

July 10, 2013

PHILIPPINE STOCK EXCHANGE

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

Attention : Ms. Janet A. Encarnacion
Head - Disclosure Department

Re : **SM Investments Corporation (SMIC)**
SEC Reg. No. 16342

Dear Ms. Encarnacion,

Relative to the declaration of stock dividend by SMIC, please find attached Notice of Adjustment of Conversion Price issued to our Citicorp International Limited, our Trustee for the US\$250M Convertible bonds.

Very truly yours,

Ma. Ruby Li. Cano

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Senior Vice President - Controllershship
Alternate Corporate Information Officer
SM Investments Corporation

Cc: Ms. Ma. Concepcion M. Magdaraog
Issuer Compliance & Disclosure Department
Philippine Dealing & Exchange Corp.

SM Investments Corporation
10/F OneE-Com Center, Harbor Drive
Mall of Asia Complex, Pasay City 1300, Philippines
Telephone: +63 2 857 0100 Fax: +63 2 857 0132

July 9, 2013

Citicorp International Limited
50th Floor, Citibank Tower
Citibank Plaza, 3 Garden Road
Central Hong Kong

Attention: Agency and Trust

Re : **Notice of Adjustment of Conversion Price**
SM Investments Corporation ("the Company")
U.S. \$250,000,000 1.625% Convertible Bonds due 2017

Gentlemen:

Pursuant to clause 6.3.23 of the terms and condition of the above mentioned bonds, SM Investments Corporation hereby gives notice to Citicorp International Limited, as the trustee, of the adjustment to the conversion price.

The details are as follows:

1) 9.1 million Top Up Shares Placement on August 24, 2012

New Conversion Price (NCP) is **₱780.782/common share**

Original Conversion Price (OCP) is **₱781.446/common share**

As provided in clause "6.3.10 Other Issues of Shares", If the Issuer shall issue any Shares (other than Shares issued upon conversion or exchange of any convertible or exchangeable securities (including the Bonds) issued by the Issuer or upon exercise of any rights or warrants granted, offered or issued by the Issuer or in any of the circumstances described in any preceding provision of this Condition 6.3), for a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) less the Current Market Price per Share on the date in the Philippines on which the Issuer fixes the said consideration (or, if the issue of such Shares is subject to approval by a general meeting of shareholders, on the date on which the board of directors of the Issuer fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the issue of such additional Shares shall be adjusted.

SM Investments Corporation
10/F One E-Com Center
Harbor Drive
Mall of Asia Complex
1300, Pasay City, Philippines

2) 157,629,986 Stock Dividends Declared by the Company's Board of Directors and ratified by the Company's stockholders representing at least two-thirds (2/3) of the outstanding capital stock on April 25, 2013

New Conversion Price (NCP) is **₱624.625/common share**

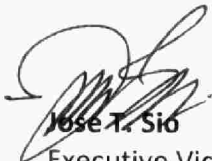
Old Conversion Price (OCP) is **₱780.782/common share**

As provided in clause "6.3.2 Declaration of Dividend in Shares", If the Issuer shall issue Shares as a dividend in Shares or make a distribution of Shares which is treated as a capitalisation issue for accounting purposes under Philippine Financial Reporting Standards (including, but not limited to, capitalisation of capital reserves and employee stock bonus), then the Conversion Price in effect when such dividend and/or distribution is declared (or, if the Issuer has fixed a prior record date for the determination of shareholders entitled to receive such dividend and/or distribution, on such record date) shall be adjusted.

The stock dividend was approved by the Philippine Securities and Exchange Commission on June 24, 2013 and set July 8, 2013 as the record date for the determination of the stockholders entitled to such dividends.

We trust you find the above in order.

Very truly yours,



Jose T. Sio
Executive Vice President &
Chief Finance Officer

Cc: *Citibank N.A., London Branch (Principal Agent)*
Singapore Stock Exchange
Philippine Stock Exchange
Bangko Sentral ng Pilipinas, International Operations Dept.
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