

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, BUT HAS NOT YET BECOME EFFECTIVE. THESE SECURITIES MAY NOT BE SOLD NOR OFFERS TO BUY THE SAME BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY.



SM PRIME HOLDINGS, INC.

(A corporation duly organized and existing under Philippine laws)

OFFER SUPPLEMENT

[• July 2016]

Offer of up to ₱5,000,000,000 Fixed Rate Bonds
with an Oversubscription Option of up to ₱5,000,000,000
under its ₱60,000,000,000 Fixed Rate Bonds Shelf Registration
consisting of

[•]% p.a. Series F Bonds due 2026

at an Offer Price of 100% of Face Value

to be listed and traded through
the Philippine Dealing and Exchange Corporation

Joint Issue Managers, Joint Bookrunners, and Joint Lead Underwriters



**BPI Capital
Corporation**



**CHINABANK
CAPITAL**
A subsidiary of CHINABANK



**FIRST METRO
INVESTMENT CORPORATION**
Metrobank Group

Participating Underwriters

[•]

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

SM Prime Holdings, Inc.

By:

HANS T. SY
President

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2016, affiant exhibiting to me his Philippine Passport no. _____ issued on _____ at _____.

Doc. No. _____
Book No. _____
Page No. _____
Series of 2016.

SUMMARY OF THE OFFER

This document constitutes the Offer Supplement relating to the offer described herein (the "Offer"). Terms used herein shall be deemed to be defined as set forth in the Prospectus dated [● July 2016] (the "Prospectus"). This Offer Supplement contains the final terms of this Offer and must be read in conjunction with the Prospectus. Full information on the Issuer and this offering is only available on the basis of the combination of this Offer Supplement and the Prospectus. All information contained in the Prospectus are deemed incorporated by reference in this Offer Supplement.

On 16 May 2016, the Board of Directors of the Company authorized the offer of up to Sixty Billion Pesos (₱60,000,000,000.00) worth of Fixed Rate Bonds, at an offer price of 100% of Face Value, under a shelf registration to be issued within a period of three (3) years from the date of the effectivity of the Registration Statement, with an initial offering of up to Five Billion Pesos (₱5,000,000,000.00), with an oversubscription option of up to Five Billion Pesos (₱5,000,000,000.00) worth of Series F Fixed Rate Bonds, at an offer price of 100% of Face Value, under such terms and conditions as the management of the Issuer may deem advantageous to it.

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing in the Prospectus.

Issuer	SM Prime Holdings, Inc.
Issue	Fixed rate bonds constituting the direct, unconditional, unsecured and unsubordinated obligations of SM Prime Holdings, Inc.
Issue Size	PHP5,000,000,000
Over-subscription Option	The Issuer, in consultation with the Joint Issue Managers and Joint Lead Underwriters, shall have the option to increase the Issue Size by up to PHP5,000,000,000 in the event of oversubscription. In the event that the Over-subscription Option is not fully exercised, the unexercised portion shall be placed under shelf registration to be issued within the period prescribed by relevant regulations.
Manner of Distribution	Public offering
Use of Proceeds	To finance capital expenditures for the expansion of the Issuer's commercial and hotel operations (see "Use of Proceeds")
Issue Price	At par (or 100% of face value)
Form and Denomination of the Bonds	The Bonds shall be issued in scripless form in minimum denominations of ₱20,000.00 each, and in multiples of ₱10,000.00 thereafter, and traded in denominations of ₱10,000.00 in the secondary market

Offer Period The offer of the Series F Bonds shall commence at 9:00 am on [● June] 2016 and end at 12:00 pm on [● July] 2016

Issue Date [● July] 2016

Maturity Date Series F : Ten (10) years from Issue Date

Interest Rate [●]% per annum

Interest Computation & Payment Interest on the Series F Bonds shall be calculated on a 30/360-day count basis and shall be paid quarterly in arrears commencing on [● October] 2016 and on [● October, ● January, ● April, and ● July] of each year.

Optional Redemption Prior to the Maturity Date of the Series F Bonds, the Issuer shall have a one-time option, but shall not be obligated, to redeem in whole, and not a part only, the outstanding Series F Bonds in accordance with the following schedule:

Optional Redemption Dates	Optional Redemption Price
Twenty ninth (29 th) Interest Payment Date	101.5%
Thirty third (33 rd) Interest Payment Date	101.0%
Thirty seventh (37 th) Interest Payment Date	100.5%

The Issuer shall give no less than thirty (30) nor more than (60) calendar days' prior written notice of its intention to redeem the Series F Bonds on such Optional Redemption Date, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Series F Bonds at the Interest Payment Date stated in such notice.

The amount payable to the Bondholders in respect of such redemption shall be calculated as the sum of (i) the relevant Optional Redemption Price applied to the principal amount of the then outstanding Series F Bonds being redeemed; and (ii) accrued interest on the Series F Bonds as of the relevant Optional Redemption Date.

Final Redemption Unless otherwise earlier redeemed or previously purchased and cancelled, the Bonds will be redeemed at par or 100% of face value on the Maturity Date.

Bond Rating	The Series F Bonds are rated PRS Aaa by the Philippine Rating Services Corporation
Trustee	Philippine National Bank Trust Banking Group
Registrar & Paying Agent	Philippine Depository & Trust Corp.
Taxation of Bond Interest	<p>Interest income derived by Philippine citizens or resident foreign individuals from the Bonds is subject to income tax, which is withheld at source, at the rate of 20%. Interest on the Bonds received by non-resident foreign individuals engaged in trade or business in the Philippines is subject to a 20% final withholding tax while that received by non-resident foreign individuals not engaged in trade or business is subject to a 25% final withholding tax. Interest income received by domestic corporations and resident foreign corporations is taxed at the rate of 20%. Interest income received by non-resident foreign corporations is subject to a 30% final withholding tax. The tax withheld constitutes a final settlement of Philippine income tax liability with respect to such interest.</p> <p>Bondholders who are exempt from or are not subject to final withholding tax on interest income or are covered by a lower final withholding tax rate by virtue of a tax treaty may claim such exemption or lower rate, as the case may be, by submitting the necessary documents as required by the Bureau of Internal Revenue and the Issuer.</p>
Ranking	The Bonds shall constitute the direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank pari passu and rateably without any preference or priority among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by law.
Listing	The Bonds are intended to be listed at the Philippine Dealing & Exchange Corporation, or such other securities exchange licensed as such by the SEC on which the trading of debt securities in significant volume occurs.
Governing Law	Philippine Law

USE OF PROCEEDS

The net proceeds from the issue of the Series F Bonds, without the Over-subscription Option (after deduction of commissions and expenses) is approximately ₱4,950.6 million and is presently intended to be used by the Issuer to finance capital expenditures for the expansion of the Issuer's commercial and hotel operations. Assuming the Over-subscription Option of up to ₱5.0 billion is fully exercised, the Company expects total net proceeds of approximately ₱9,910.6 million after fees, commissions and expenses.

Net proceeds from the Offering are estimated to be at least as follows:

For a ₱5.0 billion Issue Size		Total
Estimated proceeds from the sale of Bonds		₱5,000,000,000
Less: Estimated expenses		
Documentary Stamp Tax	25,000,000	
SEC Registration		
SEC Registration Fee and Legal Research	3,093,125	
SEC Publication Fee	100,000	
Underwriting and Other Professional Fees		
Underwriting and Legal Fee	16,200,000	
Rating Fee	2,688,000	
Listing Application Fee	112,000	
Listing Maintenance Fee	168,000	
Printing Cost	450,000	
Trustee Fees	130,000	
Paying Agency and Registry Fees	963,200	
Miscellaneous fees	500,000	49,404,325
Estimated net proceeds for ₱5.0 billion Issue		₱4,950,595,675
For the ₱5.0 billion Over-Subscription Option		
Estimated proceeds from the sale of Bonds		₱5,000,000,000
Less: Estimated expenses		
Documentary Stamp Tax		25,000,000
Underwriting Fees		15,000,000
Estimated net proceeds for ₱5.0 billion Over-Subscription Option		₱4,960,000,000

Total Net Proceeds (inclusive of Over-Subscription Option of ₱5.0 billion) --- ₱9,910,595,675

Aside from the foregoing one-time costs, SM Prime expects the following annual expenses related to the Series F Bonds:

1. The Issuer will be charged the first year Annual Maintenance Fee in advance upon the approval of the Listing;
2. The Issuer will pay a yearly retainer fee to the Trustee amounting to ₱130,000 per annum; and
3. After the Issue Date, a Paying Agency fee amounting to ₱150,000 is payable every interest payment date. The Registrar will charge a monthly maintenance fee based on the face value of the Bonds and the number of Bondholders.

The net proceeds of the Issue of ₱4,950.6 million, assuming an Issue Size of ₱5.0 billion, shall be used primarily to finance capital expenditures for the expansion of commercial and hotel operations as set out below.

<i>(Amounts in million ₱)</i>	Amount and Schedule of Disbursement		Launch date	Target completion date	Percentage completion¹
	2H 2016	1H 2017			
Commercial	2,419	0			
SM Clark BPO Towers	1,144	-	1H 2016	4Q 2016	20%
SM Sta Rosa BPO	510	-	1H 2016	4Q 2016	14%
SM Iloilo Tower	765	-	2H 2016	1H 2017	0%
Hotels	2,075	843			
Conrad Manila	603	-	1H 2013	1H 2016	96%
SMX Conventions SRP Cebu	571	202	1H 2016	2H 2017	0%
SM Hotels North EDSA	346	192	1H 2016	2018	0%
SM Hotels Mall of Asia	341	273	2H 2016	2018	0%
MOA Serviced Apartment	214	176	2H 2016	2018	0%

Note 1: Percentage completion as of the date of this Prospectus.

If the ₱5.0 billion Over-subscription Option is exercised, the additional net proceeds of ₱4,960.0 million from the Over-subscription Option shall be used to finance the Issuer's mall projects.

<i>(Amounts in million ₱)</i>	Amount and Schedule of Disbursement		Launch date	Target completion date	Percentage completion¹
	2H 2016	1H 2017			
Commercial	2,877	2,161			
Three E-com Center	1,261	315	1H 2015	2H 2017	17%
Four E-com Center	985	328	1H 2016	2018	0%
SRP Cebu - Building 1	563	317	2H 2016	2018	0%
Cyber Building 1	68	281	2H 2016	2H 2017	0%
Six E-com Center	-	920	2H 2016	2020	0%

Note 1: Percentage completion as of the date of this Prospectus.

Any shortfall in the net proceeds for the intended uses described above shall be funded by the Issuer from internal sources such as cash flows generated from operations and/or availments from credit facilities provided to the Issuer by various financial institutions.

DESCRIPTION OF THE PROJECTS

The Issuer will directly undertake all of the projects that will be funded by the proceeds of the Offer.

The commercial projects that will be funded by the proceeds of the Offer are described below.

- *SM Clark BPO Towers* is a commercial building adjacent to SM City Clark and has a lot size of 6,090 square meters with a gross floor area of 67,296 square meters. The tower is set to open in 2016.
- *SM Sta Rosa BPO* is a commercial building adjacent to SM City Sta. Rosa and has a lot size of 12,092 square meters with a gross floor area of 30,000 square meters. The tower is set to open in 2016
- *SM Iloilo Tower* is a commercial building adjacent to SM City Iloilo and has a lot size of 5,480 square meters with a gross floor area of 45,000 square meters. The tower is set to open in 2017.
- *The Three E-com* is a 71,660 m² office development located in the Mall of Asia Complex, Pasay City, Metro Manila. It has 4 podium parking levels and 11 office levels, with ancillary retail at the ground and garden deck levels. It is expected to open in 2017.
- *The Four E-com* is a 176,199.00m² office development located in the Mall of Asia Complex, Pasay City, Philippines. It has a full basement, 4 podium parking levels, and 11 office levels, with ancillary retail at the ground and podium levels. It is expected to open in 2018.
- *Cebu- SRP* is the office development components of the 20-hectare SM Cebu Seaside Complex.
- *Cyber Buildings* is a 10 hectare mixed use development project with office and retail developments to complement the existing SM mall.
- *Six E-com Center* is the sixth installment in the world class E-Com centers being developed by the Company within the Mall of Asia Complex. It is proposed to be a 15 storey building with 4-level parking podium and GF designed to cater to commercial and retail tenants. Offices start from the 4F to the 15F. The GFA is estimated at 110,000 sqm. with target GLA of 70,000 sqm. It is expected to open in 2020.

The hotel projects that will be funded by the proceeds of the Offer are described below.

- *Conrad Manila* is a 347-room hotel that is located within the MOA complex. The eight-storey hotel will incorporate two levels of retail and entertainment facilities on the ground floor. It will also have other hotel facilities as well as a 1,446 sq. m. ballroom and other function and meeting spaces. Conrad Manila is scheduled for completion by the second quarter of 2016.
- *SMX Conventions Centre SRP Cebu* is expected to open in 2017 at South Road Property, Cebu City.
- *SM Hotels North EDSA* is a 200-room hotel adjacent to SM City North EDSA and expected to open in 2017.
- *SM Hotels Mall of Asia* is a 250-room hotel in the Mall of Asia Complex expected to open in 2018.
- *SM Hotels Mall of Asia SA* is a 200-room serviced apartment in the Mall of Asia Complex expected to open in 2018.

Pending the above uses, the Company intends to invest the net proceeds from the Issue in short-term and medium-term liquid investments including but not limited to short-term government securities, bank deposits and money market placements which are expected to earn prevailing market rates.

The Company undertakes that it will not use the net proceeds from the Issue for any purpose, other than as discussed above. However, the Company's plans may change, based on factors including changing macroeconomic and market conditions, or new information regarding the cost or feasibility of these plans. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to reallocate the net proceeds within the categories described above, or to alter its plans, including modifying the projects described in the foregoing and/or pursuing different projects. In the event of any substantial deviation/adjustment in the planned uses of proceeds, the Company shall inform the SEC and the stockholders within 30 days prior to its utilization.

PLAN OF DISTRIBUTION

BDO Capital, BPI Capital, China Bank Capital, and FMIC, pursuant to an Issue Management and Underwriting Agreement with SM Prime executed on [● June 2016] (the “Underwriting Agreement”), have agreed to act as the Joint Lead Underwriters for the Offer and as such, distribute and sell the Bonds at the Offer Price, and have also committed to underwrite up to ₱5,000,000,000 on a firm basis, in either case subject to the satisfaction of certain conditions and in consideration for certain fees and expenses, with a ₱5,000,000,000 Over-subscription Option.

Each of the Joint Lead Underwriters has committed to underwrite the Offer on a firm basis up to the amount indicated below:

Joint Lead Underwriters	Amount
BDO Capital & Investment Corporation	₱1,250,000,000
BPI Capital Corporation	₱1,250,000,000
China Bank Capital Corporation	₱1,250,000,000
First Metro Investment Corporation	₱1,250,000,000

The Joint Lead Underwriters shall have exclusive rights and priority to exercise the Over-subscription Option of up to ₱5,000,000,000. The unexercised portion of the Over-subscription Option shall be placed under shelf registration to be issued within the period prescribed by relevant regulations.

There is no arrangement for the Underwriters to return to SM Prime any unsold Bonds. The Underwriting Agreement may be terminated in certain circumstances prior to payment of the net proceeds of the Bonds being made to SM Prime. There is no arrangement as well giving the Underwriters the right to designate or nominate any member to the Board of the Issuer.

SM Prime will pay the Joint Lead Underwriters a fee of 0.30% on the final aggregate nominal principal amount of the Bonds issued, which is inclusive of the fee to be ceded to Participating Underwriters. No fees will be given to Broker-Dealers selling the Bonds.

The Underwriters are duly licensed by the SEC to engage in underwriting and distribution of securities to the public. The Underwriters may, from time to time, engage in transactions with and perform services in the ordinary course of business with SM Prime, its parent company, SMIC, or other members of the SM Group.

BDO Capital is the wholly-owned investment banking subsidiary of BDO Unibank, Inc., which, in turn, is an associate of the SM Group. BDO Capital is a full-service investment house primarily involved in securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment. Incorporated in December 1998, BDO Capital commenced operations in March 1999.

BPI Capital is the wholly-owned investment banking subsidiary of the Bank of the Philippine Islands and is duly licensed by the SEC to engage in the underwriting and distribution of securities. BPI Capital offers investment banking services in the areas of financial advisory, mergers and acquisitions, debt and equity underwriting, private placement, project finance and loan syndication. It began operations as an investment house in December 1994.

China Bank Capital, a subsidiary of China Banking Corporation, provides a wide range of investment banking services to clients across different sectors and industries. Its primary business is to help enterprises raise capital by arranging or underwriting debt and equity transactions, such as project financing, loan syndications, bonds and notes issuances, securitizations, initial and follow-on public offerings, and private

equity placements. China Bank Capital also advises clients on structuring, valuation, and execution of corporate transactions, including mergers, acquisitions, divestitures, and joint ventures. It was established and licensed as an investment house in 2015 as the spin-off of China Bank's investment banking group, which was organized in 2012.

FMIC was incorporated in the Philippines in 1972, and is the investment banking arm of the Metrobank Group, one of the largest financial conglomerates in the Philippines. FMIC provides investment banking services through its four strategic business units: Investment Banking, Treasury, Investment Advisory and Strategic Finance. FMIC also has a quasi-bank license and is a government securities eligible dealer (GSED) licensed by the Bureau of the Treasury. On September 13, 2011, FMIC received a Certificate of Authority issued by the BSP to engage in Trust and Other Fiduciary Business. FMIC is listed in the Philippine Stock Exchange and is a member of the Investment House Association of the Philippines (IHAP).

Except for BDO Capital and China Bank Capital which are associates of the SM Group, the other Joint Lead Underwriters, namely BPI Capital and FMIC, have no direct relations with SM Prime in terms of ownership. The Underwriters have no right to designate or nominate any member of the Board of SM Prime.

SALE AND DISTRIBUTION

The distribution and sale of the Bonds shall be undertaken by the Underwriters who shall sell and distribute the Bonds to third party buyers/investors. Nothing herein shall limit the rights of the Underwriters from purchasing the Bonds for their own respective accounts.

There are no persons to whom the Bonds are allocated or designated. The Bonds shall be offered to the public at large and without preference.

The obligations of each of the Underwriters will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Underwriters. Unless otherwise expressly provided in the Underwriting Agreement, the failure by an Underwriter to carry out its obligations thereunder shall neither relieve the other Underwriters of their obligations under the same Underwriting Agreement, nor shall any Underwriter be responsible for the obligation of another Underwriter.

OFFER PERIOD

The Offer Period shall commence at 9:00 am of [● June 2016], and end at 12:00 pm of [● June 2016].

APPLICATION TO PURCHASE

Applicants may purchase the Bonds during the Offer Period by submitting to the Underwriters properly completed Applications to Purchase, together with two signature cards, and the full payment of the purchase price of the Bonds in the manner provided in the said Application to Purchase.

Corporate and institutional applicants must also submit, in addition to the foregoing, a copy of their SEC Certificate of Registration of Articles of Incorporation and By-Laws, Articles of Incorporation, By-Laws, and the appropriate authorization by their respective boards of directors and/or committees or bodies authorizing the purchase of the Bonds and designating the authorized signatory(ies) thereof.

Individual applicants must also submit, in addition to accomplished Applications to Purchase and its required attachments, a photocopy of any one of the following valid identification cards (ID), subject to verification with the original ID: passport, driver's license, postal ID, company ID, SSS/GSIS ID and/or Senior Citizen's ID.

A corporate and institutional investor who is exempt from or is not subject to withholding tax shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance: (i) certified true copy of the tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue; (ii) a duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status, undertaking to immediately notify the Issuer of any suspension or revocation of the duly-accepted tax exemption certificates and agreeing to indemnify and hold the Issuer free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities; provided that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar.

Completed Applications to Purchase and corresponding payments must reach the Underwriters prior to the end of the Offer Period, or such earlier date as may be specified by the Underwriters. Acceptance by the Underwriters of the completed Application to Purchase shall be subject to the availability of the Bonds and the acceptance by SM Prime. In the event that any check payment is returned by the drawee bank for any reason whatsoever or the nominated bank account to be debited is invalid, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase shall be deemed revoked.

MINIMUM PURCHASE

A minimum purchase of Twenty Thousand Pesos (₱20,000.00) for each series of the Bonds shall be considered for acceptance. Purchases for each series of the Bonds in excess of the minimum shall be in multiples of Ten Thousand Pesos (₱10,000.00) for each series.

ALLOTMENT OF THE BONDS

If the Bonds are insufficient to satisfy all Applications to Purchase, the available Bonds shall be allotted in accordance with the chronological order of submission of properly completed and appropriately accomplished Applications to Purchase on a first-come, first-served basis, without prejudice and subject to SM Prime's exercise of its right of rejection.

ACCEPTANCE OF APPLICATIONS

SM Prime and the Joint Lead Underwriters reserve the right to accept or reject applications to purchase the Bonds, and in case of oversubscription, allocate the Bonds available to the applicants in a manner they deem appropriate.

REFUNDS

If any application is rejected or accepted in part only, the application money or the appropriate portion thereof shall be returned without interest to such applicant through the relevant Underwriter with whom such application to purchase the Bonds was made.

PAYMENTS

The Paying Agent shall open and maintain a Payment Account, which shall be operated solely and exclusively by the said Paying Agent in accordance with the Paying Agency and Registry Agreement, provided that beneficial ownership of the Payment Account shall always remain with the Bondholders. The Payment Account shall be used exclusively for the payment of the relevant interest and principal on each Payment Date.

The Paying Agent shall maintain the Payment Account for six (6) months from Maturity Date or date of early redemption. Upon closure of the Payment Account, any balance remaining in such Payment Account shall be returned to the Issuer and shall be held by the Issuer in trust and for the irrevocable benefit of the Bondholders with unclaimed interest and principal payments.

PURCHASE AND CANCELLATION

The Issuer may purchase the Bonds at any time in the open market or by tender or by contract at market price without any obligation to make pro-rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

SECONDARY MARKET

SM Prime intends to list the Bonds in the PDEX. SM Prime may purchase the Bonds at any time without any obligation to make pro-rata purchases of Bonds from all Bondholders.

REGISTRY OF BONDHOLDERS

The Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing the Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Bondholders.

Legal title to the Bonds shall be shown in the Register of Bondholders to be maintained by the Registrar. Initial placement of the Bonds and subsequent transfers of interests in the Bonds shall be subject to applicable prevailing Philippine selling restrictions. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers of Bonds shall be entered into the Register of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Register of Bondholders.

CAPITALIZATION AND INDEBTEDNESS

As at 31 March 2016, the authorized capital stock of the Issuer was ₱40.0 billion divided into 40 billion common shares each with ₱1 par value per share, and its issued capital stock was ₱33.166 billion consisting of 33.166 billion common shares of ₱1 par value each.

The following table sets forth the consolidated capitalization and indebtedness of the Issuer as at 31 March 2016 and as adjusted to give effect to the issue of the Bonds (assuming the Oversubscription Option is not exercised). This table should be read in conjunction with the Issuer's reviewed interim condensed consolidated financial statements as at 31 March 2016 and for the three-month periods ended 31 March 2015 and 2016 and notes thereto, included elsewhere in this Prospectus.

	As at 31 March 2016	
	Actual	Adjusted
<i>(in ₱ millions)</i>		
Short-term debt		
Loans payable	775	775
Current portion of long-term debt	9,359	9,359
Total short-term debt	10,134	10,134
Long-term debt - net of current portion		
Banks and other financial institutions	140,011	140,011
The Bonds to be issued	-	4,951
Total long-term debt - net of current portion	140,011	144,962
Equity		
Equity Attributable to Equity Holders of the Parent:		
Capital stock	33,166	33,166
Additional paid-in capital - net	39,304	39,304
Cumulative translation adjustment	849	849
Net unrealized gain on available-for-sale investments	16,589	16,589
Net fair value changes on cash flow hedges	104	104
Remeasurement loss on defined benefit obligation	(50)	(50)
Retained earnings		
Appropriated	42,200	42,200
Unappropriated	89,004	89,004
Treasury stock	(3,355)	(3,355)
Total Equity Attributable to Equity Holders of the Parent	217,811	217,811
Total capitalization	367,956	372,907

Notes:

- (1) Adjusted amount as at 31 March 2016 includes proceeds of ₱5.0 billion principal amount of the Bonds offered hereunder, after deduction of commissions and expenses.
- (2) Total capitalization is the sum of debt and equity.

PARTIES TO THE OFFER

Issuer

SM PRIME HOLDINGS, INC.

Joint Issue Managers, Joint Bookrunners, and Joint Lead Underwriters

**BDO CAPITAL & INVESTMENT CORPORATION
BPI CAPITAL CORPORATION
CHINA BANK CAPITAL CORPORATION
FIRST METRO INVESTMENT CORPORATION**

Participating Underwriters

[•]

Trustee

PHILIPPINE NATIONAL BANK TRUST BANKING GROUP

Registrar and Paying Agent

PHILIPPINE DEPOSITORY AND TRUST CORPORATION

Legal Counsel to the Underwriters

ANGARA ABELLO CONCEPCION REGALA & CRUZ

Independent Auditors

SGV & Co.