



**INVESTMENTS
CORPORATION**

November 9, 2016

PHILIPPINE STOCK EXCHANGE, INC.
Tower One, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

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

Ms. Christina Marie C. Fortes
Assistant Manager, Disclosure Department

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: **Press Release - SM Net Income Grows 11%**
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Ladies and Gentlemen:

Please be informed that SM Investments Corporation will be releasing to the press the attachment entitled "SM Net Income Grows 11%".

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



PRESS RELEASE

SM Net Income Grows 11%

(09 November 2016. Pasay City, Philippines) SM Investments Corporation (SM) reported an 11% growth in its consolidated net income to PHP22.0 billion for the first nine months of the year. Recurring net income, net of one-time items, grew 9%. Consolidated revenues grew 9% to PHP252.4 billion for the period from PHP230.8 billion.

“Our core businesses are delivering solid growth in line with the investments we have made and against a background of stable economic fundamentals. We are also encouraged by the performance of the recently merged specialty retail stores which delivered double digit topline growth. The intention of the government program to invest heavily in nationwide infrastructure projects should help economic development and drive provincial growth outside Metro Manila which is where we are also directing our investments,” SM President Harley T. Sy said.

Earnings growth was driven by property 13%, banks 11% and retail 7%. For the first nine months, banks and property each accounted for 39% of consolidated earnings and retail 22%.

Retail

Retail operations under SM Retail Inc. reported sustained growth in total sales of 9% to PHP186.0 billion while net income grew 7% to PHP7.0 billion. Revenues from recently acquired specialty retailers grew 13%.

THE SM STORE opened two stores in SM San Jose Del Monte in Bulacan and in SM Trece Martires in Cavite. As of the nine-month period, the total gross selling areas of all 55 department stores stood at 0.7 million square meters.

The Food Retail Group pursued its aggressive expansion in both urban and rural communities nationwide, adding 15 mid-sized format Savemore stores, two SM Supermarkets, one SM Hypermarket and three WalterMart stores for a total of 277 stores. Meanwhile, Alfamart increased its number of stores to 187 stores as of end-September from 99 at the start of the year.

Early in the year, SM announced the merger of SM Retail with several leading specialty retail stores with over 1,400 outlets. The merger received final approval from the Securities and Exchange Commission on 7 July 2016. During the nine-month period, the specialty stores added 95 stores nationwide.

Banking

For the period, BDO Unibank posted a net income of PHP19.3 billion, up 10% as its lending, deposit-taking and fee-based businesses all delivered solid results. Net interest income grew by 16% to PHP48.4 billion, supported by 15% growth in customer loans to PHP1.4 trillion and 14% growth in deposits to PHP1.8 trillion. Fee-based income was up 15% to PHP16.0 billion.

China Banking Corporation reported net income growth of 31% to PHP4.8 billion for the first nine months due to strong growth in its core and fee-based businesses. Net interest income was up 9% to PHP12.3 billion while net loans expanded 19% to PHP343.1 billion and fee-based revenues improved 42% to PHP4.2 billion.

Property

SM Prime Holdings, Inc. (SM Prime) reported recurring net income growth of 13% in the first nine months to PHP17.5 billion driven by growth in leasing and property sales. Consolidated revenues rose 11% to PHP57.8 billion.

Rental revenues grew 12% to PHP31.7 billion with mall and commercial leasing accounting for 96% of the total rental revenues. Total mall revenues rose 9% to PHP35.2 billion with same-store growth averaging 7%. Total revenues from the commercial group registered a 44% growth to PHP1.9 billion.

SM Prime's residential group, under SM Development Corp., recorded higher revenues by 10% to PHP18.7 billion and accounted for 32% of total revenues. Residential net income rose 15% to PHP4.3 billion. Growth was largely driven by sales on ready for occupancy (RFO) units. SMDC's reservation sales climbed 25% to PHP36.4 billion in sales value.

Revenues of the hotels and convention centers business grew by 23% in the first nine months of 2016 to PHP2.1 billion.

Balance Sheet

As of end-September 2016, total assets of SM grew 9% to PHP813.5 billion. SM maintains a healthy balance sheet with a conservative gearing ratio of 39% net debt to 61% equity.

About SM Investments Corporation

SM Investments Corporation (SM) is one of the leading conglomerates in the Philippines with highly synergistic businesses in retail, banking and property development. SM is one of the more responsible companies in the country due to its progressive approach in business and its comprehensive sustainability programs for its host communities through SM Foundation and SM Cares.

SM's retail operations enjoy a strong brand franchise consisting of THE SM STORE; a strong portfolio of leading specialty retailers including Ace Hardware, SM Appliances, Homeworld, Our Home, Toy Kingdom, Watsons and others; and its food retail chains, namely SM Supermarket, SM Hypermarket, Savemore and WalterMart stores. SM's property arm, SM Prime Holdings, Inc., is one of the largest integrated property developers in the Philippines with interests in mall, residential, commercial and tourism development. SM's interests in banking are in BDO Unibank, Inc. (BDO), the country's leading bank and in China Banking Corporation (China Bank), the sixth largest private bank. Combined, these two banks have a network of over 1,400 branches nationwide.

For more about SM, visit www.sminvestments.com

For further information, please contact:

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SM Investments Corporation

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