



Investor Kit

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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

- ❑ 1H2017 Results

Company Profile

- ❑ One of the largest integrated property developers 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\$19.7bn

| PSE Stock Symbol | SMPH |
|------------------------------------|----------------|
| Market Capitalization | PHP1,006bn |
| Outstanding Shares | 28,879mn |
| Last Traded Price (Oct 9, 2017) | Php34.85/share |
| Average Daily Turnover (YTD) | US\$6.0mn |

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

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

1H2017 Operating Highlights

- ▶ Total Revenues of PHP25.7 billion increased by 9.7% from PHP23.4 billion
- ▶ Operating Income improved by 9.9% to PHP14.2 billion from PHP12.9 billion
- ▶ Total Investment Properties of PHP215.5 billion

Fast Facts

- ▶ 44 Residential Projects
- ▶ 107,712 Residential Units (since 2003)

1H2017 Operating Highlights

- ▶ Total Real Estate Revenues reached PHP13.6 billion, up by 4.6% from PHP13.0 billion
- ▶ Operating Income grew by 8.4% to PHP4.3 billion from PHP3.9 billion
- ▶ Total Assets amounted to PHP127.5 billion

Fast Facts

- ▶ 6 Office Buildings with 383,000 sqm total GFA
- ▶ 3 warehouses and other facilities with GFA of 40,000 sqm

1H2017 Operating Highlights

- ▶ Total Revenues rose by 14.2% to PHP1.5 billion from PHP1.3 billion
- ▶ Operating Income expanded by 23.4% to PHP1.3 billion from PHP1.0 billion
- ▶ Total Investment Properties amounted to PHP34.2 billion

Fast Facts

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

1H2017 Operating Highlights

- ▶ Total Revenues went up by 72.8% to PHP2.2 billion from PHP1.3 billion
- ▶ Operating Income was 207.3% higher to PHP509 million from PHP166 million
- ▶ Total Investment Properties of PHP10.9 billion



Key Business Units

Malls

Residences

Commercial

Hotels & Convention
Centers

Malls



65 Malls Philippines

7 Malls China

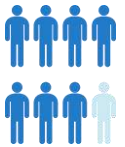
Total GFA



7.97M sqm Philippines

1.27M sqm China

Average Daily Pedestrian Count



3.5M Visitors Philippines

0.2M Visitors China

Mall Tenants



16,671 Tenants Philippines

1,782 Tenants China

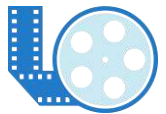
Parking Slots



83,123 Slots Philippines

15,243 Slots China

Cinema



330 Screens Philippines

58 Screens China

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

Key Business Units

Malls

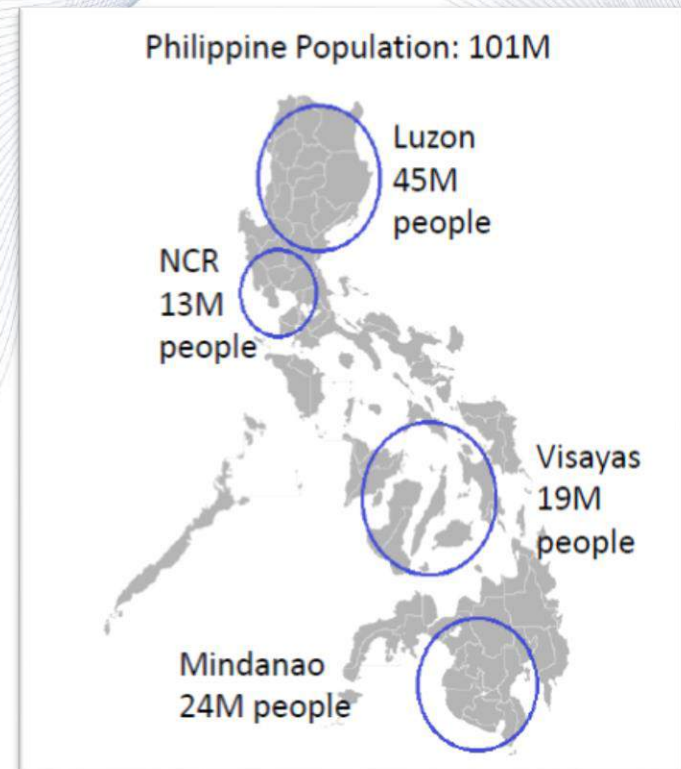
Residences

Commercial

Hotels & Convention
Centers

Philippine Malls

- ❑ Metro Manila malls accounts for 36% in terms of mall count: followed by Luzon (48%); Visayas (8%); and Mindanao (8%)
- ❑ Average mature mall occupancy rate of 95%
- ❑ Same-Mall-Sales-Growth (SMSG) is 7% year-on-year (YoY)



Key Business Units

Malls

Residences

Commercial

Hotels & Convention
Centers

Philippine Malls' Expansion Program (for the next 2 years)

- ❑ New malls are geared towards the provincial cities
- ❑ To date, we opened SM Center Tuguegarao Downtown, SM City Puerto Princesa SM CDO Downtown Premier in Cagayan de Oro, S Maison in Conrad Manila, Pasay and SM Cherry Antipolo in Rizal
- ❑ Available landbank of 128.62 hectares which is good for over the next 5 years

| New Malls |
|----------------------|
| SM Center Lemery |
| SM Center Pulilan |
| SM Center Imus |
| SM City Legazpi |
| SM City Urdaneta |
| SM City Telabastagan |
| SM City Ormoc |
| SM Center Dagupan |
| SM City Roxas |
| SM City Butuan |

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 5% of the overall revenues and 4% of consolidated operating income in 1H2017
- ❑ Combined GFA is 1.3m sqm, 14% of the group's 9.2m 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

Primary Homes

- ❑ A leading condominium developer in Metro Manila focused on affordable housing segment
- ❑ Accounts for 32% of the consolidated revenues
- ❑ 6 new projects and 9 expansions on existing residential projects will be launched this year, equivalent to at least 15,000 units, including high-rise buildings (HRBs) mid-rise buildings (MRBs) and single detached house and lot
- ❑ Have a total landbank of 500.38 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) | 2,309 |
| Ongoing Construction (Unsold Units) | 13,913 |
| 1H2017 Reservation Sales (value) | PHP27.6 bn |
| 1H2017 Reservation Sales (units) | 8,699 |
| 2017 Planned launches | 15,000-18,000 units (est.) |
| 2017 CAPEX | PHP17.2bn |

Landbank (Hectares)

| | |
|--------------------------|--------|
| Metro Manila | 67.16 |
| Outside Metro Manila | 433.22 |
| Land for Future Projects | 500.38 |



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, covering the areas in Cavite and Batangas provinces
 - 40 hectares Pico de Loro project is Phase 1 of Hamilo Coast project, a premier and sustainable leisure destination in Nasugbu, Batangas
- ❑ Landbank of 542.0 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 383,000 sqm for 6 completed buildings
- ❑ ThreeE-ComCenter (GFA of 130,000 sqm) and FourE-ComCenter (GFA of 191,000 sqm) are currently under construction and are scheduled for completion in 2018 and 2020, respectively
- ❑ Have an available land bank of 76 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 6 hotels with over 1,500 rooms; 4 SMX Convention Centers, and 3 Megatrade Halls with almost 37,000 sqm of leasable space
- ❑ Opened the 347-room Conrad Manila in Mall of Asia Complex, Pasay City 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 |
| | +13% in GFA | +15% in units | +21% in units | +34% in GFA | +0% in rooms |
| 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 |
| | +4% in GFA | +17% in units | +17% in units | +0% in GFA | +0% in rooms |
| 2016 A | GFA: 8.9 Million sqm (86% Phil + 15% 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 |
| | +8% in GFA | +15% in units | +6% in units | +16% in GFA | +29% in GFA |
| 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 |
| | +14% in GFA | +28% in units | 0% in units | +75% in GFA | +15% in rooms |
| 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 |
| | +4% in GFA | +9% in units | 0% in units | +28% in GFA | +0% in rooms |
| 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 |

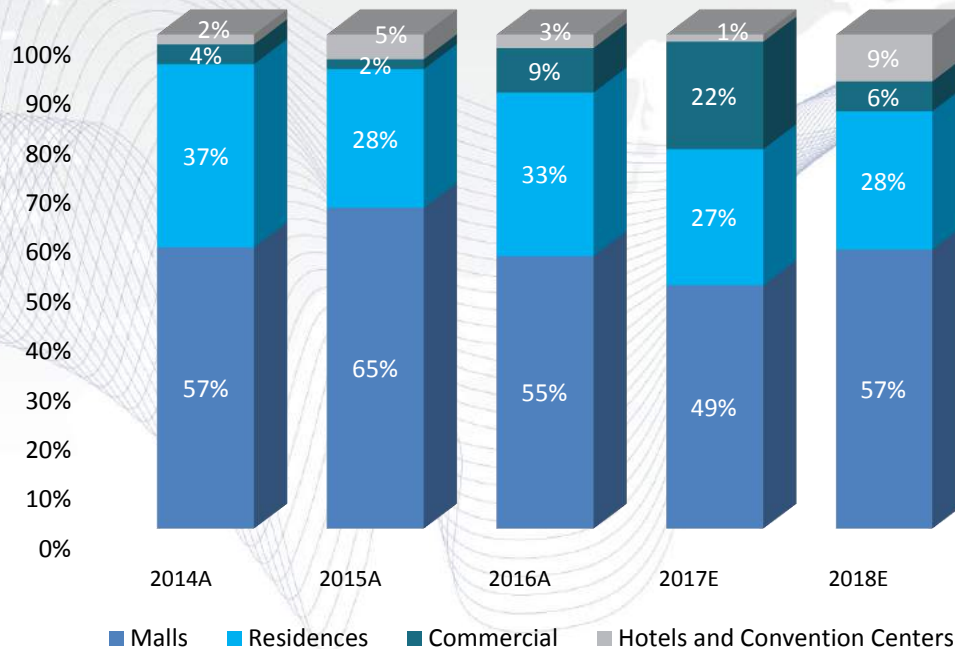
- ❑ We are on schedule to meet the 5-Year Program unveiled in 2013
- ❑ The growth will be driven by malls and residential operations complemented by offices and hotels and convention centers

Landbank

| | No. of Sites | Area (in hectares) | % of Total | Area by Region (in hectares) | | |
|---|--------------|-----------------------|-------------|------------------------------|--------------|-----------|
| | | | | Metro Manila | Provincial | China |
|  Malls | 34 | 129 | 11% | 11 | 108 | 10 |
|  Primary Homes | 66 | 500 | 41% | 67 | 433 | - |
|  Leisure Homes | 2 | 542 | 45% | - | 542 | - |
|  Commercial | 17 | 76 | 3% | 9 | 67 | - |
| Total | 119 | 1,247 | 100% | 87 | 1,150 | 10 |

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

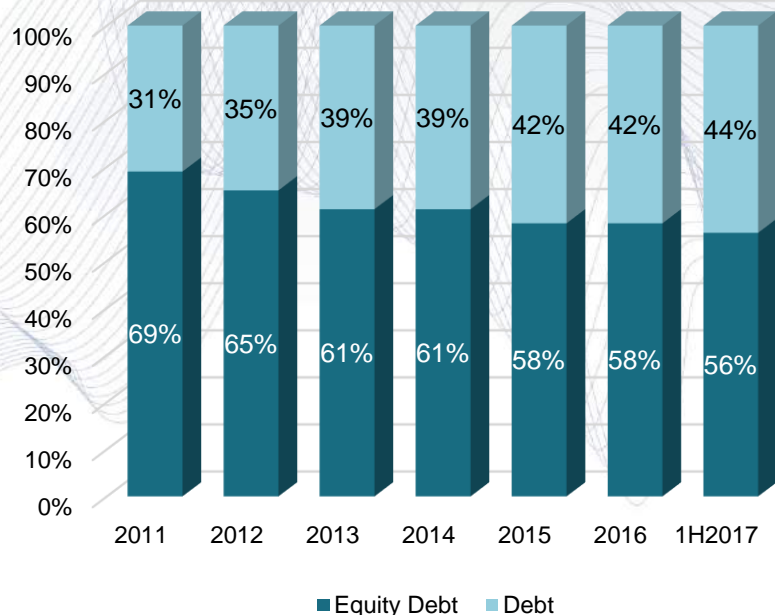
CAPEX Program



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

Maintain Conservative Balance Sheet

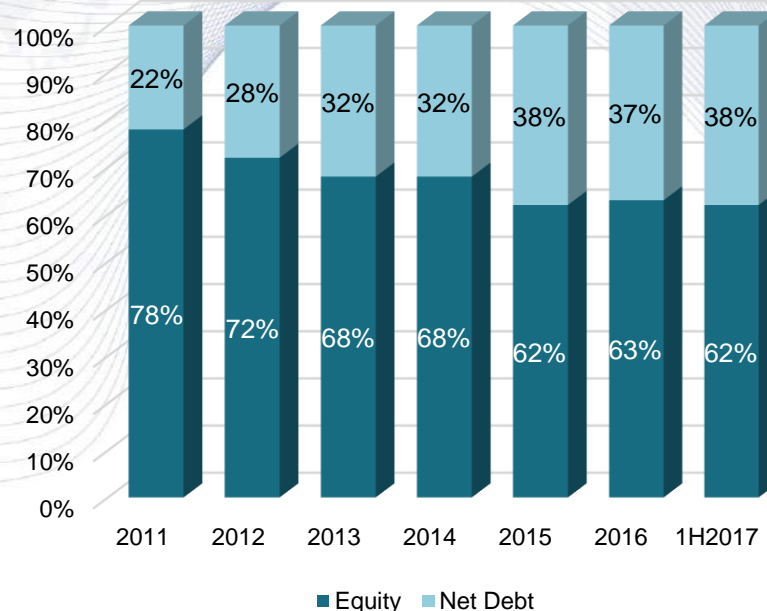
Debt to Equity*



*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



Financial Highlights

Consolidated Financials

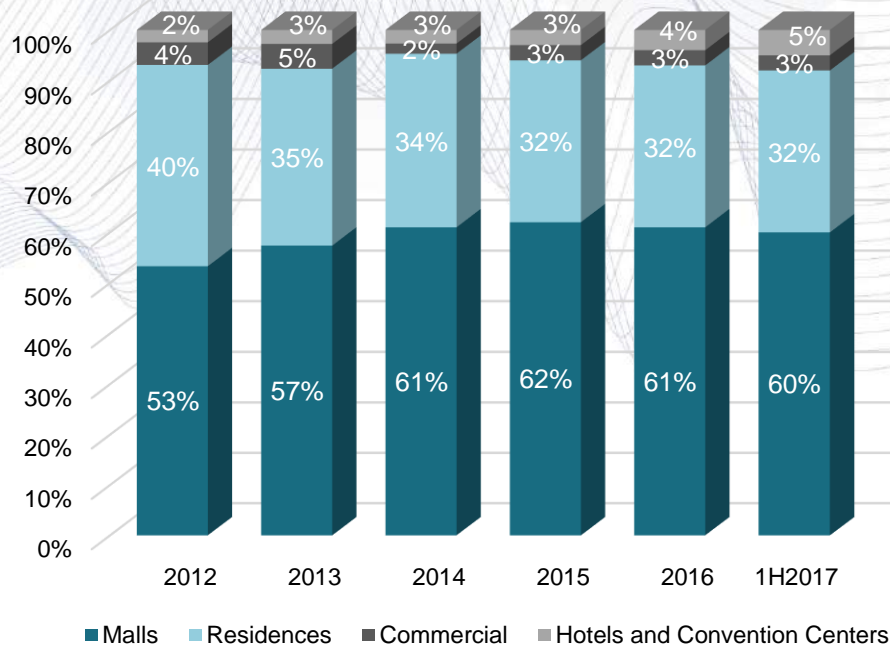
Malls

Residences

Commercial

Hotels & Convention
Centers

Revenue Segment Contribution



- ❑ Malls contributes to 60% of SM Prime's overall revenues while Residences accounts to 32%
- ❑ Hotels and Convention Centers takes up 5% and Commercial Properties Group covers the rest

Consolidated Financials

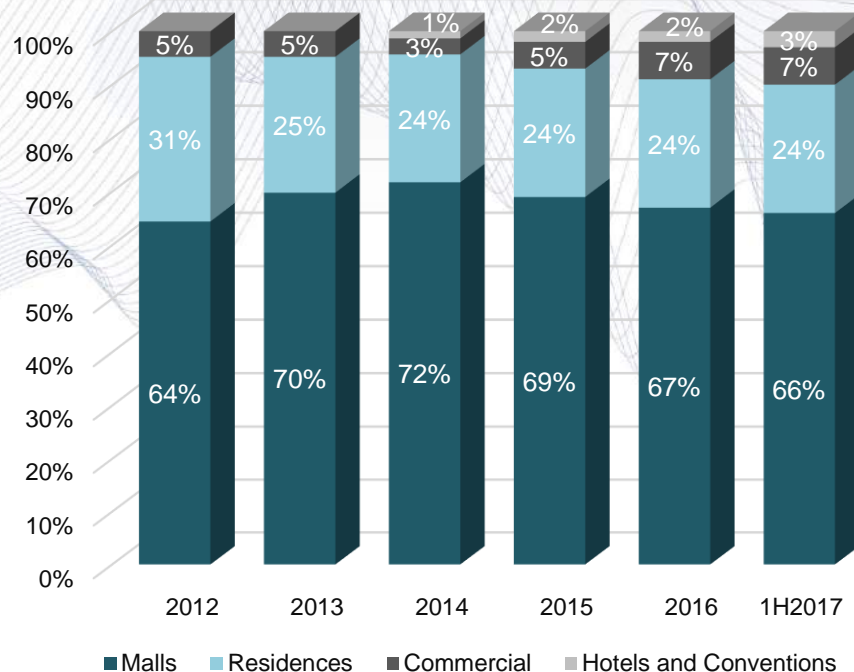
Malls

Residences

Commercial

Hotels & Convention
Centers

Net Income Segment Contribution



- ❑ Over 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) | 1H2017 | 1H2016 | % Chg |
|------------------|--------|--------|-------|
| Revenues | 43.3 | 39.2 | 10.2% |
| EBITDA | 24.2 | 21.3 | 13.5% |
| Operating Income | 20.1 | 17.8 | 12.7% |
| Net Income | 14.4 | 12.6 | 14.3% |

- ❑ Registered a 15% net income growth to PHP7.8bn in 2Q2017, pushing 1H2017 net income to PHP14.4bn from PHP12.6bn, up by 14%. Consolidated revenues increased by 10% to PHP43.3bn from PHP39.2bn
- ❑ Growth reflects a more balanced revenue and income streams from our businesses including the growing contribution from our provincial operations

Financials

| Malls: Phil | Residences | Commercial | Hotels & Convention Centers |
|--|------------|------------|-----------------------------|
| (In PHP billion) | 1H2017 | 1H2016 | % Chg |
| Revenues | 23.4 | 21.3 | 9.7% |
| - Rent Income | 19.5 | 17.8 | 10.0% |
| - Cinema and Event Ticket Sales and others | 3.9 | 3.6 | 8.6% |
| EBITDA | 16.2 | 14.4 | 12.2% |
| Operating Income | 13.3 | 11.8 | 12.6% |

- ❑ Revenues expanded by 10% in 1H2017 to PHP23.4bn in from PHP21.3bn, this is largely due to the additional GFA of 1.1 million sqm added since 2015 while SMSG is 7% YoY
- ❑ Operating income went up by 13% to PHP13.3bn from PHP11.8bn, likewise operating margins increased to 57% from 55% in the same period

Financials

| Malls: China | Residences | Commercial | Hotels & Convention Centers |
|------------------|------------|------------|-----------------------------|
| (In PHP million) | 1H2017 | 1H2016 | % Chg |
| Revenues | 2,281 | 2,097 | 8.7% |
| - Rent Income | 2,205 | 2,026 | 8.8% |
| - Others | 76 | 71 | 6.1% |
| EBITDA | 1,498 | 1,512 | -1.0% |
| Operating Income | 856 | 1,069 | -20.0% |

- Revenues grew by 9% to PHP2.3bn in 1H2017 from PHP2.1bn in the same period last year, inclusive of initial contribution from SM City Tianjin
- Excluding SM City Tianjin, operating income increased by 21.3% to PHP1.3bn from PHP1.1bn, while operating income margin grew to 57% from 51% YoY

Financials

| | Malls | Residences | Commercial | Hotels & Convention Centers |
|------------------|-------|------------|------------|-----------------------------|
| (In PHP billion) | | 1H2017 | 1H2016 | % Chg |
| Revenues | | 13.9 | 13.2 | 5.0% |
| EBITDA | | 4.4 | 4.0 | 8.4% |
| Operating Income | | 4.3 | 3.9 | 8.4% |

- ❑ Revenues improved by 5% to PHP13.9bn in 1H2017 from PHP13.2bn due to higher construction accomplishments of SMDC's residential projects since 2014
- ❑ SMDC's reservation sales expanded by 22% to PHP27.6bn from PHP22.6bn, this translates to an 8% increase on unit sales to 8,699 units from 8,078 units
- ❑ Gross profit margin increased to 49% from 47%, while net income margin improved to 25% from 24%

Financials

Malls

Residences

Commercial

Hotels & Convention
Centers

| (In PHP billion) | 1H2017 | 1H2016 | % Chg |
|------------------|--------|--------|-------|
| Revenues | 1.5 | 1.3 | 14.2% |
| EBITDA | 1.5 | 1.2 | 20.8% |
| Operating Income | 1.3 | 1.0 | 23.4% |

- ❑ Posted a 14% revenue growth to PHP1.5bn from PHP1.3bn YoY driven by the new rental revenues from FiveE-comCenter
- ❑ Operating income improved by 23% to PHP1.3bn from PHP1.0bn, operating income margin likewise rose by 84% from 78% in the same period

Financials

Malls: China

Residences

Commercial

Hotels & Convention
Centers

| (In PHP million) | 1H2017 | 1H2016 | % Chg |
|------------------|--------|--------|--------|
| Revenues | 2,247 | 1,300 | 72.8% |
| EBITDA | 787 | 324 | 142.9% |
| Operating Income | 509 | 166 | 207.3% |

- ❑ Revenues surged by 73% to PHP2.2bn this 1H2017 from PHP1.3bn of 1H2016
- ❑ Operating income expanded by 207% to PHP509mn from PHP166mn while operating income margin jumped by 23% from 13% in the same period
- ❑ Overall growth was highly attributed to the opening Conrad Manila in June 2016

Consolidated Balance Sheet

| (In PHP Million (except % data)) | 1H2017 | % to Assets | 2016 | % to Assets |
|---|----------------|-------------|----------------|-------------|
| Assets | | | | |
| Cash and cash equivalents | 37,773 | 7% | 25,201 | 5% |
| Available-for-sale investments | 26,122 | 5% | 21,213 | 5% |
| Receivables | 32,410 | 6% | 32,833 | 7% |
| Investment Properties | 260,675 | 51% | 251,499 | 54% |
| Land and development | 57,329 | 11% | 46,701 | 10% |
| Condominium and residential units for sale | 6,008 | 1% | 5,206 | 1% |
| Other Assets | 87,925 | 17% | 82,907 | 18% |
| Total Assets | 508,242 | 100% | 465,560 | 100% |
| Liabilities and Stockholders' Equity | | | | |
| Interest bearing debt | 189,205 | 37% | 164,378 | 35% |
| Accounts payable and others | 74,860 | 15% | 65,819 | 14% |
| Total Liabilities | 264,065 | 52% | 230,197 | 49% |
| Total Equity | 244,177 | 48% | 235,364 | 51% |

- ❑ Continue to maintain a very conservative balance sheet
- ❑ More than half of our assets are in the investment properties while our interest bearing debt accounts for 37%

Cash flow

| (In PHP millions) | 1H2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Cash Flows from Operating Activities | | | | | | |
| Operating Income before Working Capital Changes | 24,011 | 42,122 | 36,362 | 33,568 | 30,020 | 26,865 |
| Cash Generated from Operations | 21,835 | 43,597 | 37,425 | 11,646 | 28,030 | 10,233 |
| Cash flows from Investing Activities | (18,895) | (32,999) | (55,230) | (29,389) | (30,715) | (20,528) |
| Cash Flows from Financing Activities | 13,277 | (5,604) | 14,015 | 30,750 | 12,709 | 17,907 |
| | | | | | | |
| Net Cash and Cash Equivalents | 12,572 | (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 |
| Cash and Cash Equivalents at End of Year | 37,773 | 25,201 | 25,870 | 35,245 | 27,142 | 21,299 |

- ❑ Net gearing is equivalent to 38:62 in 1H2017, still 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 mall 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.