



**INVESTMENTS
CORPORATION**

October 3, 2016

PHILIPPINE DEALING & EXCHANGE CORP.

37th Floor, Tower 1, The Enterprise Center
6766 Ayala Ave., cor. Paseo de Roxas, Makati City

Attention: **Ms. Vina Vanessa S. Salonga**
Head, Issuer Compliance and Disclosure Department (ICDD)

Re: **Clarification of News Report -
SM Group in Talks to Buy Dormitory Buildings Chain**
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Ladies and Gentlemen:

Please be informed that SM Investments Corporation replied to the Philippine Stock Exchange's request for clarification on the news article titled "SM group in talks to buy dormitory buildings chain" posted in Inquirer.net on October 3, 2016.

See attachment for further information.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Elmer B. Serrano', written over a horizontal line.

ELMER B. SERRANO
Corporate Secretary

Encl. a/s



INVESTMENTS CORPORATION

October 3, 2016

PHILIPPINE STOCK EXCHANGE

3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Mr. Jose Valeriano B. Zuño III**
OIC - Head, Disclosure Department

Ms. Krystal Faith U. Go
Analyst, Disclosure Department

Ladies and Gentlemen:

We reply to your request for clarification on the news article titled “SM group in talks to buy dormitory buildings chain” posted in Inquirer.net on October 3, 2016, the pertinent portion of which reads:

“PROPERTY giant SM Prime Holdings Inc. is in talks to acquire a growing chain of dormitory buildings under the ‘MyTown’ brand, which could mark its entry into the specialized for-lease property segment that caters to young urban professionals, particularly in the business process outsourcing (BPO) industry.

Industry sources said SM Prime was in an advanced stage of discussion with Philippines Urban Living Solutions Inc. (PULS), owner, developer and manager of purpose-built staff-housing at walking distance from major central business districts in the Philippines under the ‘MyTown’ brand.

PULS currently owns and manages five buildings with more than 1,000 beds all operated under the ‘MyTown’ brand. It plans to reach 6,000 beds by 2018.

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One industry source said the SM group would like to test the dormitory market in anticipation of demand for more affordable living space among BPO workers. This business is seen catering to young people who need quality shelter near their place of work but can not afford yet to purchase their own home.

Based on its website, MyTown units come in four configurations, each fully-furnished with a bath, kitchenette, a desk, and smart bunk beds with ergonomic gadget provisions. MyTown buildings also have a wide range of comprehensive amenities and recreational areas. Its biggest property to date is MyTown New York, a 700-bed dormitory in Guadalupe Nuevo, Makati, which is also equipped with a movie theatre, game rooms, resto bars, KTV rooms, function and study rooms, and a roof deck.

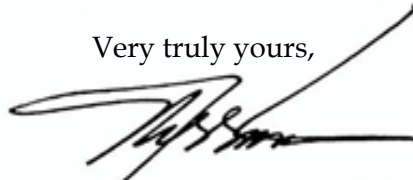
MyTown currently has a 40-bed dormitory in Pembo, Makati, a 20-bed property in Pitogom Makati, a 92-bed unit also in Guadalupe Nuevo, Makati and a 160-bed property in Santolan Road, Quezon City. It is set to launch a 60-bed property in Pitogo, Makati

....”

We confirm that the SM Group is in discussion with the developer of MyTown.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Elmer B. Serrano', written in a cursive style with a long, sweeping flourish extending upwards and to the right.

ELMER B. SERRANO
Corporate Secretary