



FOR IMMEDIATE RELEASE

SM Prime net income up 8% to P4.2B in 2003

SM Prime Holdings, Inc., the country's leading shopping mall developer and operator, reports a net income of P4.2 billion in the year ended December 31, 2003, posting an 8% increase from the comparative figure of P3.86 billion in 2002.

Consolidated revenues registered a 10% growth in 2003 to P8.8 billion from P8.01 billion in 2002. This increase was due to sustained performance of mall and food court leasing, cinemas, and amusement operations. Rent increased 11% to P6.98 billion in 2003 from P6.27 billion in 2002. Cinema revenues likewise grew 7%, posting revenues of P1.34 billion.

The full operations of SM City Bicutan and SM City Cagayan de Oro, which were opened in the last quarter of 2002, contributed to this favorable increase. Likewise, newly-opened SM City Lucena, SM City Baguio, and SM City Marilao—opened in late 2003—also contributed to SM Prime Holdings' revenue upsurge. Furthermore, numerous improvements, such as the newly-opened amusement center in SM City North Edsa, and the opening of SM City Pampanga's annex, also contributed to the revenues.

Operating expenses grew by 10% mainly due to the operational costs of the three newly opened malls and the full operations of the malls in Bicutan and Cagayan De Oro. Net other Income registered a favorable growth of 91% due to higher interest income brought about by higher average cash balance during the year and the decline in interest expense due to lower average balance of loans and long-term debt. Income before income tax and minority interest increased 14% to P5.52 billion from the previous year's P4.83 billion.

SM City Lucena has three levels and a total gross floor area of 72,057 square meters of shopping, entertainment and dining that is already 90% leased out. Anchor tenants include SM Department Store, the leading shopping retail store in the country, as well as SM Supermarket, SM Appliance Center, Watson's, Ace Hardware, Our Home, Toy Kingdom, and Surplus Shop. SM City Lucena also offers leisure and entertainment with four state-of-the-art cinemas (with total seating capacity of 2,300), and a children's carousel and play area, and soon, a Bowling Center.

Located only a kilometer from the city proper, SM City Lucena is at the intersection of the Lucena/Pagbilao National Highway and the Dalahican Road. Only 15 minutes from busy Dalahican Fish Port, it is easily accessible via public transport.

SM City Baguio opened its doors to a massive crowd of avid shoppers and “mallers” last November 21, 2003. The 16th SM Supermall, SM City Baguio is located on Session Road at the heart of Baguio City, and is the foremost entertainment, dining, and shopping destination in the country’s summer capital. SM City Baguio’s gross floor area of 105,331 square meters is already 90% lease-awarded.

SM City Baguio’s unique tensile-roofing design and terraces-type architecture with *al fresco* dining areas on each of the four levels has been hailed by several notable publications and the general public. Starbucks, Seattle’s Best, Don Henrico’s, Dencio’s Bar and Grill, Gerry’s Grill, Yellow Cab are some of the dining outlets operational.

SM City Marilao, located in Bulacan—the gateway to Central Luzon, is the 17th operational mall of SM Prime Holdings, Inc., opened on November 28, 2003. Only 12 kilometers from Monumento, SM City Marilao caters to residents of Obando, Meycauayan, Sta. Maria, and Bocaue—where population is large and fast growing due to the industrial estates being developed in these areas.

The two-storey, 88,654 sq. meter mall is already 90% leased out, and operational tenants include anchors SM Department Store, SM Supermarket, Ace Hardware, Surplus Shop, Watson’s, Our Home, and Toy Kingdom. Four SM Cinemas and other leisure areas such children’s theme rides and games and amusement are likewise operational for the Bulaceño family’s total shopping and leisure experience.

SM Prime Holdings, Inc. now owns 17 operational malls across Luzon, Visayas, and Mindanao, with total gross floor area totaling 2.31 million square meters. With a total land bank of 194 hectares, in 16 strategic locations, SM Prime Holdings, Inc. continues its expansion within the next five years. Set to open in 2004 are SM City Dasmariñas, in Cavite, SM City Batangas, in Batangas City, and SM City Fairview Annex. Under construction are SM City San Lazaro, SM City Molino, SM City Valenzuela, and the SM Mall of Asia. By 2005, total gross floor area of SM Prime Holdings will reach 2.8 million square meters.

-30-

Reference: Anna Victoria L. Gomez, Corporate Communications Manager, SM Prime Holdings, Inc.
Telephone (632) 831 1000 loc 1405 • Facsimile (632) 833 8991 • E-mail: rlg@smprime.com