

COVER SHEET

SEC Registration Number

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COMPANY NAME

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PRINCIPAL OFFICE(No. / Street / Barangay / City / Town / Province)

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Form Type

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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

—

Company's Telephone Number

8857-0100

Mobile Number

—

No. of Stockholders

1,257

Annual Meeting (Month / Day)

--

Fiscal Year (Month / Day)

09/30

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Mr. Franklin C. Gomez

Email Address

—

Telephone Number/s

8857-0100

Mobile Number

—

CONTACT PERSON'S ADDRESS

10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-1A, Pasay City 1300

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SEC Number 16342
PSE Disclosure Security Code _____

SM INVESTMENTS CORPORATION

(Company's Full Name)

**10th Floor, One E-Com Center, Harbor Drive,
Mall of Asia Complex, CBP-IA, Pasay City 1300**

(Company's Address)

8857- 0100

(Telephone Number)

December 31

(Year Ending)
(month & day)

**SEC Form 17-Q
3rd Quarter Report**

Form Type

Amendment Designation (If applicable)

September 30, 2024

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **September 30, 2024**
2. Commission Identification Number **016342**
3. BIR Tax Identification No. **169-020-000**
4. Exact name of registrant as specified in its charter **SM INVESTMENTS CORPORATION**
5. **PHILIPPINES**
Province, Country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **10th Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-IA, Pasay City 1300**
Address of principal office Postal Code
8. **8857-0100**
Registrant's telephone number, including area code
9. Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding	Amount of Debt Outstanding
COMMON STOCK P10 PAR VALUE	1,222,023,358	N.A.

11. Are any or all of these securities listed on the Philippine Stock Exchange.
Yes ☒ No ☐
12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 11 of the Securities Regulation Code (SRC) and SRC Rule 11(a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes ☒ No ☐
 - (b) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

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PART I FINANCIAL INFORMATION

Item 1. Interim Condensed Consolidated Financial Statements

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

Unaudited Interim Condensed Consolidated Financial Statements
Balance Sheets as at September 30, 2024 (Unaudited) and
December 31, 2023 (Audited)
Statements of Income for the Nine-Month Periods Ended
September 30, 2024 and 2023 (Unaudited)

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 20 and 23)	P103,675,237	P103,745,558
Time deposits (Notes 6, 20 and 23)	219,555	602,466
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 7 and 24)	776,157	747,840
Receivables and contract assets (Notes 8 and 20)	82,527,721	79,209,522
Inventories (Note 9)	123,578,931	117,474,980
Other current assets (Notes 10 and 20)	50,285,444	57,690,959
Total Current Assets	361,063,045	359,471,325
Noncurrent Assets		
Financial assets at FVOCI - net of current portion (Notes 7 and 24)	27,817,509	26,317,778
Investments in associate companies and joint ventures (Note 11)	395,694,358	361,324,800
Time deposits - net of current portion (Notes 6, 20, 23 and 24)	3,096,482	22,324,681
Property and equipment (Note 12)	55,648,091	52,851,633
Investment properties (Note 13)	573,109,358	537,067,223
Right-of-use assets (Note 22)	48,722,913	48,540,412
Intangibles (Note 14)	40,386,972	40,275,568
Other noncurrent assets (Notes 14, 22, 23 and 24)	146,535,723	138,045,093
Total Noncurrent Assets	1,291,011,406	1,226,747,188
	P1,652,074,451	P1,586,218,513
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans (Notes 15, 20 and 23)	P29,673,643	P13,414,239
Accounts payable and other current liabilities (Notes 16, 20, and 22)	190,919,353	200,169,027
Income tax payable	3,511,295	3,649,923
Current portion of long-term debt (Notes 17, 20, and 23)	85,326,380	113,528,791
Total Current Liabilities	309,430,671	330,761,980
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 17, 20, 23 and 24)	387,477,413	374,758,859
Lease liabilities - net of current portion (Note 22)	32,797,060	32,342,279
Deferred tax liabilities (Note 21)	18,799,949	18,129,316
Tenants' deposits and others (Notes 22 and 24)	60,898,133	58,025,874
Total Noncurrent Liabilities	499,972,555	483,256,328
Total Liabilities	809,403,226	814,018,308
<i>(Forward)</i>		

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Equity Attributable to Owners of the Parent		
Capital stock (Note 18)	P12,261,146	P12,261,146
Additional paid-in capital	71,732,667	71,837,361
Treasury stock	(40,912)	(40,912)
Equity adjustments from common control transactions	(6,660,472)	(6,660,472)
Cost of Parent common shares held by subsidiaries	(25,386)	(25,386)
Cumulative translation adjustment	2,029,792	1,587,205
Fair value changes on cash flow hedges and others	153,240	809,143
Unrealized gain on financial assets at FVOCI (Note 7)	11,676,375	11,075,393
Remeasurement loss on defined benefit asset/obligation	(3,173,410)	(3,150,991)
Share in other comprehensive loss of associate companies and joint ventures - net	(7,582,706)	(11,376,601)
Retained earnings (Note 18):		
Appropriated	37,000,000	37,000,000
Unappropriated	493,181,743	443,288,813
Total Equity Attributable to Owners of the Parent	610,552,077	556,604,699
Non-controlling Interests	232,119,148	215,595,506
Total Equity	842,671,225	772,200,205
	P1,652,074,451	P1,586,218,513

See accompanying Notes to Condensed Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands Except Per Share Data)

	Nine-Month Periods Ended September 30		Three-Month Periods Ended September 30	
	2024	2023	2024	2023
REVENUES				
Sales:				
Merchandise	P292,630,649	P281,261,751	P102,316,382	P98,621,980
Real estate	31,803,773	29,879,518	12,212,676	11,309,830
Rent (Notes 13, 20 and 22)	49,785,301	45,199,667	16,877,087	15,623,858
Equity in net earnings of associate companies and joint ventures (Note 11)	37,246,315	32,816,893	12,602,202	11,218,944
Others (Note 19)	50,989,159	51,219,586	17,014,590	16,919,541
	462,455,197	440,377,415	161,022,937	153,694,153
COST AND EXPENSES (Note 9)	353,536,395	337,847,947	122,525,334	117,388,705
OTHER INCOME (CHARGES)				
Interest expense (Note 20)	(16,757,288)	(16,431,967)	(5,836,958)	(6,173,000)
Interest income (Note 20)	3,350,447	2,960,936	947,632	1,093,143
Loss from fair value changes on derivatives - net (Note 24)	(262,705)	(34,512)	(162,769)	(61,938)
Foreign exchange gain (loss) - net and others (Note 23)	857,891	335,978	(23,290)	258,918
	(12,811,655)	(13,169,565)	(5,075,385)	(4,882,877)
INCOME BEFORE INCOME TAX	96,107,147	89,359,903	33,422,218	31,422,571
PROVISION FOR INCOME TAX (Note 21)				
Current	11,603,616	11,765,296	4,068,170	3,600,310
Deferred	392,727	561,422	349,239	811,663
	11,996,343	12,326,718	4,417,409	4,411,973
NET INCOME	P84,110,804	P77,033,185	P29,004,809	P27,010,598
Attributable to				
Owners of the Parent	P60,889,457	P55,883,087	P20,687,651	P19,350,039
Non-controlling interests	23,221,347	21,150,098	8,317,158	7,660,559
	P84,110,804	P77,033,185	P29,004,809	P27,010,598
Basic/Diluted Earnings Per Common Share				
Attributable to Owners of the Parent (Note 25)	P49.83	P45.73	P16.93	P15.83

See accompanying Notes to Condensed Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME
(Amounts in Thousands)

	Nine-Month Periods Ended September 30		Three-Month Periods Ended September 30	
	2024	2023	2024	2023
NET INCOME	P84,110,804	P77,033,185	P29,004,809	P27,010,598
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified to profit or loss in subsequent periods				
Cumulative translation adjustment	895,809	(1,167,398)	(231,358)	465,611
Fair value changes on cash flow hedges	(1,264,574)	(1,139,320)	(763,909)	(208,977)
	(368,765)	(2,306,718)	(995,267)	256,634
Items not to be reclassified to profit or loss in subsequent periods				
Remeasurement gain (loss) on defined benefit obligation	(48,424)	—	2,641	—
Net unrealized gain (loss) on financial assets at FVOCI	819,354	(1,791,573)	2,750,285	300,886
Income tax relating to items not to be reclassified to profit or loss in subsequent periods	(216,805)	(539,625)	63,570	(4,345)
	554,125	(2,331,198)	2,816,496	296,541
Share in other comprehensive income (loss) of associate companies and joint ventures - net	3,879,659	(56,091)	3,526,402	(438,692)
TOTAL COMPREHENSIVE INCOME	P88,175,823	P72,339,178	P34,352,440	P27,125,081
Attributable to				
Owners of the Parent	P65,048,952	P52,665,142	P26,117,992	P19,327,729
Non-controlling interests	23,126,871	19,674,036	8,234,448	7,797,352
	P88,175,823	P72,339,178	P34,352,440	P27,125,081

See accompanying Notes to Condensed Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands Except Per Share Data)

	Equity Attributable to Owners of the Parent														
	Capital Stock	Additional Paid-in Capital	Treasury Stock	Equity Adjustments from Common Control Transactions	Cost of Parent Common Shares Held by Subsidiaries	Cumulative Translation Adjustment	Fair Value Changes on Cash Flow Hedges and Others	Unrealized Gain on Financial Assets at FVOCI	Remeasurement Loss on Defined Benefit Asset/ Obligation	Share in Other Comprehensive Loss of Associates - Net	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total	Non-controlling Interests	Total Equity
As at December 31, 2023 (Audited)	P12,261,146	P71,837,361	(P40,912)	(P6,660,472)	(P25,386)	P1,587,205	P809,143	P11,075,393	(P3,150,991)	(P11,376,601)	P37,000,000	P443,288,813	P556,604,699	P215,595,506	P772,200,205
Net income	—	—	—	—	—	—	—	—	—	—	—	60,889,457	60,889,457	23,221,347	84,110,804
Other comprehensive income (loss)	—	—	—	—	—	442,587	(655,903)	601,335	(22,419)	3,793,895	—	—	4,159,495	(94,476)	4,065,019
Total comprehensive income	—	—	—	—	—	442,587	(655,903)	601,335	(22,419)	3,793,895	—	60,889,457	65,048,952	23,126,871	88,175,823
Realized gain on sale of financial assets at FVOCI (Note 7)	—	—	—	—	—	—	—	(353)	—	—	—	353	—	—	—
Transactions with non-controlling interests	—	(104,694)	—	—	—	—	—	—	—	—	—	—	(104,694)	3,562	(101,132)
Cash dividends - P9.00 per share (Note 18)	—	—	—	—	—	—	—	—	—	—	—	(10,996,880)	(10,996,880)	—	(10,996,880)
Cash dividends received by non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(6,913,227)	(6,913,227)
Net change in non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	306,436	306,436
As at September 30, 2024	P12,261,146	P71,732,667	(P40,912)	(P6,660,472)	(P25,386)	P2,029,792	P153,240	P11,676,375	(P3,173,410)	(P7,582,706)	P37,000,000	P493,181,743	P610,552,077	P232,119,148	P842,671,225
As at December 31, 2022 (Audited)	P12,261,146	P75,839,217	(P40,912)	(P6,660,472)	(P25,386)	P2,102,782	P1,610,364	P11,823,413	(P1,721,868)	(P10,763,209)	P37,000,000	P375,463,837	P496,888,912	P195,301,099	P692,190,011
Net income	—	—	—	—	—	—	—	—	—	—	—	55,883,087	55,883,087	21,150,098	77,033,185
Other comprehensive loss	—	—	—	—	—	(576,418)	(465,300)	(2,120,708)	—	(55,519)	—	—	(3,217,945)	(1,476,062)	(4,694,007)
Total comprehensive income	—	—	—	—	—	(576,418)	(465,300)	(2,120,708)	—	(55,519)	—	55,883,087	52,665,142	19,674,036	72,339,178
Transactions with non-controlling interests	—	(4,614,844)	—	—	—	—	—	—	—	—	—	—	(4,614,844)	8,782	(4,606,062)
Cash dividends - P7.50 per share (Note 18)	—	—	—	—	—	—	—	—	—	—	—	(9,164,067)	(9,164,067)	—	(9,164,067)
Cash dividends received by non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(3,869,798)	(3,869,798)
Net change in non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(711,535)	(711,535)
As at September 30, 2023	P12,261,146	P71,224,373	(P40,912)	(P6,660,472)	(P25,386)	P1,526,364	P1,145,064	P9,702,705	(P1,721,868)	(P10,818,728)	P37,000,000	P422,182,857	P535,775,143	P210,402,584	P746,177,727

See accompanying Notes to Condensed Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Nine-Month Periods Ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱96,107,147	₱89,359,903
Adjustments for:		
Equity in net earnings of associate companies and joint ventures	(37,246,315)	(32,816,893)
Depreciation and amortization (Notes 12, 13, 14 and 22)	19,438,080	17,896,991
Interest expense	16,757,288	16,431,967
Interest income	(3,350,447)	(2,960,936)
Dividend income	(591,103)	(574,352)
Loss from fair value changes on derivatives - net	262,705	34,512
Unrealized foreign exchange gain and others - net	(444,049)	(27,539)
Income before working capital changes	90,933,306	87,343,653
Decrease (increase) in:		
Receivables and contract assets	(11,859,568)	(15,501,445)
Inventories	(6,080,933)	(13,602,163)
Other current assets	4,912,152	3,675,452
Increase (decrease) in:		
Accounts payable and other current liabilities	(4,029,795)	3,550,517
Tenants' deposits and others	2,198,337	6,439,948
Net cash generated from operations	76,073,499	71,905,962
Income tax paid	(11,745,939)	(11,823,509)
Net cash provided by operating activities	64,327,560	60,082,453
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of:		
Investments in associate companies and joint ventures	1,585,559	–
Property and equipment	312,345	42,696
Investment properties	272,640	8,138
Additions to:		
Investment properties (Note 13)	(45,920,991)	(54,728,824)
Property and equipment (Note 12)	(8,835,351)	(7,154,682)
Investments in associate companies and joint ventures (Note 11)	(5,288,548)	(4,127)
Financial assets at FVOCI	(929,788)	(282,875)
Trademarks	(1,152)	–
Decrease (increase) in:		
Time deposits	19,611,112	10,355,579
Other noncurrent assets	(1,020,787)	(954,963)
Dividends received	11,388,573	8,578,787
Acquisition of non-controlling interest in a subsidiary	–	(5,169,476)
Interest received	3,224,541	3,076,590
Net cash used in investing activities	(25,601,847)	(46,233,157)
<i>(Forward)</i>		

	Nine-Month Periods Ended September 30	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of:		
Long-term debt	P91,992,741	P91,444,296
Bank loans	90,843,609	40,658,480
Payments of:		
Long-term debt	(111,022,244)	(87,729,642)
Bank loans	(74,685,527)	(46,455,984)
Dividends	(19,553,926)	(15,399,512)
Interest	(14,663,913)	(14,165,916)
Lease liabilities (Note 22)	(3,991,109)	(3,701,068)
Proceeds from matured derivatives - net	2,305,970	—
Net cash used in financing activities	(38,774,399)	(35,349,346)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(48,686)	(21,500,050)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(21,635)	62,467
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 5)	103,745,558	106,561,072
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	P103,675,237	P85,123,489

See accompanying Notes to Consolidated Financial Statements.

SM INVESTMENTS CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

SM Investments Corporation (SMIC or Parent Company) was incorporated in the Philippines on January 15, 1960.

SMIC is one of the largest publicly listed companies in the Philippines with interests in market leading businesses in retail, banking and property. It also invests in ventures that capture high growth opportunities in the emerging Philippine economy.

The accompanying condensed consolidated financial statements were authorized for issue by the Board of Directors (BOD), as approved and recommended for approval by the Audit Committee on November 13, 2024.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The interim condensed consolidated financial statements of the Parent Company and its subsidiaries (the Group) are prepared on a historical cost basis, except for derivative financial instruments and financial assets at fair value through other comprehensive income (FVOCI) and liabilities which are measured at fair value. The consolidated financial statements are presented in Philippine Peso, the Parent Company's functional and presentation currency under Philippine Financial Reporting Standards (PFRSs). All values are rounded to the nearest thousand Pesos except when otherwise indicated.

The interim condensed consolidated financial statements have been prepared on the going concern assumption.

Statement of Compliance

The accompanying interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements as at December 31, 2023.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. As at September 30, 2024, there were no significant changes in the Parent Company's ownership interest in its subsidiaries.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the interim condensed consolidated financial statements and accompanying notes. Changes in these estimates and assumptions could result in outcomes that may require material adjustments to the carrying amounts of the affected assets or liabilities in the future.

3. Summary of Material Accounting Policies, Changes and Improvements

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, the adoption of these new standards did not have a significant impact on the interim condensed consolidated financial statements.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective on or after January 1, 2024 to be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction such that the gain or loss that relates to the right of use retained is not recognized.

The amendments are effective on or after January 1, 2024 to be applied retrospectively, with early adoption permitted.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on liabilities, cash flows and exposure to liquidity risk.

The amendments are effective on or after January 1, 2024, with early adoption permitted.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts i.e., life, non-life, direct insurance and re-insurance, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions apply.

On December 15, 2021, the Financial and Sustainability Reporting Standards Council (FSRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the International Accounting Standards Board (IASB).

- Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective on or after January 1, 2025, with early adoption permitted.

- Amendments to PFRS 9 and PFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*

The amendments include:

- A clarification that a financial liability is derecognized on 'settlement date' and introduce an accounting policy choice to derecognize settled financial liabilities using an electronic payment system before the settlement date.
- Guidance on the assessment of contingent features in order to classify financial assets with environmental, social and governance-linked features. The criteria 'solely payments of principal and interest' may still be met provided that the contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change and that are not 'significantly different' from the cash flows for an identical financial asset without such a contingent feature.
- A clarification that a financial asset has non-recourse features provided the creditor's contractual right to receive cash flows is limited to the cash flows generated by specified assets. Contractually linked instruments can arise in non-recourse structures.

The amendments are effective on or after January 1, 2026 to be applied retrospectively, with early adoption permitted.

- PFRS 18, *Presentation and Disclosure in Financial Statements*

PFRS 18 replaces PAS 1 and responds to investors' demand for better information about the financial performance of corporate entities. Some of the new requirements include:

- Totals, subtotals and new categories in the statement of profit or loss. An entity will be required to assess whether it has a 'specified main business activity' of investing in assets or providing finance to customers, as there are specific requirements for such entities.
- Disclosure of management-defined performance measures or 'MPMs' which are subtotals of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole.
- Guidance on aggregation and disaggregation within the primary financial statements and in the notes to financial statements.

The new standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associates or joint ventures.

On January 13, 2016, the FSRSC deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Segment Information

The Group has identified four reportable operating segments as follows: property, retail, banking and portfolio investments.

The property segment is involved in mall, residential and commercial development and hotel and convention center operations. The mall segment develops, conducts, operates and maintains the business of modern commercial shopping centers and all businesses related thereto such as the conduct, operation and maintenance of shopping center spaces for rent, amusement centers and cinemas within the compound of the shopping centers. The residential and commercial segments are involved in the development and transformation of major residential, commercial, entertainment and tourism districts through sustained capital investments in buildings and infrastructure. The hotels and convention centers segment engages in and carries on the business of hotels and convention centers and operates and maintains any and all services and facilities incident thereto.

The retail segment is engaged in the retail/wholesale trading of merchandise such as dry goods, wearing apparels, food and other merchandise.

The banking segment includes the Group's equity in net earnings in BDO Unibank, Inc. (BDO) and China Banking Corporation (China Bank).

The portfolio investments segment includes 2GO Group, Inc. (2GO), Philippine Geothermal Production Company, Inc., Neo subsidiaries and associates, Atlas Consolidated Mining and Development Corporation (Atlas), Belle Corporation (Belle), Goldilocks Bakeshop, Inc. and others.

The BOD monitors the operating results of each of its business units for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with the operating profit or loss in the consolidated financial statements.

Operating Results by Segment

Nine-Month Period Ended September 30, 2024 (Unaudited)							
	Property	Retail	Banking	Portfolio Investments	Others	Eliminations	Consolidated
(In Thousands)							
Revenues:							
External customers	₱94,283,937	₱300,830,029	₱32,453,013	₱32,876,191	₱2,012,027	₱–	₱462,455,197
Revenues from contracts with customers	31,803,773	292,630,649	–	–	–	–	324,434,422
Merchandise sales	–	292,630,649	–	–	–	–	292,630,649
Real estate sales	31,803,773	–	–	–	–	–	31,803,773
Rent	46,895,761	1,083,585	–	1,804,149	1,806	–	49,785,301
Equity in net earnings of associate companies and joint ventures	1,830,966	1,613,359	32,453,013	1,277,410	71,567	–	37,246,315
Others	13,753,437	5,502,436	–	29,794,632	1,938,654	–	50,989,159
Inter-segment	11,522,855	508,363	–	411,923	3,266,235	(15,709,376)	–
	₱105,806,792	₱301,338,392	₱32,453,013	₱33,288,114	₱5,278,262	(₱15,709,376)	₱462,455,197
Segment results:							
Income before income tax	₱41,990,432	₱18,180,479	₱32,453,013	₱6,076,959	(₱2,593,736)	₱–	₱96,107,147
Provision for income tax	7,241,683	4,060,802	–	574,114	119,744	–	11,996,343
Net income after tax	₱34,748,749	₱14,119,677	₱32,453,013	₱5,502,845	(₱2,713,480)	₱–	₱84,110,804
Net income attributable to:							
Owners of the Parent	₱17,193,230	₱9,688,833	₱31,566,647	₱5,129,783	(₱2,689,036)	₱–	₱60,889,457
Non-controlling interests	17,555,519	4,430,844	886,366	373,062	(24,444)	–	23,221,347
Nine-Month Period Ended September 30, 2023 (Unaudited)							
	Property	Retail	Banking	Portfolio Investments	Others	Eliminations	Consolidated
(In Thousands)							
Revenues:							
External customers	₱86,676,969	₱289,737,275	₱28,840,776	₱33,563,323	₱1,559,072	₱–	₱440,377,415
Revenues from contracts with customers	29,879,518	281,261,751	–	–	–	–	311,141,269
Merchandise sales	–	281,261,751	–	–	–	–	281,261,751
Real estate sales	29,879,518	–	–	–	–	–	29,879,518
Rent	42,593,496	938,682	–	1,667,489	–	–	45,199,667
Equity in net earnings of associate companies and joint ventures	1,675,601	1,265,722	28,840,776	1,095,641	(60,847)	–	32,816,893
Others	12,528,354	6,271,120	–	30,800,193	1,619,919	–	51,219,586
Inter-segment	11,215,598	453,162	–	507,434	3,045,805	(15,221,999)	–
	₱97,892,567	₱290,190,437	₱28,840,776	₱34,070,757	₱4,604,877	(₱15,221,999)	₱440,377,415
Segment results:							
Income before income tax	₱38,229,256	₱19,579,949	₱28,840,776	₱6,493,732	(₱3,783,810)	₱–	₱89,359,903
Provision for income tax	7,160,081	4,542,616	–	550,979	73,042	–	12,326,718
Net income after tax	₱31,069,175	₱15,037,333	₱28,840,776	₱5,942,753	(₱3,856,852)	₱–	₱77,033,185
Net income attributable to:							
Owners of the Parent	₱15,395,260	₱10,570,545	₱28,052,055	₱5,706,255	(₱3,841,028)	₱–	₱55,883,087
Non-controlling interests	15,673,915	4,466,788	788,721	236,498	(15,824)	–	21,150,098

The disaggregation of revenues is as indicated in the interim consolidated statements of income and in the operating results by segment.

5. Cash and Cash Equivalents

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Cash on hand and in banks (Note 20)	₱26,797,201	₱22,918,721
Temporary investments (Note 20)	76,878,036	80,826,837
	₱103,675,237	₱103,745,558

Cash in banks and investments earn interest at the prevailing rates. Temporary investments are made for varying periods of up to three months depending on the immediate cash requirements of the Group.

6. Time Deposits

This account consists of time deposits as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Current	₱219,555	₱602,466
Noncurrent	3,096,482	22,324,681
	₱3,316,037	₱22,927,147

The time deposits bear interest ranging from 2.0% to 5.5% and 1.3% to 5.5% for the nine-month periods ended September 30, 2024 and 2023, respectively.

Time deposits with various maturities within one year were used as collateral for some credit lines.

7. Financial Assets at FVOCI

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<i>(In Thousands)</i>		
Shares of stock		
Listed	P26,091,584	P25,505,874
Unlisted	2,472,932	1,534,894
Club shares	29,150	24,850
	28,593,666	27,065,618
Less current portion	776,157	747,840
Noncurrent portion	P27,817,509	P26,317,778

8. Receivables and Contract Assets

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<i>(In Thousands)</i>		
Trade:		
Real estate buyers*	P145,310,532	P132,187,696
Third-party tenants	10,156,360	10,714,323
Shipping and logistics**	3,185,466	2,753,168
Related party tenants (Note 20)	496,349	533,448
Others	2,669,575	2,922,100
Royalty and service fees (Note 20)	2,185,722	2,980,499
Dividends (Note 20)	972,940	1,003,114
	164,976,944	153,094,348
Less allowance for expected credit loss (ECL)	3,301,854	3,284,523
	161,675,090	149,809,825
Less noncurrent portion of receivables from real estate buyers (Note 14)	79,147,369	70,600,303
Current portion	P82,527,721	P79,209,522

* Includes unbilled revenues from sales of real estate of P136.2 billion and P114.9 billion as at September 30, 2024 and December 31, 2023, respectively.

** Includes contract assets representing shipping and logistics services delivered but not yet invoiced of P541.7 million and P616.8 million as at September 30, 2024 and December 31, 2023, respectively.

Allowance for ECL is provided for receivables from sales of real estate and revenues from rental, shipping and logistics, and other receivables which were identified to be impaired based on specific and collective assessment.

As at September 30, 2024 and December 31, 2023, receivables from sales of real estate assigned to local banks on without recourse basis amounted to ₱1.2 billion and ₱4.1 billion, respectively (Note 20) and receivables assigned on with recourse basis amounted to nil and ₱0.2 billion as at September 30, 2024 and December 31, 2023, respectively. The corresponding liability from the assignment of receivables with recourse bears interest at 5.0% to 6.5% as at December 31, 2023.

Receivables other than those identified as impaired, are assessed as good and collectible.

9. Inventories

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Real estate inventories	₱78,180,699	₱77,892,908
Merchandise inventories	44,767,087	38,869,576
Processed food and others	631,145	712,496
	₱123,578,931	₱117,474,980

Inventories are stated at cost as at September 30, 2024 and December 31, 2023.

Real Estate Inventories

The movements in this account follow:

	Land and Development	Condominium, Residential Units and Subdivision Lots for Sale	Total
	(In Thousands)		
Balance as at January 1, 2023	₱43,780,861	₱26,725,642	₱70,506,503
Development cost incurred	22,141,007	–	22,141,007
Cost of real estate sold	(13,166,921)	(3,494,522)	(16,661,443)
Transfers	(1,902,929)	1,902,929	–
Reclassifications from investment properties	1,807,712	–	1,807,712
Translation adjustment and others	98,608	521	99,129
Balance as at December 31, 2023 (Audited)	52,758,338	25,134,570	77,892,908
Development cost incurred	13,730,009	46,860	13,776,869
Cost of real estate sold	(7,601,516)	(6,051,722)	(13,653,238)
Transfers	(2,187,615)	2,187,615	–
Translation adjustment and others	141,814	22,346	164,160
Balance as at September 30, 2024 (Unaudited)	₱56,841,030	₱21,339,669	₱78,180,699

Included in Land and development are contract fulfillment assets, the unamortized portion of land cost, amounting to ₱2.0 billion and ₱1.8 billion as at September 30, 2024 and December 31, 2023, respectively.

The details of cost of sales and services follow:

	Nine-Month Periods Ended	
	September 30	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>(In Thousands)</i>	
Cost of sales:		
Merchandise	₱212,997,091	₱205,667,158
Real estate	13,653,238	11,983,517
Processed food and others	8,915,399	10,968,085
Cost of shipping, logistics and other services	12,252,595	10,403,157
	₱247,818,323	₱239,021,917

10. Other Current Assets

This account consists of:

	September 30,	December 31,
	2024	2023
	(Unaudited)	(Audited)
	<i>(In Thousands)</i>	
Prepaid taxes and other prepayments	₱18,910,475	₱20,539,740
Bonds and deposits	12,070,581	10,845,768
Input tax	6,823,635	7,226,317
Nontrade receivables (Note 20)	5,781,055	6,233,033
Receivables from banks	2,570,683	7,207,447
Uniform and supplies inventory	2,391,180	1,724,324
Derivative assets	524,301	3,167,911
Accrued interest receivable (Note 20)	451,769	325,863
Others	761,765	420,556
	₱50,285,444	₱57,690,959

11. Investments in Associate Companies and Joint Ventures

The movements in this account follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Balance at beginning of year	₱361,324,800	₱328,271,536
Additions	5,288,548	288,227
Disposal	(1,386,440)	(1,186,682)
Equity in net earnings	37,246,315	44,945,113
Dividends received and others	(10,767,296)	(10,622,941)
Share in other comprehensive income (loss) of associate companies	3,879,659	(641,624)
Reversal of impairment loss	84,034	320,206
Translation adjustment	24,738	(49,035)
Balance at end of period	₱395,694,358	₱361,324,800

* Investment in associate companies amounted to ₱384.5 billion and ₱350.8 billion as at September 30, 2024 and December 31, 2023, respectively.

12. Property and Equipment

The movements in this account follow:

	Land	Buildings and Improvements	Store Equipment and Improvements	Data Processing Equipment	Furniture, Fixtures and Office Equipment	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Vessels in Operation	Containers and Reefer Vans	Construction in Progress	Total
<i>(In Thousands)</i>												
Cost												
As at January 1, 2023	P1,718,794	P19,892,747	P3,349,277	P10,622,599	P12,611,163	P21,456,447	P30,307,204	P1,657,255	P14,707,557	P1,625,035	P4,771,166	P122,719,244
Additions	–	697,001	201,286	1,614,927	1,059,198	851,219	2,347,796	67,955	762,647	34	4,759,700	12,361,763
Reclassifications	–	762,184	(443,822)	26,868	(39,013)	2,268,988	427,755	98,278	(13,530)	301	(3,406,915)	(318,906)
Disposals/retirements	–	(579,239)	(143,433)	(410,945)	(849,258)	(170,268)	(260,104)	(100,567)	(102,792)	(21,660)	–	(2,638,266)
As at December 31, 2023 (Audited)	1,718,794	20,772,693	2,963,308	11,853,449	12,782,090	24,406,386	32,822,651	1,722,921	15,353,882	1,603,710	6,123,951	132,123,835
Additions	–	417,603	129,033	936,398	966,334	1,327,263	1,391,371	200,828	1,196,743	188,745	2,081,033	8,835,351
Reclassifications	–	1,299,973	112,090	24,281	42,965	591,620	123,243	(11,082)	1,333,875	–	(3,668,477)	(151,512)
Disposals/retirements	–	(3,437)	(38,704)	(177,687)	(117,214)	(186,012)	(149,786)	(43,379)	(2,436,007)	(5,495)	–	(3,157,721)
As at September 30, 2024 (Unaudited)	P1,718,794	P22,486,832	P3,165,727	P12,636,441	P13,674,175	P26,139,257	P34,187,479	P1,869,288	P15,448,493	P1,786,960	P4,536,507	P137,649,953
Accumulated Depreciation and Amortization												
As at January 1, 2023	P–	P7,756,779	P2,623,730	P8,387,765	P10,000,055	P12,253,720	P23,324,307	P1,219,539	P7,862,443	P1,409,892	P–	P74,838,230
Depreciation and amortization	–	922,703	226,928	1,307,897	767,376	1,501,025	1,479,149	86,398	961,991	48,134	–	7,301,601
Reclassifications	–	19,324	(587,914)	(280,871)	262,420	(83,810)	275,569	102,087	–	–	–	(293,195)
Disposals/retirements	–	(544,403)	(140,809)	(403,861)	(822,584)	(181,623)	(256,732)	(99,970)	(102,792)	(21,660)	–	(2,574,434)
As at December 31, 2023 (Audited)	–	8,154,403	2,121,935	9,010,930	10,207,267	13,489,312	24,822,293	1,308,054	8,721,642	1,436,366	–	79,272,202
Depreciation and amortization	–	779,061	172,377	683,035	580,368	1,221,798	1,180,708	69,836	777,111	41,006	–	5,505,300
Reclassifications	–	(1,635)	105,702	16,027	(32,036)	4,457	13,118	(14,567)	(5,112)	–	–	85,954
Disposals/retirements	–	(275)	(35,062)	(146,185)	(107,664)	(178,253)	(114,424)	(43,335)	(2,231,152)	(5,244)	–	(2,861,594)
As at September 30, 2024 (Unaudited)	P–	P8,931,554	P2,364,952	P9,563,807	P10,647,935	P14,537,314	P25,901,695	P1,319,988	P7,262,489	P1,472,128	P–	P82,001,862
Net Book Value												
As at September 30, 2024 (Unaudited)	P1,718,794	P13,555,278	P800,775	P3,072,634	P3,026,240	P11,601,943	P8,285,784	P549,300	P8,186,004	P314,832	P4,536,507	P55,648,091
As at December 31, 2023 (Audited)	1,718,794	12,618,290	841,373	2,842,519	2,574,823	10,917,074	8,000,358	414,867	6,632,240	167,344	6,123,951	52,851,633

To secure a P500.0 million term loan facility, 2GO used one of its passenger/cargo ships as collateral. The carrying value of this ship in the Group's consolidated balance sheets is P2.3 billion and P2.4 billion as at September 30, 2024 and December 31, 2023, respectively (see Note 17).

13. Investment Properties

The movements in this account follow:

	Land Held for Future Development	Land and Improvements	Buildings and Leasehold Improvements	Building Equipment, Furniture and Others	Construction in Progress	Total
<i>(In Thousands)</i>						
Cost						
As at January 1, 2023	P83,846,727	P87,712,636	P313,956,225	P55,344,683	P68,562,497	P609,422,768
Additions	4,442,123	11,637,554	2,421,367	3,121,210	46,583,698	68,205,952
Reclassifications	(89,781)	2,683,563	24,423,632	2,482,213	(31,251,512)	(1,751,885)
Translation adjustment	—	(61,972)	(1,756,871)	(170,289)	(391,352)	(2,380,484)
Disposals	(3,594)	(312,626)	(109,550)	(530,451)	—	(956,221)
As at December 31, 2023 (Audited)	88,195,475	101,659,155	338,934,803	60,247,366	83,503,331	672,540,130
Additions	2,123,404	1,351,910	1,695,709	2,263,787	38,486,181	45,920,991
Reclassifications	(141,814)	(879,780)	10,588,602	2,571,146	(12,279,968)	(141,814)
Translation adjustment	—	35,234	1,308,547	113,621	182,198	1,639,600
Disposals	(121,802)	(18,257)	(129,207)	(45,097)	—	(314,363)
As at September 30, 2024 (Unaudited)	P90,055,263	P102,148,262	P352,398,454	P65,150,823	P109,891,742	P719,644,544
Accumulated Depreciation, Amortization and Impairment Loss						
As at January 1, 2023	P—	P3,126,825	P84,927,678	P35,385,964	P—	P123,440,467
Depreciation and amortization	—	265,404	9,071,500	3,983,725	—	13,320,629
Reclassifications	—	45	4,475	9,427	—	13,947
Translation adjustment	—	(42,708)	(431,780)	(86,870)	—	(561,358)
Disposals	—	(301,936)	(65,033)	(373,809)	—	(740,778)
As at December 31, 2023 (Audited)	—	3,047,630	93,506,840	38,918,437	—	135,472,907
Depreciation and amortization	—	199,425	7,438,619	3,145,352	—	10,783,396
Reclassifications	—	—	49	—	—	49
Translation adjustment	—	24,083	311,315	64,970	—	400,368
Disposals	—	(18,257)	(63,440)	(39,837)	—	(121,534)
As at September 30, 2024 (Unaudited)	P—	P3,252,881	P101,193,383	P42,088,922	P—	P146,535,186
Net Book Value						
As at September 30, 2024 (Unaudited)	P90,055,263	P98,895,381	P251,205,071	P23,061,901	P109,891,742	P573,109,358
As at December 31, 2023 (Audited)	88,195,475	98,611,525	245,427,963	21,328,929	83,503,331	537,067,223

Rent income from investment properties, which is primarily attributable to SM Prime Holdings, Inc. (SM Prime), amounted to P48.6 billion and P44.2 billion for the nine-month periods ended September 30, 2024 and 2023, respectively. The corresponding direct operating expenses amounted to P26.8 billion and P23.9 billion for the nine-month periods ended September 30, 2024 and 2023, respectively.

Construction in progress includes costs incurred for the construction of shopping malls, commercial buildings, land banking and coastal development amounting to P108.3 billion and P82.0 billion as at September 30, 2024 and December 31, 2023, respectively.

Portions of investment properties located in China with carrying value of P1.5 billion as at September 30, 2024 and December 31, 2023 are used as collateral to secure domestic borrowings (see Notes 15 and 17).

The outstanding construction contracts with various contractors amounted to P63.1 billion and P78.4 billion as at September 30, 2024 and December 31, 2023, respectively, inclusive of overhead, cost of labor and materials and all other costs necessary for the proper execution of works.

Interest capitalized to investment properties amounted to P6.7 billion and P5.8 billion as at September 30, 2024 and December 31, 2023, respectively. Capitalization rates used range from 2.5% to 5.7% and 2.3% to 5.4% as at September 30, 2024 and December 31, 2023, respectively.

The fair value of investment properties is categorized under Level 3 since valuation is based on unobservable inputs.

There is no restriction on the realizability of investment properties other than those used as collateral for certain borrowings.

14. Intangibles and Other Noncurrent Assets

Intangible Assets

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Goodwill	P34,431,642	P34,320,712
Less accumulated impairment loss	172,213	172,213
Net book value	34,259,429	34,148,499
Trademarks, brand names and copyright	6,127,543	6,127,069
	P40,386,972	P40,275,568

Other Noncurrent Assets

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Receivables from sales of real estate (Note 8)*	P79,147,369	P70,600,303
Bonds and deposits	49,895,484	50,388,596
Deferred tax assets (Note 21)	6,523,209	6,462,108
Derivative assets (Note 24)	2,416,760	3,611,478
Deferred input VAT	1,341,041	1,559,521
Escrow fund (Note 20)	783,107	843,732
Defined benefit asset	149,065	110,831
Others	6,279,688	4,468,524
	P146,535,723	P138,045,093

* Pertains to the noncurrent portion of unbilled revenues from sales of real estate (see Note 8).

15. Bank Loans

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Parent Company:		
U.S. dollar-denominated loans	P—	P415,275
Peso-denominated loans	—	4,200,000
Subsidiaries:		
China Yuan renminbi-denominated loans	1,041,643	2,288,964
Peso-denominated loans	28,632,000	6,510,000
	P29,673,643	P13,414,239

The interest rates of Peso-denominated loans for the nine-month periods ended September 30, 2024 and 2023 ranged from 5.8% to 7.0% and 4.0% to 6.8%, respectively. The China Yuan renminbi-denominated loans bear the China Loan Prime Rate (LPR) in both periods.

These loans have maturities of less than one year.

16. Accounts Payable and Other Current Liabilities

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Trade	P105,460,651	P116,681,582
Accrued expenses	31,433,748	23,778,417
Nontrade (Note 20)	15,892,738	17,528,203
Tenants and customers' deposits*	14,831,278	14,595,837
Accrued interest (Note 20)	4,970,291	3,690,975
Payables to government agencies	4,315,962	7,046,388
Lease liabilities (Note 22)	2,843,203	2,977,457
Payable arising from acquisition of land	2,779,759	4,502,475
Subscriptions payable	1,966,477	1,966,477
Dividends payable	842,602	2,486,420
Gift checks redeemable and others	5,582,644	4,914,796
	P190,919,353	P200,169,027

* Includes unearned revenues from shipping and logistics of P111.8 million and P54.1 million as at September 30, 2024 and December 31, 2023, respectively, and unearned revenues from sales of real estate of P7.9 billion and P7.0 billion as at September 30, 2024 and December 31, 2023, respectively.

17. Long-term Debt

This account consists of:

	September 30, 2024 (Unaudited)					December 31, 2023 (Audited)
	Availment	Maturity	Interest Rate/Term	Security	Amount (in Thousands)	Amount
Parent Company						
U.S. dollar-denominated*	June 2023	June 2027	ROP reference rate + margin; quarterly	Unsecured	₱4,482,400	₱35,159,950
GBP-denominated*	April 2023 - July 2023	April 2025 - July 2028	Fixed 4.2%-5.3%; quarterly	Unsecured	6,741,829	6,403,683
Peso-denominated	April 2020 - April 2024	February 2025 - May 2031	Fixed 3.6%-5.2%; Three-Month and Two-year PHP BVAL + margin; semi-annual and quarterly	Unsecured	52,078,500	65,156,900
Subsidiaries						
U.S. dollar-denominated*	January 2021 - August 2024	March 2025 - August 2029	Fixed 5.4%; SOFR + spread; semi-annual and quarterly	Unsecured	104,512,059	84,350,144
China Yuan Renminbi-denominated**	May 2021 - September 2024	April 2026 - June 2037	Fixed 3.7%; LPR; annually	Secured	11,336,146	10,590,461
Peso-denominated***	November 2015 - September 2024	October 2024 - April 2032	Fixed 3.8%-7.3%; BVAL + margin	Unsecured /Secured	295,957,339	288,983,232
					475,108,273	490,644,370
Less debt issue cost					2,304,480	2,356,720
					472,803,793	488,287,650
Less current portion					85,326,380	113,528,791
					₱387,477,413	₱374,758,859

ROP – Republic of the Philippines

BVAL – Bloomberg Valuation

*Partly hedged against foreign exchange and interest rate risks using derivative instruments (see Notes 23 and 24)

**Secured by portions of investment properties located in China (see Note 13)

***Secured by portions of property and equipment (see Note 12)

Repayment Schedule

The repayment schedule of long-term debt as at September 30, 2024 follows:

	Gross Debt	Debt Issue Cost	Net
	(In Thousands)		
Within 1 year	₱86,098,241	₱771,861	₱85,326,380
Over 1 year to 5 years	341,251,768	1,418,259	339,833,509
Over 5 years	47,758,264	114,360	47,643,904
	₱475,108,273	₱2,304,480	₱472,803,793

Covenants

The long-term debt of the Group is covered with certain covenants including adherence to financial ratios. As at September 30, 2024 and December 31, 2023, the Group is in compliance with the terms of its debt covenants with the exception of 2GO. This exception is covered with a waiver from its creditor bank.

18. Equity

Capital Stock

a. Common stock

	Number of Shares	
	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Authorized - ₱10 par value per share	2,790,000,000	2,790,000,000
Issued and subscribed	1,226,114,578	1,226,114,578

As at September 30, 2024 and December 31, 2023, the Parent Company is compliant with the minimum public float as required by the PSE.

The total number of shareholders of the Parent Company is 1,257 and 1,242 as at September 30, 2024 and December 31, 2023, respectively.

b. Redeemable preferred shares

	Number of Shares	
	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Authorized - ₱10 par value per share	10,000,000	10,000,000

There are no issued and subscribed preferred shares as at September 30, 2024 and December 31, 2023.

Retained Earnings

▪ Appropriated

Retained earnings appropriated as at September 30, 2024 is intended for the payment of certain long-term debts and new investments as follows:

	Timeline	Amount
		<i>(In Thousands)</i>
Debt service	2024	₱27,000,000
Investments	2024	10,000,000
		₱37,000,000

▪ Unappropriated

The Parent Company's cash dividend declarations in 2024 and 2023 follow:

Declaration Date	Record Date	Payment Date	Per Share	Total
				<i>(In Thousands)</i>
April 24, 2024	May 9, 2024	May 23, 2024	₱9.00	₱10,998,210
April 26, 2023	May 11, 2023	May 25, 2023	7.50	9,165,175

Unappropriated retained earnings include the accumulated equity in net earnings of subsidiaries, associates and joint ventures amounting to ₱438.2 billion and ₱393.8 billion as at September 30, 2024 and December 31, 2023, respectively, that is not available for distribution until such time that the Parent Company receives the dividends from its subsidiaries, associates and joint ventures.

19. Other Revenues

This account consists of:

	Nine-Month Periods Ended September 30	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>(In Thousands)</i>	
Sales - processed food and others	₱14,216,679	₱17,874,579
Shipping, logistics and other services	14,678,271	12,186,235
Cinema and event ticket sales and others	6,939,011	6,579,670
Royalty and service fees	4,931,567	5,281,157
Food and beverage	1,857,899	1,708,977
Dividends	591,103	574,352
Others	7,774,629	7,014,616
	₱50,989,159	₱51,219,586

Others include membership revenues, sponsorship income and related items, commission income, as well as miscellaneous income from the various business operations of the Group.

20. Related Party Disclosures

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group has a policy that requires approval of related party transaction by the Related Party Transactions Committee of the BOD when these breach certain limits and/or when these are not of a usual nature.

The significant transactions with related parties follow:

- Rent

The Group has existing lease agreements for office and commercial spaces with related companies (retail and banking group and other related parties under common stockholders).

- Royalty and Service Fees

The Parent Company and SM Retail receive service fees from retail entities under common stockholders for management, consultancy, manpower and other services. In addition to service fees, the Parent Company also receives royalty fees from related parties.

- Dividend Income

The Group earns dividend income from certain related parties under common stockholders.

- Cash Placements and Loans

The Group has certain bank accounts and cash placements as well as bank loans and debts with BDO and China Bank. Such accounts earn interest at prevailing market rates.

- Others

The Group, in the normal course of business, has outstanding receivables from and payables to related companies which are unsecured and normally settled in cash.

The related party transactions and outstanding balances follow:

	Transaction Amount		Outstanding Amount		Terms	Conditions
	Nine-Month Periods Ended		September 30, 2024 (Unaudited)	December 31, 2023 (Audited)		
	September 30, 2023 (Unaudited)					
	2024 (Unaudited)	(Unaudited)				
<i>(In Thousands)</i>						
Banking Group						
Cash placement and investment in marketable securities	₱–	₱–	₱90,276,171	₱112,090,550	Interest-bearing at prevailing rates	Unsecured; no impairment
Interest receivable	–	–	232,848	122,166	–	–
Interest income	2,921,289	2,420,383	–	–	–	–
Interest-bearing debt	–	–	67,225,677	63,521,896	Interest-bearing	Unsecured
Interest payable	–	–	513,025	365,746	–	–
Interest expense	2,923,064	2,498,845	–	–	–	–
Rent receivable	–	–	156,671	162,982	Noninterest-bearing	Unsecured; no impairment
Rent income	1,025,830	990,085	–	–	–	–
Receivable financed	1,177,783	–	–	–	Without recourse	Unsecured
Dividends receivable	–	–	–	40,386	Noninterest-bearing	Unsecured; no impairment
Bonds and deposits	–	–	875	854	Noninterest-bearing	Unsecured; no impairment
Royalty and service fee receivable	–	–	8,476	8,458	Noninterest-bearing	Unsecured; no impairment
Royalty and service fee income	27,724	96,681	–	–	–	–
Shipping, logistics and other services	1,415	–	–	–	–	–
Escrow fund	–	–	780,647	841,272	Interest-bearing at prevailing rates	Unsecured; no impairment
Retail and Other Entities						
Rent receivable	–	–	339,678	370,466	Noninterest-bearing	Unsecured; no impairment
Rent income	1,932,364	1,743,290	–	–	–	–
Royalty and service fee receivable	–	–	2,148,345	2,851,529	Noninterest-bearing	Unsecured; no impairment
Royalty and service fee income	2,040,124	1,719,444	–	–	–	–
Shipping, logistics and other services	70,732	26,660	–	–	–	–
Trade receivable	–	–	29,106	339	Noninterest-bearing	Unsecured; no impairment
Nontrade receivable	–	–	43,238	87,007	Noninterest-bearing	Unsecured; no impairment
Trade Payable	–	–	2,955	20,883	Noninterest-bearing	Unsecured
Nontrade payable	–	–	318,306	1,166,297	Noninterest-bearing	Unsecured
Dividends receivable	–	–	972,265	746,019	Noninterest-bearing	Unsecured; no impairment
Bonds and deposits	–	–	2,000	2,000	Noninterest-bearing	Unsecured; no impairment

Terms and Conditions of Transactions with Related Parties

Outstanding balances at the end of the period are unsecured and are normally settled in cash. The Group did not make any provision for impairment loss relating to amounts owed by related parties.

21. Income Tax

Deferred tax assets of ₱6.5 billion as at September 30, 2024 and December 31, 2023 consist of the tax effects of unrealized gain on intercompany sale of investment properties, unamortized past service cost and defined benefit liability, provision for doubtful accounts and others, accrued leases, minimum corporate income tax (MCIT), deferred rent expense and net operating loss carryover (NOLCO).

Deferred tax liabilities of ₱18.8 billion and ₱18.1 billion as at September 30, 2024 and December 31, 2023, respectively, consist of the tax effects of appraisal increment on investment property and property and equipment, trademarks and brand names, capitalized interest, unrealized gross profit on sales of real estate, accrued/deferred rent income and unamortized past service cost and defined benefit asset. The disproportionate relationship between income before income tax and the provision for income tax is due to various factors such as interest income already subjected to final tax, non-deductible interest expense, equity in net earnings of associates, and dividend income that are exempt from tax.

22. Lease Agreements

As Lessor. The Group's lease agreements with its tenants are generally granted for a term of one to twenty-five years. Upon inception of the lease agreement, tenants are required to pay certain amounts of deposits. Tenants likewise pay a fixed monthly rent which is calculated with reference to a fixed sum per square meter of area leased except for a few tenants which pay either a fixed monthly rent or a percentage of gross sales, whichever is higher.

As Lessee. The Group leases certain parcels of land where some of its malls are situated as well as retail store, office spaces, warehouses, containers, reefer vans, ISO tanks, cargo handling equipment, transportation equipment and container yards. The terms of the lease are for periods ranging from one to 65 years, renewable for the same period under the same terms and conditions. Lease payments are generally computed based on a certain percentage of gross rental income or a certain fixed amount, whichever is higher.

There are also non-cancellable operating lease commitments with lease periods ranging from two to thirty years, mostly containing renewal options and those that provide for the payment of additional rental based on a certain percentage of sales of the sub-lessees.

The rollforward analysis of ROU assets follows:

September 30, 2024 (Unaudited)			
	Retail Stores, Office Spaces, Warehouses and Others		Total
	Land Use Rights		
<i>(In Thousands)</i>			
Cost			
As at beginning of year	₱32,165,006	₱32,820,909	₱64,985,915
Additions	–	3,065,355	3,065,355
Translation adjustment	432,829	–	432,829
Reclassifications	(7,454)	61,562	54,108
Retirements	–	(807,511)	(807,511)
As at end of period	32,590,381	35,140,315	67,730,696
Accumulated Depreciation and Amortization			
As at beginning of year	3,064,465	13,381,038	16,445,503
Depreciation and amortization	598,797	2,550,009	3,148,806
Translation adjustment	20,559	–	20,559
Reclassifications	(7,454)	(160,823)	(168,277)
Retirements	–	(438,808)	(438,808)
As at end of period	3,676,367	15,331,416	19,007,783
Net Book Value	₱28,914,014	₱19,808,899	₱48,722,913
December 31, 2023 (Audited)			
	Retail Stores, Office Spaces, Warehouses and Others		Total
	Land Use Rights		
<i>(In Thousands)</i>			
Cost			
As at beginning of year	₱26,917,044	₱30,106,402	₱57,023,446
Additions	10,558	3,561,726	3,572,284
Translation adjustment	(460,661)	–	(460,661)
Reclassifications	5,708,623	(40,779)	5,667,844
Retirements	(10,558)	(806,440)	(816,998)
As at end of year	32,165,006	32,820,909	64,985,915
Accumulated Depreciation and Amortization			
As at beginning of year	2,368,428	10,516,210	12,884,638
Depreciation and amortization	718,839	3,365,765	4,084,604
Translation adjustment	(23,937)	–	(23,937)
Reclassifications	3,282	(98,804)	(95,522)
Retirements	(2,147)	(402,133)	(404,280)
As at end of year	3,064,465	13,381,038	16,445,503
Net Book Value	₱29,100,541	₱19,439,871	₱48,540,412

The rollforward analysis of lease liabilities follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	<i>(In Thousands)</i>	
Balance at beginning of year	P35,319,736	P35,389,448
Additions	3,065,355	3,572,284
Interest expense	1,538,696	1,999,342
Terminations	(517,632)	(491,683)
Payments	(3,991,109)	(5,219,712)
Reclassification and others	225,217	70,057
Balance at end of period	35,640,263	35,319,736
Less current portion (Note 16)	2,843,203	2,977,457
Noncurrent portion	P32,797,060	P32,342,279

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased assets portfolio. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

Included in “Tenants’ deposits and others” in the consolidated balance sheets are Tenant’s deposits of P25.2 billion and P23.7 billion as at September 30, 2024 and December 31, 2023, respectively.

23. Financial Risk Management Objectives and Policies

The main risks arising from the Group’s financial instruments follow:

- *Interest rate risk.* Fixed rate financial instruments are subject to fair value interest rate risk while floating rate financial instruments are subject to cash flow interest rate risk. Repricing of floating rate financial instruments is mostly done at intervals of three months or six months.
- *Foreign currency risk.* The Group’s exposure to foreign currency risk arises as the Parent Company and SM Prime have investments and debt issuances which are denominated in U.S. Dollars and China Yuan Renminbi.
- *Liquidity risk.* Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments.
- *Credit risk.* Refers to the risk that a borrower will default on any type of debt by failing to make the required payments.
- *Equity price risk.* The Group’s exposure to equity price risk pertains to its investments in quoted equity shares which are classified as equity investments at FVOCI in the consolidated balance sheets. Equity price risk arises from changes in the levels of equity indices and the value of individual stocks traded in the stock exchange.

The BOD reviews and approves the policies for managing these risks.

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations (see Note 17).

The Group maintains a conservative financing strategy and has preference for longer tenor credit with fixed interest rate that matches the nature of its investments. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps and cross-currency swaps in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed notional amount.

After taking into account the effect of the swaps, approximately 74.1% and 78.8% of the Group's borrowings, net of debt issue cost, is kept at fixed interest rates as at September 30, 2024 and December 31, 2023, respectively.

Foreign Currency Risk

The Group aims to reduce foreign currency risks by employing on-balance sheet hedges and derivatives such as foreign currency swap contracts, foreign cross-currency swaps, foreign currency call options and non-deliverable forwards.

As at September 30, 2024, the Group's foreign currency-denominated assets and liabilities amounted to ₱1.5 billion (\$25.9 million) and ₱1.2 billion (\$22.2 million), respectively.

As at December 31, 2023, the Group's foreign currency-denominated assets and liabilities amounted to ₱20.8 billion (\$375.1 million) and ₱20.3 billion (\$366.5 million), respectively.

As at September 30, 2024 and December 31, 2023, approximately 25.3% and 27.6%, respectively, of the Group's borrowings, net of debt issue cost, are denominated in foreign currency.

The following exchange rates were used in translating foreign currency-denominated assets and liabilities into Pesos.

	September 30, 2024	December 31, 2023
Philippine Peso to U.S. Dollar	₱56.030	₱55.370

Liquidity Risk

The Group manages its liquidity to ensure adequate financing of capital expenditures and debt service. Financing consists of internally generated funds, proceeds from debt and equity issues, and/or sales of assets.

The Group regularly evaluates its projected and actual cash flow information and assesses conditions in the financial markets for opportunities to pursue fundraising initiatives including bank loans, export credit agency-guaranteed facilities, bonds and equity market issues.

Credit Risk

The Group trades only with recognized and creditworthy related and third parties. The Group policy requires customers who wish to trade on credit terms to undergo credit verification. In addition, receivable balances are monitored on a regular basis to keep exposure to bad debts at the minimum. Given the Group's diverse customer base, it is not exposed to large concentrations of credit risk.

With respect to credit risk arising from the other financial assets of the Group which consist of cash and cash equivalents, time deposits, and certain derivative instruments, the Group's credit risk arises

from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Receivables from sales of real estate have minimal credit risk and are effectively collateralized by the respective units sold since title to the real estate properties are not transferred to the buyers until full payment is made.

As at September 30, 2024 and December 31, 2023, the financial assets, except for some receivables, are generally viewed by the management as good and collectible considering the credit history of the counterparties. Past due or impaired financial assets are very minimal in relation to the Group's total financial assets.

Equity Price Risk

Management closely monitors the equity securities in its investment portfolio. Material equity investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes appropriate adjustments based on changes in economic conditions. Accordingly, the Group may adjust dividend payments to shareholders, secure new and/or pay off existing debts, return capital to shareholders or issue new shares.

The Group monitors its capital gearing by maintaining its net debt at no higher than 50% of the sum of net debt and equity.

The Group's gearing ratios follow:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Gross	37%	39%
Net	32%	33%

24. Financial Instruments

The Group's financial assets and liabilities by category and by class, except for those with carrying amounts that are reasonable approximations of fair values, follow:

September 30, 2024 (Unaudited)					
	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In Thousands)					
Assets Measured at Fair Value					
Financial assets at FVOCI					
Listed shares of stock	P26,091,584	P26,091,584	P26,091,584	P-	P-
Unlisted shares of stock	2,472,932	2,472,932	-	-	2,472,932
Club shares	29,150	29,150	-	29,150	-
Derivative assets	2,941,061	2,941,061	-	2,941,061	-
	31,534,727	31,534,727	26,091,584	2,970,211	2,472,932
Assets for which Fair Values are Disclosed					
Time deposits - noncurrent portion	3,096,482	3,168,796	-	3,168,796	-
	P34,631,209	P34,703,523	P26,091,584	P6,139,007	P2,472,932
Liabilities Measured at Fair Value					
Derivative liabilities	P1,409,260	P1,409,260	P-	P1,409,260	P-
Liabilities for which Fair Values are Disclosed					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	387,477,413	383,265,413	-	-	383,265,413
Tenants' deposits and others*	38,537,788	37,205,977	-	-	37,205,977
	426,015,201	420,471,390	-	-	420,471,390
	P427,424,461	P421,880,650	P-	P1,409,260	P420,471,390

*Excluding nonfinancial liabilities of P21.5 billion and noncurrent derivative liabilities of P865.1 million.

December 31, 2023 (Audited)					
	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In Thousands)					
Assets Measured at Fair Value					
Financial assets at FVOCI					
Listed shares of stock	P25,505,874	P25,505,874	P25,505,874	P-	P-
Unlisted shares of stock	1,534,894	1,534,894	-	-	1,534,894
Club shares	24,850	24,850	-	24,850	-
Derivative assets	6,779,389	6,779,389	-	6,779,389	-
	33,845,007	33,845,007	25,505,874	6,804,239	1,534,894
Assets for which Fair Values are Disclosed					
Time deposits - noncurrent portion	22,324,681	22,657,988	-	22,657,988	-
	P56,169,688	P56,502,995	P25,505,874	P29,462,227	P1,534,894
Liabilities Measured at Fair Value					
Derivative liabilities	P317,081	P317,081	P-	P317,081	P-
Liabilities for which Fair Values are Disclosed					
Long-term debt (noncurrent portion and net of unamortized debt issue cost)	374,758,859	362,191,802	-	-	362,191,802
Tenants' deposits and others*	36,941,440	35,731,981	-	-	35,371,981
	411,700,299	397,923,783	-	-	397,923,783
	P412,017,380	P398,240,864	P-	P317,081	P398,240,864

*Excluding nonfinancial liabilities of P20.8 billion and noncurrent derivative liabilities of P306.6 million.

There were no transfers into and out of Levels 1, 2 and 3 fair value measurements as at September 30, 2024 and December 31, 2023.

Long-term Debt. The fair value of long-term debt is estimated based on the following assumptions:

Debt	Fair Value Assumptions
Fixed Rate	Estimated fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Future cash flows were discounted using prevailing market rates.
Variable Rate	For variable rate loans that re-price every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates. For variable rate loans that re-price every six months, the fair value is determined by discounting the principal amount plus the next interest payment amount using the prevailing market rate for the period up to the next repricing date. Future cash flows were discounted using prevailing market rates.

Derivative Instruments. The fair values are based on quotes obtained from counterparties. The rollforward analysis of the fair value changes of derivative instruments follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	(In Thousands)	
Balance at beginning of year	P6,462,308	P9,373,106
Net changes in fair value*	(1,186,816)	(1,194,648)
Fair value change from settled derivatives	(3,743,691)	(1,716,150)
Balance at end of period	P1,531,801	P6,462,308

* Includes fair value changes in OCI.

25. EPS Computation

	Nine-Month Periods Ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
	(In Thousands Except Per Share Data)	
Net income attributable to owners of the Parent (a)	P60,889,457	P55,883,087
Weighted average number of common shares outstanding (b)	1,222,023	1,222,023
EPS (a/b)	P49.83	P45.73

26. Subsequent Event

In its regular meeting on August 7, 2024, the BOD approved the property-for-share swap of SMIC with Intercontinental Development Corporation (ICDC), a 99.7%-owned subsidiary. This transaction involves the acquisition by SMIC of approximately 261 hectares of land owned by ICDC in exchange for 7,039,562 common shares of SMIC.

On October 4, 2024, the parties executed the Deed of Assignment of the Properties, subject to approval and confirmation of valuation by the Philippine Securities and Exchange Commission (SEC). On October 9, 2024, SMIC submitted to the SEC its request for a confirmation of valuation of the subject land as well as the exemption from registration of the common shares to be issued by SMIC.

The acquisition of the Properties will have no material effect on the business, financial condition and operations of SMIC.

PART I FINANCIAL INFORMATION

Item 2. Aging of Accounts Receivable - Trade

As of September 30, 2024 (Unaudited)

In Thousands

Real estate buyers - net of noncurrent portion	₱	66,163,163
Third-party tenants		10,156,360
Shipping and logistics		3,185,466
Related party tenants		496,349
Others		2,669,575
Total	₱	<u><u>82,670,913</u></u>

Aging:

Neither past due nor impaired	₱	70,966,719
Less than 30 days		2,642,171
31-90 days		2,134,233
91-120 days		1,318,311
Over 120 days		2,283,819
Impaired		3,325,660
Total	₱	<u><u>82,670,913</u></u>

PART 1 FINANCIAL INFORMATION

Management's Discussion and Analysis or Plan of Operation

Results of Operations

For the Nine Months Ended September 30, 2024 and 2023

(amounts in billion pesos)

YTD September			
	2024 (Unaudited)	2023 (Unaudited)	% Change
Revenues	₱462.5	₱440.4	5.0%
Cost and Expenses	353.5	337.8	4.6%
Income from Operations	109.0	102.6	6.2%
Other Charges	12.9	13.2	-2.7%
Provision for Income Tax	12.0	12.3	-2.7%
Net Income After Tax	84.1	77.1	9.2%
Non-controlling Interests	23.2	21.2	9.8%
Net Income Attributable to Owners of the Parent	₱60.9	₱55.9	9.0%

SM Investments Corporation and Subsidiaries (the Group) reported ₱60.9 billion *Net Income Attributable to Owners of the Parent* on ₱462.5 billion *Revenues* for YTD September 2024.

Following is the revenue and net income contribution by business segment:

	Revenues		Net Income	
	YTD Sep-24	YTD Sep-23	YTD Sep-24	YTD Sep-23
Retail	66%	66%	15%	18%
Property	20%	20%	27%	26%
Banks	7%	6%	50%	47%
Portfolio	7%	8%	8%	9%

Retail

SM Retail reported Revenues of ₱301.8 billion, 4% higher than YTD September 2023, and Net income of ₱12.8 billion, 7% lower than 2023.

The lower revenues of SM Stores is attributable to the impact of the high sales base in 2023, when mobility restrictions relative to the COVID pandemic was lifted.

Food Stores revenues increased 7% supported by better volumes and expansion.

Specialty Stores revenues was strong in discretionary categories such as health and beauty, and fashion.

Property

SM Prime reported Revenues of ₱99.8 billion, 8% higher than YTD September 2023, and Net income of ₱33.9 billion at 12% growth.

The mall business which accounts for 57% of consolidated *Revenues*, reported an 8% growth to ₱56.5 billion in 2024. Mall rental revenues increased 8% to ₱48.5 billion.

The primary residential business which accounts for 32% of consolidated Revenues, reported a 9% growth in *Revenues* to ₱31.2 billion in 2024, with reservation sales of ₱47.0 billion.

Other businesses, which include Offices, Hotels and Convention Centers, reported an 11% growth in Revenues to ₱11.0 billion in 2024.

Banking

BDO reported ₱60.6 billion *Net income*, 12% higher than YTD September 2023, driven by the sustained contribution of its core intermediation and fee-based service businesses.

Gross customer loans increased 13% on broad-based growth across all market segments. *Total Deposits* expanded 10%.

Non-interest income increased 16% with robust growth in fees and service charges, treasury and forex gains and income from insurance operations.

Asset quality improved with NPL ratio at 1.82% and NPL cover at 178%.

China Bank reported ₱18.4 billion *Net income*, 13% higher than YTD September 2023. *Net interest income* increased 19% to ₱46.5 billion as higher interest income offset the rise in interest expense.

Gross loans increased 14% to ₱871.6 billion as both business and consumer lending segments. *Total deposits* increased 13% to ₱1.3 trillion.

Asset quality improved with non-performing loan (NPL) ratio at 1.8% and NPL coverage at 141%.

Portfolio Investments

The Portfolio Investments Group contributed ₱5.1 billion of consolidated net income, 65% of which is from PGPC and Neo.

- PGPC revenues dropped 16% with lower steam prices that is pegged against Wholesale Electricity Spot Market (WESM).
- Neo revenues increased 13% with its high average occupancy rate.

Profit & Loss Statement - Account Analysis

Merchandise Sales of the Retail segment increased 4.0% to ₱292.6 billion, with Food Stores reporting 7% growth.

Real Estate Sales increased 6.4% to ₱31.8 billion, attributable to higher construction accomplishment of ongoing projects including *Now Residences* in Pampanga, *Bloom Residences* and *Gold Towers Residential-Offices* in Parañaque. Reservation sales is at ₱47.0 billion.

Rent Revenues, derived mainly from the mall operations of SM Prime, increased 10.1% to ₱49.8 billion. This is attributable to increased mall traffic and general improvement in tenant sales.

Equity in Net Earnings of Associate Companies and Joint Ventures increased 13.5% to ₱37.2 billion, mainly from the bank associates.

Costs and Expenses, which includes the impact of additional costs from newly-opened malls and retail stores as well as real estate projects, increased 4.6% to ₱353.5 billion.

Income from Operations increased 6.2% to ₱108.9 billion. *Operating Margin* and *Net Margin* in 2024 is at 23.6% and 18.2%, respectively.

Other Charges (net) decreased 2.7% to ₱12.9 billion. *Interest Expense* increased 2.0% to ₱16.8 billion and *Interest Income* increased 13.2% to ₱3.4 billion. *Foreign Exchange Gain - Net and Others* increased to ₱857.9 million. The increase includes ₱301.2 million gain on disposal of investments and properties.

Non-controlling Interests increased 9.8% to ₱23.2 billion due to the improved net income of partly-owned subsidiaries.

Financial Position
(amounts in billion pesos)

	09 / 30 / 2024 (Unaudited)	12 / 31 / 2023 (Audited)	% Change
Current Assets	₱361.1	₱359.5	0.4%
Noncurrent Assets	1,291.0	1,226.7	5.2%
Total Assets	₱1,652.1	₱1,586.2	4.2%
Current Liabilities	₱309.4	₱330.8	-6.4%
Noncurrent Liabilities	500.0	483.2	3.5%
Total Liabilities	809.4	814.0	-0.6%
Total Equity	842.7	772.2	9.1%
Total Liabilities and Equity	₱1,652.1	₱1,586.2	4.2%

Total Assets increased 4.2% to ₱1,652.1 billion while Total *Liabilities* decreased 0.6% to ₱809.4 billion.

Assets

Current Assets increased 0.4% to ₱361.1 billion.

Cash and Cash Equivalents decreased 0.1% to ₱103.7 billion: ₱38.8 billion used for financing activities, ₱25.6 billion used for investments in property and equipment, investment properties and others, offset by ₱64.3 billion cash generated from operations.

Receivables and Contract Assets increased 4.2% to ₱82.5 billion, mainly receivables from real estate buyers and rent receivable.

Inventories increased 5.2% to ₱123.6 billion, mainly Retail's merchandise inventory which increased 15.2% to ₱44.8 billion.

Other Current Assets decreased 12.8% to ₱50.3 billion, mainly receivable from banks and prepaid expenses and others.

Noncurrent Assets increased 5.2% to ₱1,291.0 billion.

Financial Assets at FVOCI (current and noncurrent) increased 5.6% to ₱28.6 billion due mainly to new equity instruments and increase in market value of certain investments.

Investments in Associate Companies and Joint Ventures increased 9.5% to ₱395.7 billion. The increase represents the Group's equity in net earnings of its associate companies particularly the banks, partly offset by disposals and dividends received.

Time Deposits (current and noncurrent) decreased 86% to ₱3.3 billion. These time deposits were used to settle debt that matured during the period.

Investment Properties increased 6.7% to ₱573.1 billion due mainly to SM Prime's investments in landbanking and coastal development, ongoing new mall and commercial projects, and redevelopment of existing malls.

Other Noncurrent Assets increased 6.6% to ₱146.5 billion, mainly receivable from real estate buyers.

Liabilities

Interest-bearing Debt was maintained at ₱502 billion of which ₱115B is current.

Accounts Payable and Other Current Liabilities decreased 4.6% to ₱190.9 billion, mainly payments for trade, nontrade, land acquisitions and obligations to government agencies.

Tenants' Deposits and Others increased 4.9% to ₱60.9 billion. The increase represents deposits made for the opening and expansion of malls and offices and increase in retention payable and deferred output VAT.

Equity

Total *Equity* increased 9.1% to ₱842.7 billion.

Equity Attributable to Owners of the Parent increased 9.7% to ₱610.6 billion, mainly ₱60.9 billion net income for the period, offset by the ₱11.0 billion dividends.

Share in Other Comprehensive Loss of Associate Companies and Joint Ventures - net decreased 33% to ₱7.6 billion attributable mainly to the improved results of bank associates.

Non-controlling Interests increased 7.7% to ₱232.1 billion, mainly increases in net assets of subsidiaries that are not wholly owned.

The Group has no known direct or contingent financial obligation that is material to the Group operations, including any default or acceleration of an obligation. The Group has no off-balance sheet transactions, arrangements, and obligations during the reporting year and as of the balance sheet date.

There are no known trends, events, material changes, seasonal aspects or uncertainties that are expected to affect the Group's continuing operations.

Key Performance Indicators

The key financial ratios of the Group follow:

	09 / 30 / 2024 (Unaudited)	12 / 31 / 2023 (Audited)
Current Ratio	1.2	1.1
Acid Test Ratio	0.6	0.6
Solvency Ratio	17.2%	16.1%
Asset to Equity	2.0	2.1
Debt - Equity Ratios:		
On Gross Basis	37 : 63	39 : 61
On Net Basis	32 : 68	33 : 67
Return on Equity	14.1%	14.5%
Return on Assets	7.0%	7.0%

	Unaudited YTD September	
	2024	2023
Revenue Growth	5.0%	15.3%
Net Margin	18.2%	17.5%
Net Income Growth	9.0%	30%
EBITDA (<i>In Billions of Pesos</i>)	128.4B	120.4B
Interest Cover	7.7x	7.3x

Current Ratio slightly increased to 1.2 due to the 0.4% increase in *Current assets* vs. 6.4% decrease in *Current liabilities*.

Solvency Ratio increased to 17.2% due to the 6.6% increase in *Net Income After Tax* and depreciation vs. 0.6% decrease in *Total Liabilities*.

Asset to Equity slightly decreased to 2.0 due to the 4.2% increase in *Total Assets* vs. 9.1% increase in *Total Equity*.

Gross Debt - Equity and Net Debt - Equity Ratios improved to 37:63 and 32:68, respectively due to higher equity at 9.1%. Gross debt was constant and net debt increased only by ₱19.8 billion.

Return on Equity slightly decreased to 14.1% due to the 6.5% increase in net income attributable to owners of the parent vs. 9.6% increase in average equity.

Revenue Growth and *Net income Growth* for YTD September 2024 are lower than YTD September 2023 as 2023 reflects the high base effect, that is, very strong revenues due to the lifting of mobility restrictions in 2023 vs. YTD September 2022.

EBITDA increased 6.6% due to the 6.2% increase in income from operations and 8.6% increase in depreciation. Consequently, *Interest Coverage* increased to 7.7x with interest expense growing only by 2.0%.

The manner by which the Group calculates the foregoing indicators is as follows:

1. Current Ratio $\frac{\text{Current Assets}}{\text{Current Liabilities}}$
2. Acid Test Ratio $\frac{\text{Current Assets less Inventories and Other Current Assets}}{\text{Current Liabilities}}$
3. Solvency Ratio $\frac{\text{Net Income After Tax + Depreciation and Amortization}}{\text{Total Liabilities}}$
4. Asset to Equity Ratio $\frac{\text{Total Assets}}{\text{Total Equity}}$
5. Debt – Equity Ratio
 - a. Gross Basis $\frac{\text{Total Interest-Bearing Debt}}{\text{Total Equity + Total Interest-Bearing Debt}}$
 - b. Net Basis $\frac{\text{Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand), Time Deposits, Investment in Bonds}}{\text{Total Equity + Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand), Time Deposits, Investments in Bonds}}$
6. Revenue Growth $\frac{\text{Total Revenues (Current Period)} - 1}{\text{Total Revenues (Prior Period)}}$
7. Net Margin $\frac{\text{Net Income After Tax}}{\text{Total Revenues}}$
8. Net Income Growth $\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)} - 1}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}}$
9. Return on Equity $\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to Owners of the Parent}}$
10. Return on Assets $\frac{\text{Net Income after Tax}}{\text{Total Assets}}$
11. EBITDA Income from Operations + Depreciation & Amortization
12. Interest Cover $\frac{\text{EBITDA}}{\text{Interest Expense}}$

Expansion Plans / Prospects in 2024

In the last quarter of 2024, there will be several other new stores to be opened including Alfamart stores.

Land banking, construction and/or expansion of malls and commercial properties, as well as repairs and maintenance of existing property and equipment and investment properties will continue. In October 2024, SM Prime opened *SM City J Mall* in Mandaue City, Cebu, its 87th mall in the Philippines.

Investments in new business ventures would be pursued as opportunities arise.

The above expenditures will be funded with cash generated from operations and other capital raising initiatives such as bond issuance and debt availments.

Results of Operations

For the Nine Months Ended September 30, 2023 and 2022

(amounts in billion pesos)

	YTD September		
	2023 (Unaudited)	2022 (Unaudited)	% Change
Revenues	₱ 440.4	₱ 382.0	15.3%
Cost and Expenses	337.8	300.3	12.5%
Income from Operations	102.6	81.7	25.6%
Other Charges	13.2	12.1	8.4%
Provision for Income Tax	12.3	10.7	15.5%
Net Income After Tax	77.1	58.9	31%
Non-controlling Interests	21.2	16.0	33%
Net Income Attributable to Owners of the Parent	₱ 55.9	₱ 42.9	30%

For YTD September 2023, *SM Investments Corporation and Subsidiaries (the Group)* reported ₱55.9 billion *Net Income Attributable to Owners of the Parent* on ₱440.4 billion *Revenues*.

Following is the revenue and net income contribution by business segment:

	Revenues		Net Income	
	YTD Sep-24	YTD Sep-23	YTD Sep-24	YTD Sep-23
Retail	66%	68%	18%	19%
Property	20%	18%	26%	23%
Banks	6%	6%	47%	45%
Portfolio	8%	8%	9%	13%

Retail

For YTD September 2023, SM Retail reported ₱13.7 billion *Net income* on *Revenues* of ₱290.6 billion, 19% and 12% higher than 2022, respectively.

- The SM Stores reported ₱72.7 billion *Sales*, 21% higher than 2022.
- The Food Stores reported ₱164.9 billion *Sales*, 9% higher than 2022. Sixty two percent of this growth was contributed by the SM Markets. Alfamart, which reported higher sales at 24%, accounted for the other thirty percent.
- The Specialty Stores reported ₱62.4 billion *Sales*, 14% higher than 2022. Bulk of this sales growth is attributed to Toy Kingdom/Pet Express, Kultura, Sports stores, Miniso and Crocs.

Property

For YTD September 2023, SM Prime reported ₱30.1 billion *Net income* on *Revenues* of ₱92.6 billion, 37% and 26% higher than 2022, respectively.

The Malls reported *Revenues* of ₱52.6 billion, 37% higher than 2022. Rental income increased 29% to ₱44.8 billion.

SM Prime's residential business led by SMDC reported *Revenues* of ₱28.7 billion and net reservation sales of ₱89.3 billion, 10% and 6% higher than 2022, respectively.

Banking

For YTD September 2023, BDO reported ₱53.9 billion *Net income* at 35% growth and China Bank ₱16.2 billion, at 10% growth.

Portfolio Investments

For YTD September 2023, the Portfolio businesses contributed ₱5.7 billion of consolidated net income, with the bulk contributed by PGPC and Neo.

Profit & Loss Statement - Account Analysis

Merchandise Sales increased 12.2% to ₱281.3 billion in 2023 attributable to The SM Store with 21% growth, Food with 9% and Specialty stores with 14%.

Real Estate Sales increased 8.6% to ₱29.9 billion attributable to *Gold, Mint, Sands, Shore, Cheerful* and *South Residences*. Reservation sales increased 6% to ₱89.3 billion.

Rent Revenues, derived mainly from the mall operations of SM Prime, increased 30% to ₱45.2 billion. This is attributable to increased mall traffic, general improvements in tenant sales and the return to full rent scheme.

Equity in Net Earnings of Associate Companies and Joint Ventures increased 28% to ₱32.8 billion. The increase is attributable mainly to BDO.

Other Revenues increased 18.3% to ₱51.2 billion due mainly to the 118% increase in *Cinema Ticket Sales, Amusement and Others*, 20% increase in *Shipping, Logistics and Other Services* and 28% increase in *Royalty and Service Fees*.

Selling, General and Administrative Expenses increased 18.3% to ₱98.8 billion. This increase is relative to the increase in revenue and the opening of new malls and retail stores.

Income from Operations increased 26% to ₱102.6 billion. *Operating Margin* and *Net Margin* in 2023 is at 23.3% and 17.5%, respectively.

Other Charges (net) increased 8.4% to ₱13.2 billion. *Interest Expense* increased to ₱16.4 billion due mainly to new debt availments for working capital and capital expenditure requirements. *Interest Income* increased to ₱3.0 billion due mainly to the increase in average balance of cash and time deposits. *Foreign Exchange Gain - Net and Others* decreased 74% to ₱336 million. The ₱ to US\$ foreign exchange rate amounted to ₱56.58 in 2023 and ₱55.76 in 2022.

Provision for Income Tax increased 15.5% to ₱12.3 billion due mainly to higher taxable income in 2023.

Non-controlling Interests increased 33% to ₱21.2 billion due mainly to the improved net income of SM Retail and SM Prime.

Financial Position

As at September 30, 2023 and December 31, 2022

(amounts in billion pesos)

	09 / 30 / 2023 (Unaudited)	12 / 31 / 2022 (Audited)	% Change
Current Assets	P 340.8	P 361.5	-5.7%
Noncurrent Assets	1,197.1	1,117.9	7.1%
Total Assets	P 1,537.9	P 1,479.4	4.0%
Current Liabilities	P 303.5	P 293.0	3.6%
Noncurrent Liabilities	488.2	494.2	-1.2%
Total Liabilities	791.7	787.2	0.6%
Total Equity	746.2	692.2	7.8%
Total Liabilities and Equity	P 1,537.9	P 1,479.4	4.0%

Total *Assets* increased 4.0% to P1.5 trillion while Total *Liabilities* increased 0.6% to P791.7 billion.

Current Assets

Current Assets decreased 5.7% to P340.8 billion.

Cash and Cash Equivalents decreased 20% to P85.1 billion: P46.2 billion used for investing activities, P35.3 billion used for financing activities, partially offset by P60.1 billion cash generated from operations.

Inventories increased 12.8% to P120.0 billion, mainly from the merchandise inventories of the Retail Group and the real estate inventories of the Property Group.

Noncurrent Assets

Noncurrent Assets increased 7.1% to P1,197.1 billion.

Financial Assets at FVOCI (current and noncurrent) decreased 8.0% to P23.8 billion due mainly to the decrease in market value of certain investments in shares of stock.

Investments in Associate Companies and Joint Ventures increased 7.7% to P353.6 billion. The increase mainly represents the Group's equity in net earnings of its associate companies, particularly BDO, partly offset by dividends received.

Time Deposits (current and noncurrent) decreased 31% to P22.9 billion as these were used to pay maturing obligations.

Investment Properties increased 8.7% to P528.2 billion due mainly to SM Prime's landbanking and coastal development, ongoing new mall and commercial projects, and redevelopment and expansion of existing malls.

Other Noncurrent Assets increased 12.8% to P137.4 billion attributable mainly to receivable from real estate buyers.

Liabilities

Interest-bearing Debt decreased 0.2% to P504.7 billion due mainly net payments, particularly by the Parent Company and SM Prime.

Accounts Payable and Other Current Liabilities decreased 0.6% to P180.8 billion due mainly to the settlement of payable to government agencies and liability for purchased land, partially offset by increase in accruals during the period.

Tenants' Deposits and Others increased 12.9% to P53.4 billion. This account includes the deferred output VAT related to sales of residential projects, deposits from residential buyers and tenants in new malls and office buildings, and derivative liabilities.

Equity

Total *Equity* increased 7.8% to P746.2 billion.

Equity Attributable to Owners of the Parent increased 7.8% to P535.8 billion due mainly to the following:

- P46.7 billion addition in *Retained Earnings* representing the P55.9 billion YTD September 2023 net income offset by the P9.2 billion dividend declaration, and
- P4.6 billion reduction in *Additional paid-in capital* representing the equity reserve recognized from the acquisition of additional 14% equity interest in 2GO.

Non-controlling Interests increased 7.7% to P210.4 billion due mainly to the increase in net assets of subsidiaries that are not wholly owned.

Key Performance Indicators

The key financial ratios of the Group follow:

	09 / 30 / 2023 (Unaudited)	12 / 31 / 2022 (Audited)
Current Ratio	1.1	1.2
Acid Test Ratio	0.5	0.7
Solvency Ratio	16.1%	13.7%
Asset to Equity Ratio	2.1	2.1
Debt - Equity Ratios:		
On Gross Basis	40 : 60	42 : 58
On Net Basis	35 : 65	35 : 65
Return on Equity	14.5%	13.1%
Return on Assets	6.9%	5.9%
	Unaudited YTD September	
	2023	2022
Revenue Growth	15.3%	31%
Net Margin	17.5%	15.4%
Net Income Growth	30%	50%
EBITDA (<i>In Billions of Pesos</i>)	120.4B	98.2B
Interest Cover	7.3x	6.8x

Current ratio slightly decreased to 1.1 due to the 6% decrease in *Current assets* vs 4% increase in *Current liabilities*.

Acid Test Ratio decreased to 0.5 due to the 17% decrease in Quick assets vs. 4% increase in *Current Liabilities*.

Solvency Ratio increased to 16.1% due to the 18% increase in *Net Income After Tax* and depreciation vs. 0.6% increase in *Total Liabilities*.

Gross Debt - Equity Ratio improved to 40:60 due to the 0.2% decrease in gross debt with 8% increase in equity. *Net Debt - Equity Ratio* remained at 35:65 due to the 23% decrease in cash and cash equivalents.

Return on Equity improved to 14.5% due to the 21% increase in annualized net income attributable to owners of the parent vs. 9% increase in average equity.

Return on Assets improved to 6.9% due to the 22% increase in annualized *Net Income After Tax* vs 4% increase in average assets.

EBITDA increased 23% due to the 26% increase in income from operations and 8% increase in depreciation.

Interest Cover improved to 7.3x due to the 23% increase in EBITDA vs. 14% increase in interest expense.

The indicators were derived using the computation below:

1. Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
2. Acid Test Ratio	$\frac{\text{Current Assets less Inventories and Other Current Assets}}{\text{Current Liabilities}}$
3. Solvency Ratio	$\frac{\text{Net Income After Tax + Depreciation and Amortization}}{\text{Total Liabilities}}$
4. Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$
5. Debt – Equity Ratio	
a. Gross Basis	$\frac{\text{Total Interest-Bearing Debt}}{\text{Total Equity + Total Interest-Bearing Debt}}$
b. Net Basis	$\frac{\text{Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand), Time Deposits, Investment in Bonds}}{\text{Total Equity + Total Interest-Bearing Debt less Cash and Cash Equivalents (excluding Cash on Hand), Time Deposits, Investments in Bonds}}$
6. Revenue Growth	$\frac{\text{Total Revenues (Current Period)} - 1}{\text{Total Revenues (Prior Period)}}$
7. Net Margin	$\frac{\text{Net Income After Tax}}{\text{Total Revenues}}$
8. Net Income Growth	$\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)} - 1}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}}$
9. Return on Equity	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to Owners of the Parent}}$
10. Return on Assets	$\frac{\text{Net Income after Tax}}{\text{Total Assets}}$
11. EBITDA	Income from Operations + Depreciation & Amortization
12. Interest Cover	$\frac{\text{EBITDA}}{\text{Interest Expense}}$

Expansion Plans / Prospects in 2023

For the rest of 2023, expansion and construction of malls, residential and commercial properties, opening of new retail stores across the various formats, mainly in the Retail Food Group, and selectively in the Retail Non-Food Group, as well as expansion of the Group's logistics capacity will continue.

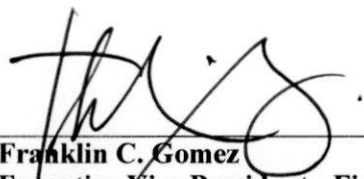
SM Prime opened its 83rd mall in Balanga City, Bataan in May 2023 and its 8th mall in China in September 2023. In October 2023, it also opened 2 additional malls in the Philippines, namely SM Center San Pedro and SM City Sto. Tomas.

Investments in new business ventures would be pursued as opportunities arise.

PART II - SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: **SM INVESTMENTS CORPORATION**



Franklin C. Gomez
Executive Vice President - Finance
Corporate Information Officer

Date: 11-14-2024