distributed to the press or any media organization. By accepting this presentation, the recipient agrees to keep confidential at all times information contained in or made available in connection with this presentation.

Neither the Company nor its advisor, nor any of their respective affiliates, shareholders, directors, employees, agents or advisers makes any expressed or implied representations or warranties as to the accuracy and completeness of the information contained herein or any other information (whether communicated in written or oral form) and each of the foregoing parties expressly disclaims any and all responsibility and liability of any kind (including any contractual, non-contractual, or third party liability) for any loss or damage, whether or not arising from any error or omission in compiling such information or as a result of any party's reliance or use of such information. The information in this presentation has not been independently verified. The information and opinions in this presentation are subject to change without notice, and no obligation is assumed by the Company nor its advisor, nor any of their respective affiliates, shareholders, directors, employees, agents or advisers to provide the recipient(s) with access to any additional information or to update this presentation or to correct any inaccuracies in it which may become apparent.

# Outline

## I. The Company

- ❑ Company Profile
- ❑ Key Business Units
  - ❑ Malls
  - ❑ Residences
  - ❑ Commercial
  - ❑ Hotels and Convention Centers
- ❑ Key Strategies
- ❑ Roadmap
- ❑ Landbank
- ❑ Capex Program

## II. Financial Highlights

- ❑ 1Q2017 Results



# Company Profile

- ❑ One of the largest integrated property developer in Southeast Asia by market capitalization
- ❑ The largest listed real estate developer on the PSE by market capitalization, total assets and net income
- ❑ Consistently cited for excellence in corporate governance, property development, environmental consciousness, and service

Market  
Capitalization

US\$18.92bn

PSE Stock Symbol	<b>SMPH</b>
Market Capitalization	PHP953bn
Outstanding Shares	28,879mn
Last Traded Price (June 30, 2017)	Php33.00/share
Average Daily Turnover (YTD)	US\$10.3mn

# Key Business Units



## Malls

- ▶ SM Supermalls
- ▶ SM Lifestyle and Entertainment Inc.
- ▶ Family Entertainment Center Inc.

## Residences

- ▶ SM Development Corp. and its subsidiaries
- ▶ Highlands Prime Inc.
- ▶ Costa Del Hamilo Inc.

## Commercial

- ▶ Offices and warehouses
- ▶ Mall of Asia Complex
- ▶ Seaside City Cebu

## Hotels & Convention Centers

- ▶ Radisson Blu
- ▶ Taal Vista
- ▶ Pico Sands
- ▶ Park Inn
- ▶ Conrad
- ▶ SMX Convention Center

# At a Glance

## Fast Facts

- ▶ 63 Malls in the Philippines
- ▶ 7 Malls in China
- ▶ 9.1 million square meters (sqm) total Gross Floor Area (GFA)

## 1Q2017 Operating Highlights

- ▶ Total Revenues of PHP12.7 billion rose by 11.4% from PHP11.4 billion of 1Q2016
- ▶ Operating Income grew by 12.1% to PHP7.0 billion from PHP6.3 billion
- ▶ Total Investment Properties of PHP213.1 billion



## Fast Facts

- ▶ 43 Residential Projects
- ▶ 103,043 Residential Units (since 2003)

## 1Q2017 Operating Highlights

- ▶ Total Real Estate Revenues of PHP5.9 billion went up by 6.8% from PHP5.5 billion in 1Q2016
- ▶ Operating Income reached PHP1.7 billion from PHP1.6 billion, up by 6.1%
- ▶ Total Assets amounted to PHP118.3 billion



## Fast Facts

- ▶ 6 Office Buildings with 383,084 sqm total GFA
- ▶ 3 warehouses and other facilities with GFA of 40,182 sqm

## 1Q2017 Operating Highlights

- ▶ Total Revenues increased by 15.9% to PHP749 million from PHP646 million
- ▶ Operating Income improved by 30.2% to PHP656 million from 1Q2016
- ▶ Total Investment Properties amounted to PHP33.6 billion



## Fast Facts

- ▶ 6 Hotels
- ▶ 1,510 Hotel Rooms
- ▶ 4 Convention Centers and 3 Trade Halls

## 1Q2017 Operating Highlights

- ▶ Total Revenues expanded by 81.6% to PHP1,122 million from PHP618 million, same period last year
- ▶ Operating Income of PHP266 million from PHP91 million, improved by 193.0%
- ▶ Total Investment Properties of PHP10.9 billion



# Key Business Units

Malls

Residences

Commercial

Hotels & Convention  
Centers

## Malls



**63** Malls Philippines

**7** Malls China

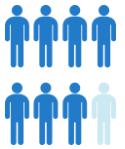
## Total GFA



**7.8M** sqm Philippines

**1.3M** sqm China

## Average Daily Pedestrian Count



**3.5M** Visitors Philippines

**0.2M** Visitors China

## Mall Tenants



**17,076** Tenants Philippines

**1,635** Tenants China

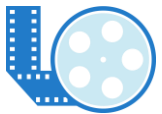
## Parking Slots



**81,414** Slots Philippines

**15,356** Slots China

## Cinema Seats



**145,653** Seats Philippines

**9,650** Seats China

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

# Key Business Units

Malls

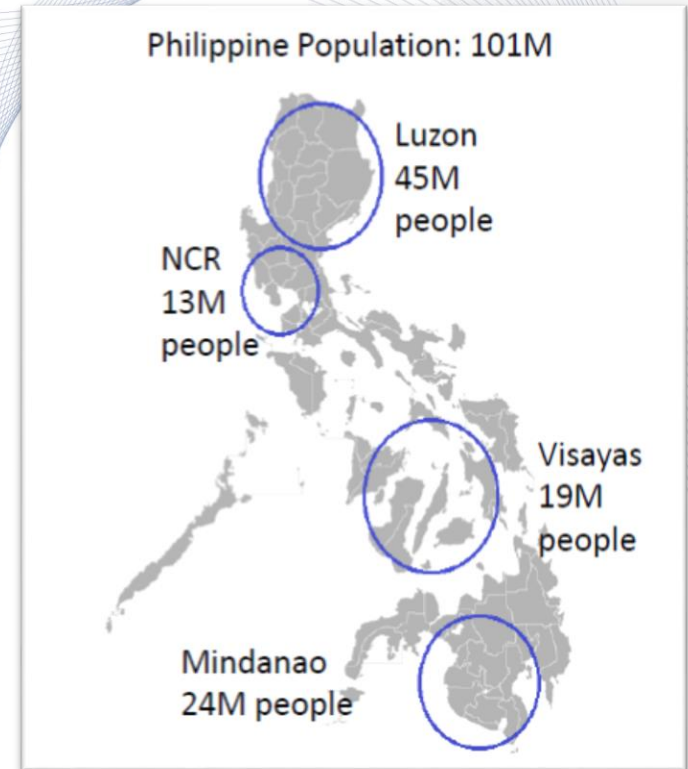
Residences

Commercial

Hotels & Convention  
Centers

## Philippine Malls

- ❑ Metro Manila malls accounts for 43% of total mall in terms of GFA: followed by Luzon (34%); Visayas (14%); and Mindanao (9%)
- ❑ Average mature mall occupancy rate of 94%
- ❑ New malls are geared towards the provincial cities in light of higher government spending on infrastructures
- ❑ Available landbank of 117.08 hectares





# Key Business Units

Malls

Residences

Commercial

Hotels & Convention  
Centers

## China Malls

- ❑ Operating in China since 2001 and became part of SM Prime in 2007
- ❑ Contributed 6% of the overall revenues and 4% of consolidated operating income in 2016
- ❑ Combined GFA is 1.3m sqm, 14% of the group's 9.1m sqm GFA
- ❑ SM City Tianjin soft opened in December 2016
- ❑ Future expansions will focus in Fujian province



SM Xiamen Lifestyle



SM City Tianjin



SM City Suzhou

# Key Business Units

Malls

Residences

Commercial

Hotels & Convention  
Centers

## Philippine Malls' Expansion Program

2016

Opening		GFA (sqm)
April	SM City San Jose Del Monte	114,186
May	SM City Trece Martires	83,783
November	Cherry SM Congressional	13,469
December	SM CityEast Ortigas	80,127
Expansions		
October	SM San Pablo	13,359
October	SM Molino	39,674
	Total	344,598
End of 2016	Total Malls	60
	GFA	7.7 mn sqm

2017

Opening		GFA (sqm)
May	SM CDO Downtown Premier	177,743
May	Cherry SM Antipolo	27,224
June	S Maison	26,076
September	SM Center Tuguegarao Downtown	48,000
September	SM City Puerto Princesa	73,000
October	SM Center Lemery	26,000
	Total	378,043
End of 2017	Total Malls	66
	GFA	8.0 mn sqm



# Key Business Units

Malls

Residences

Commercial

Hotels & Convention  
Centers

## Primary Homes

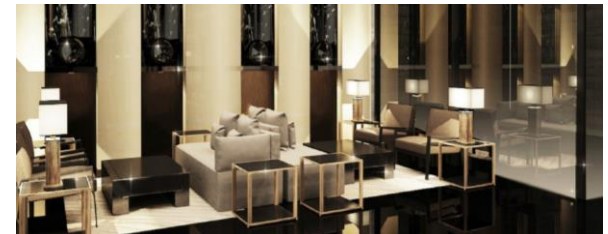
- ❑ A leading condominium developer in Metro Manila focus on affordable housing segment
- ❑ Accounts for 29% of the consolidated revenues
- ❑ 14 new projects and 6 expansions on existing residential projects will be launched this year, equivalent to at least 15,000 units, including mid-rise buildings (MRBs) and single detached house and lot
- ❑ Have a total landbank of 510.7 hectares



Fame Residences, Mandaluyong City



Jazz Residences, Makati City



Air Residences, Makati city

# Key Business Units

Malls

Residences

Commercial

Hotels & Convention Centers

## Primary Homes

### Projects Overview

Ready-for-Occupancy (RFO) (Unsold Units)	2,412
Ongoing Construction (Unsold Units)	12,330
1Q2017 Reservation Sales (value)	PHP12.3 bn
1Q2017 Reservation Sales (units)	3,988
2017 Planned launches	15,000-18,000 units (est.)
2017 CAPEX	PHP16.7bn

### Landbank (Hectares)

Metro Manila	69.3
Outside Metro Manila	441.4
Land for Future Projects	510.7



Coast Residences, Pasay City



# Key Business Units

Malls

Residences

Commercial

Hotels & Convention  
Centers

## Leisure Homes

- ❑ Have 2 large-scale tourism projects – Tagaytay Highlands and Pico de Loro
  - Tagaytay Highlands is an exclusive mountain resort, golf club and residential complex
  - 40 hectares Pico de Loro project is Phase 1 of Hamilo Coast project, a premier and sustainable leisure destination in Nasugbu, Batangas
- ❑ Landbank of 515.6 hectares



Pico de Loro at Hamilo Coast



Construction of Woodridge Place's Mahogany and Linden buildings



The Aspenhills Village Hall

# Key Business Units

Malls

Residences

Commercial

Hotels & Convention  
Centers

## Offices

- ❑ Have a GFA of 383,00 sqm for 6 completed buildings
- ❑ Intend to add three more office buildings within MOA Complex
- ❑ Have an available land bank of 83 hectares

### Completed Projects



TwoE-comCenter

FiveE-comCenter

### On-going Project



ThreeE-comCenter

FourE-comCenter



# Key Business Units

Malls

Residences

Commercial

Hotels & Convention Centers

## Hotels & Convention Centers

- ❑ Operating with 6 hotels with over 1,500 rooms; 4 SMX Convention Centers, and 3 Megatrade Halls with over 40,000 sqm of leasable space
- ❑ Opened the 347-room Conrad Manila in Mall of Asia Complex in June 2016



Radisson Blu Hotel



Pico Sands Hotel



Park Inn by Radisson



Park Inn Clark



Conrad Manila



SMX Convention Center

# Key Strategies

- 1 Increase acquisition of large-scale strategic landbank and develop more lifestyle cities
- 2 Leverage on world-class malls to anchor lifestyle city strategy
- 3 Optimize existing properties
- 4 Focus on affordable and economic housing products
- 5 Continue the rollout of offices, hotels and convention centers
- 6 Maintain strong balance sheet, prudent risk & capital management and good governance







# 5-Year Roadmap to 2018

	Malls	Residences		Commercial	Hotels & Convention Centers
		Primary Homes	Leisure Homes		
2018E	GFA: 10.5 Million sqm (86% Phil + 14% China)	Launched Units: 138,010 Projects: 70	Launched Units: 3,031 Projects: 22	GFA: 0.51 Million sqm No of Towers: 7	Rooms: 1,510 Projects: 6
	<b>+13% in GFA</b>	<b>+15% in units</b>	<b>+21% in units</b>	<b>+34% in GFA</b>	<b>+0% in rooms</b>
2017 E	GFA: 9.3 Million sqm (86% Phil + 14% China)	Launched Units: 120,214 Projects: 54	Launched Units: 2,507 Projects: 16	GFA: 0.38 Million sqm No of Towers: 6	Rooms: 1,510 Projects: 6
	<b>+4% in GFA</b>	<b>+17% in units</b>	<b>+17% in units</b>	<b>+0% in GFA</b>	<b>+0% in rooms</b>
2016 A	GFA: 8.9 Million sqm (86% Phil + 14% China)	Launched Units: 102,424 Projects: 39	Launched Units: 2,148 Projects: 13	GFA: 0.38 Million sqm No of Towers: 6	Rooms: 1,510 Projects: 6
	<b>+8% in GFA</b>	<b>+15% in units</b>	<b>+6% in units</b>	<b>+16% in GFA</b>	<b>+29% in GFA</b>
2015 A	GFA: 8.3 Million sqm (89% Phil + 11% China)	Launched Units: 89,065 Projects: 34	Launched Units: 2,035 Projects: 12	GFA: 0.33 Million sqm No of Towers: 5	Rooms: 1,167 Projects: 5
	<b>+14% in GFA</b>	<b>+28% in units</b>	<b>0% in units</b>	<b>+75% in GFA</b>	<b>+15% in rooms</b>
2014 A	GFA: 7.3 Million sqm (89% Phil + 11% China)	Launched Units: 69,421 Projects: 25	Launched Units: 2,035 Projects: 12	GFA: 0.19 Million sqm No of Towers: 4	Rooms: 1,015 Projects: 4
	<b>+4% in GFA</b>	<b>+9% in units</b>	<b>0% in units</b>	<b>+28% in GFA</b>	<b>+0% in rooms</b>
2013 A	GFA: 7.0 Million sqm (89% Phil + 11% China)	Launched Units: 63,892 Projects: 21	Launched Units: 2,035 Projects: 12	GFA: 0.15 Million sqm No of Towers: 3	Rooms: 1,015 Projects: 4

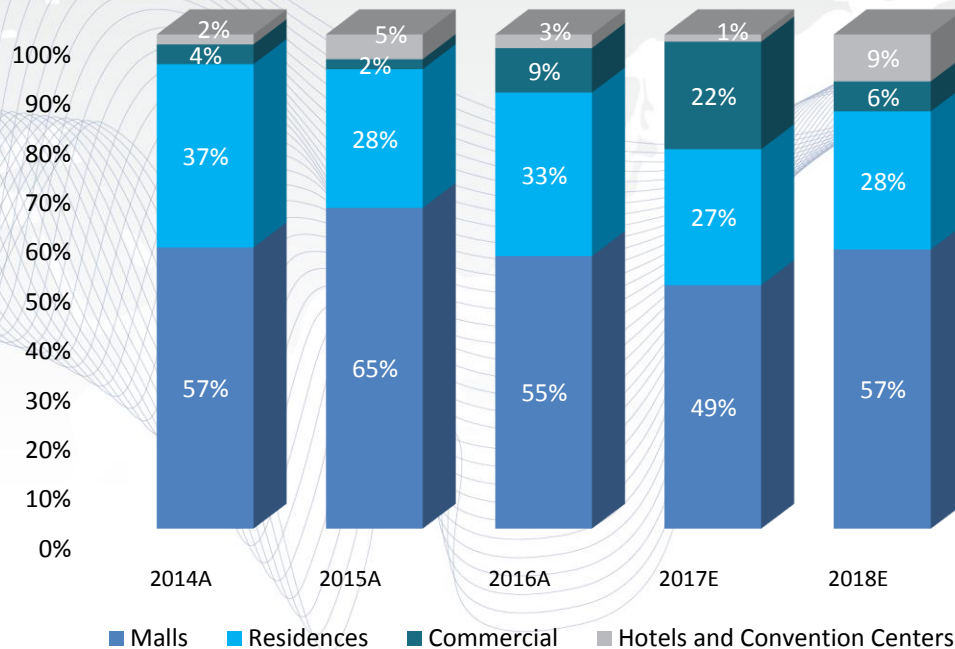
- ❑ We are on schedule to meet the 5-Year Program unveiled in 2013
- ❑ The growth will be driven by malls and residential operations complemented by offices and hotels and convention centers

# Landbank

	No. of Sites	Area (in hectares)	% of Total	Area by Region (in hectares)		
				Metro Manila	Provincial	China
 Malls	30	117	10%	11	96	10
 Primary Homes	57	511	41%	69	442	-
 Leisure Homes	2	516	42%	-	516	-
 Commercial	17	83	7%	8	75	-
<b>Total</b>	<b>106</b>	<b>1,227</b>	<b>100%</b>	<b>88</b>	<b>1,129</b>	<b>10</b>

- ❑ SM Prime's landbank is good for the next 5 to 7 years, geared towards provincial expansions
- ❑ Leisure projects are for medium term development

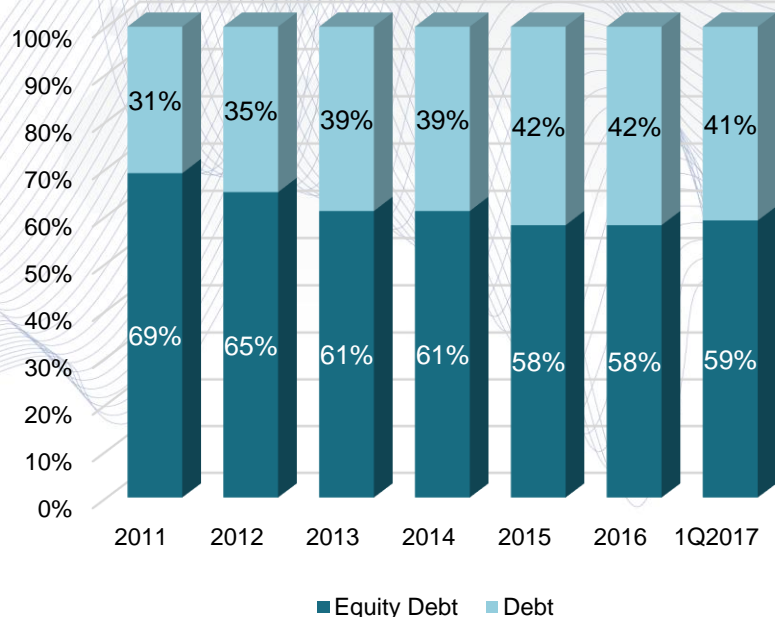
# CAPEX Program



- ❑ We will spend an average of PHP50bn annually over 2 years to support our provincial expansion
- ❑ The CAPEX program will be funded by combination of local borrowings and internal funds

# Maintain Conservative Balance Sheet

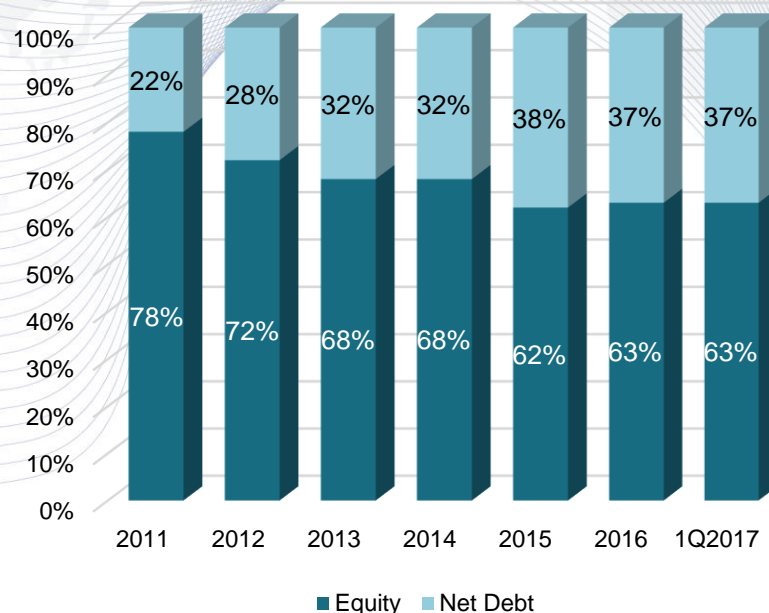
## Debt to Equity\*



\*Total interest-bearing liabilities

Total equity attributable to equity holders of the parent +  
Total interest-bearing liabilities

## Net debt to equity\*\*



\*\*Total interest-bearing liabilities- cash & cash equivalents  
and investment securities

Total equity attributable to equity holders of the parent +  
Total interest-bearing liabilities- cash & cash equivalents  
and investment securities



The background of the slide features a light gray world map. Overlaid on the map are several sets of wavy, concentric lines in a light blue color, creating a sense of motion and global connectivity.

# Financial Highlights

# Consolidated Financials

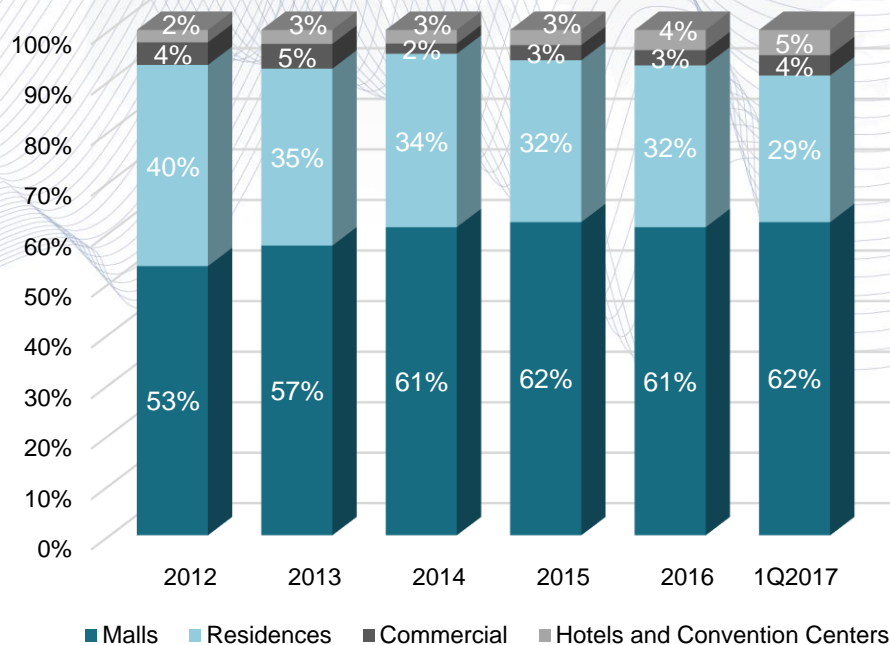
Malls

Residences

Commercial

Hotels & Convention  
Centers

## Revenue Segment Contribution



- ❑ Malls accounts for more than 60% of SM Prime's overall revenues while Residences contributes to 29%
- ❑ Hotels and Convention Centers takes up 5% and Commercial Properties Group covers the rest

# Consolidated Financials

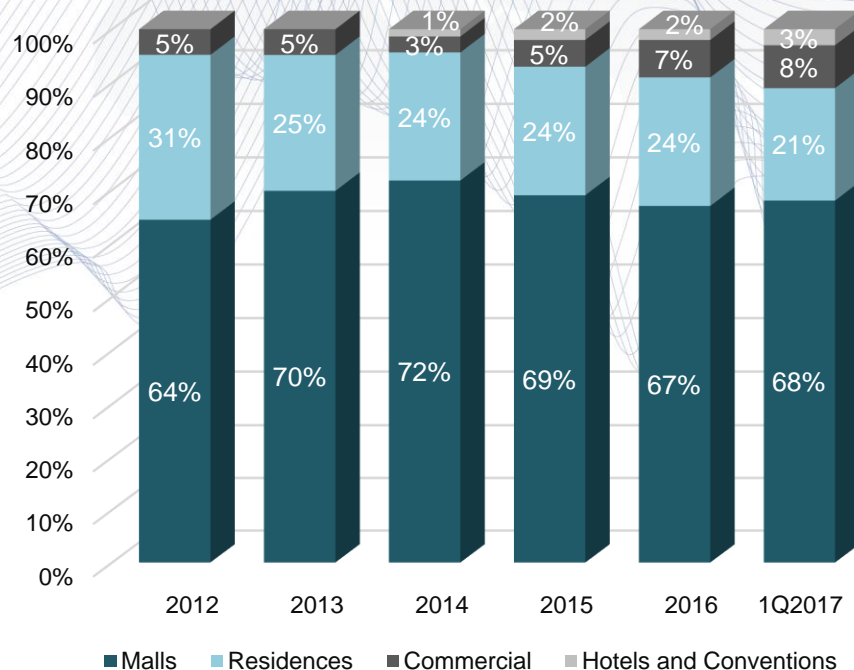
Malls

Residences

Commercial

Hotels & Convention  
Centers

## Net Income Segment Contribution



- ❑ 75% of the consolidated net income is recurring while the rest comes from developmental income
- ❑ Malls contribute the most among key business units
- ❑ The contribution from these BUs should be sustained over the medium term

# Consolidated Financials

Malls

Residences

Commercial

Hotels & Convention  
Centers

(In PHP billion)	1Q2017	1Q2016	% Chg
Revenues	20.5	18.2	12.4%
EBITDA	11.6	10.1	14.3%
Operating Income	9.6	8.4	14.3%
Net Income	6.6	5.8	13.0%

- ❑ SM Prime reported a net income growth of 13.0% in 1Q2017 to PHP6.6bn from PHP5.8bn in 1Q2016 on the back of a 12.4% growth in consolidated revenues to PHP20.5 billion from PHP18.2 billion
- ❑ Growth was largely due to the continued mall expansions and higher real estate sales



# Financials

<div>Malls: Phil</div> <div>Residences</div> <div>Commercial</div> <div>Hotels &amp; Convention Centers</div>			
(In PHP billion)	1Q2017	1Q2016	% Chg
Revenues	11.6	10.3	12.1%
- Rent Income	9.6	8.7	10.5%
- Cinema and Event Ticket Sales and others	2.0	1.6	20.4%
EBITDA	8.0	7.0	13.5%
Operating Income	6.6	5.7	15.7%

- ❑ Revenues went up by 12.1% to PHP11.6bn in 1Q2017 from PHP10.3bn mostly driven by the additional GFA of 1.1 million sqm added since 2015 and sustained by the 7% same-mall-sales
- ❑ Operating income grew by 15.7% to PHP6.6bn from PHP5.7bn, while operating margins improved to 58% from 56% in the same period

# Financials

Malls: China	Residences	Commercial	Hotels & Convention Centers
(In PHP million)	1Q2017	1Q2016	% Chg
Revenues	1,139	1,088	4.7%
- Rent Income	1,102	1,051	4.9%
- Others	37	37	0.1%
EBITDA	766	779	-1.6%
Operating Income	413	554	-25.5%

- Revenues rose by 4.7% to PHP1,139mn in 1Q2017 from PHP1,088mn in the same period last year, inclusive of initial contribution from SM City Tianjin
- Excluding SM City Tianjin, operating income increased by 19.6% to PHP662mn from PHP554mn while operating income margin likewise grew to 59% from 51% YoY

# Financials

	Malls	Residences	Commercial	Hotels & Convention Centers
(In PHP billion)		1Q2017	1Q2016	% Chg
Revenues		6.0	5.6	6.5%
EBITDA		1.7	1.6	6.2%
Operating Income		1.7	1.6	6.1%

- ❑ Posted 6.5% revenue growth to PHP6.0bn in 1Q2017 from PHP5.6bn due to higher real estate sales and construction accomplishments of residential projects since 2014
- ❑ SMDC's reservation sales was up by 52.0% to PHP12.3bn from PHP8.1bn last year, equivalent to a 35.2% improvement on unit sales to 3,988 units from 2,949 units
- ❑ Gross profit margin increased to 48% from 47%, while net income margin stood at 23%



# Financials

Malls

Residences

Commercial

Hotels & Convention  
Centers

(In PHP million)	1Q2017	1Q2016	% Chg
Revenues	749	646	15.9%
EBITDA	741	589	25.8%
Operating Income	656	504	30.2%

- ❑ Commercial Properties Group registered a 15.9% revenue increase to PHP749mn from PHP646mn due to the new rental revenues from FiveE-comCenter
- ❑ ThreeE-ComCenter (GFA of 115,000 sqm) and FourE-ComCenter (GFA of 123,000 sqm) are currently under construction and are scheduled for completion in 2018 and 2020, respectively

# Financials

Malls: China

Residences

Commercial

**Hotels & Convention  
Centers**

(In PHP million)	1Q2017	1Q2016	% Chg
Revenues	1,122	618	81.6%
EBITDA	398	162	146.4%
Operating Income	266	91	193.0%

- ❑ Hotels and Convention Centers revenues reached PHP1,122mn in 1Q2017 from PHP618mn, up by 81.6%
- ❑ Overall revenue growth is attributed to improvement in occupancy rates and the opening Conrad Manila in June 2016

# Consolidated Balance Sheet

(In PHP Million (except % data))	1Q2017	% to Assets	2016	% to Assets
<b>Assets</b>				
Cash and cash equivalents	26,972	6%	25,201	5%
Available-for-sale investments	25,206	5%	21,213	5%
Receivables	30,689	6%	32,833	7%
Investment Properties	257,632	53%	251,499	54%
Land and development	52,408	11%	46,701	10%
Condominium and residential units for sale	6,941	2%	5,206	1%
Other Assets	87,284	18%	82,907	18%
<b>Total Assets</b>	<b>487,132</b>	<b>100%</b>	<b>465,560</b>	<b>100%</b>
<b>Liabilities and Stockholders' Equity</b>				
Interest bearing debt	170,548	35%	164,378	35%
Accounts payable and others	72,734	15%	65,819	14%
<b>Total Liabilities</b>	<b>243,282</b>	<b>50%</b>	<b>230,197</b>	<b>49%</b>
<b>Total Equity</b>	<b>243,850</b>	<b>50%</b>	<b>235,364</b>	<b>51%</b>

- ❑ Continue to maintain a very conservative balance sheet
- ❑ More than half of our assets are in the Investment properties (53%) while our interest bearing debt accounts for only 35%



# Cash flow

(In PHP millions)	1Q2017	2016	2015	2014	2013	2012
Cash Flows from Operating Activities						
Operating Income before Working Capital Changes	11,396	42,122	36,362	33,568	30,020	26,865
Cash Generated from Operations	11,338	43,597	37,425	11,646	28,030	10,233
Cash flows from Investing Activities	(12,701)	(32,999)	(55,230)	(29,389)	(30,715)	(20,528)
Cash Flows from Financing Activities	4,090	(5,604)	14,015	30,750	12,709	17,907
Net Cash and Cash Equivalents	1,771	(669)	(9,375)	8,104	5,843	3,954
Cash and Cash Equivalents at Beginning of Year	25,201	25,870	35,245	27,142	21,299	17,345
<b>Cash and Cash Equivalents at End of Year</b>	<b>26,972</b>	<b>25,201</b>	<b>25,870</b>	<b>35,245</b>	<b>27,142</b>	<b>21,299</b>

- ❑ Net gearing is equivalent to 37:63 in 2016, well within the management target of keeping 50:50 net debt to equity ratio
- ❑ Cash flow mostly come from malls and residential operations

# Investment Highlights

- ❑ Establish strong brand equity
- ❑ Leading integrated real estate platform with strong track record across full suite of asset classes
- ❑ World-class retail malls business, which will anchor future lifestyle city projects
- ❑ Significant growth opportunities from landbank optimization and future acquisitions
- ❑ Strong balance sheet supported by strong recurring income
- ❑ Highly experienced management team and strong corporate governance





**Thank You.**