



**INVESTMENTS  
CORPORATION**

November 21, 2016

**PHILIPPINE DEALING & EXCHANGE CORP.**

37<sup>th</sup> 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 -  
SMIC on Lookout for New Investments, Acquisitions**

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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 entitled "SMIC on lookout for new investments, acquisitions" posted in The Philippine Star (Internet Edition) on November 21, 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

November 21, 2016

### **PHILIPPINE STOCK EXCHANGE**

3<sup>rd</sup> 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 entitled “SMIC on lookout for new investments, acquisitions” posted in The Philippine Star (Internet Edition) on November 21, 2016. The article reported in part that:

“MANILA, Philippines - SM Investments Corp. (SMIC) is on the lookout for investments and potential acquisitions.

The company is particularly interested in increasing its stake in its affiliate banks - BDO Unibank Inc. (BDO) and China Banking Corp. (China Bank).

Funding for these potential acquisitions will come from the company’s initial tranche of up to P20 billion in seven-year bonds to be issued this year.

The company has obtained the green light from the Securities and Exchange Commission (SEC) to issue the bonds, which are part of a P50 billion issue filed under the SEC’s shelf registration facility.

....

Net proceeds from the issue are estimated at P19.8 billion which includes an oversubscription option of P5 billion and which would be disbursed with in the fourth quarter of 2016 or up to the end of the second quarter of 2017.

Of the P15 billion, P6.15 billion would be used for debt refinancing and P8.716 billion would be allocated for investments and acquisitions, SMIC said in its registration statement.

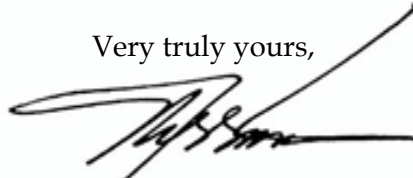
If the oversubscription option of P5 billion is utilized, an additional P4.960 billion would also be used for the company's strategic investments.

..."

We confirm the article, however, we wish to clarify that SMIC intends to use the net proceeds of the issue of P19.8 billion, if the oversubscription option is exercised, to finance the Company's strategic investments.

Thank you.

Very truly yours,

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

**ELMER B. SERRANO**  
Corporate Secretary