

April 23, 2014

**PHILIPPINE STOCK EXCHANGE**

3<sup>rd</sup> 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,

This is in reference to your memo dated April 23, 2014, requesting for confirmation on the veracity of the news article entitled "SEC clears SMIC's P15-B bond sale" posted in BusinessWorld Online on April 22, 2014. The article reported in part that:

"SM Investments Corp. (SMIC) has secured regulators' approval to issue up to P15 billion worth of retail bonds to refinance debt and bankroll expansion projects, a senior official of the Securities and Exchange Commission (SEC) said yesterday.

SEC Secretary Gerard M. Lukban, in a text message yesterday, confirmed that the commission has approved the bond sale.

'Yes, SMIC's registration statement was approved in today's meeting,' Mr. Lukban said.

According to the bond registration statement filed with the SEC, the conglomerate of tycoon Henry Sy, Sr. will be offering P10 billion worth of fixed-rate bonds with an oversubscription of as much as P5 billion.

The bonds have tenors of seven and 10 years.

The offer period will start at 9:00 a.m. on April 30 and will end at 12:00 p.m. on May 12, while the bonds are expected to be issued on May 19, documents showed.

The seven-year bonds carry an interest rate of 4.7405%-5.8405% per annum, while the 10-year papers yield 5.4114%-6.4114% per year.

The same documents said the bonds 'will be issued in scripless form in minimum denominations of P20,000 each and in multiples of P10,000 thereafter and will be traded in denominations of P10,000 in the secondary market.'

SMIC hired BDO Capital & Investment Corp., BPI Capital Corp., China Bank Corp. and First Metro Investment Corp. as joint lead underwriters for the offer.

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**SM Investments Corporation**

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

SMIC expects P9.92 billion in net proceeds without the oversubscription option from the transaction, according to its regulatory filing.

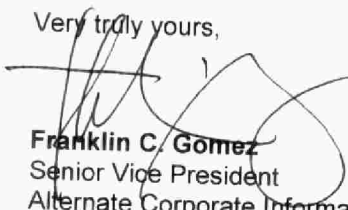
SMIC said the proceeds will refinance existing debt worth P9.46 billion, mainly from the Land Bank of the Philippines and Sy-led BDO Unibank, Inc.

Part of the funds will also be used for two projects: the SM Arena and Asinan worth P150 million and P310 million, respectively, it said.

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We confirm the proposed issuance of SMIC Retail Bonds totaling P10 billion with oversubscription provision of additional P5 billion. The Bonds will have a term of 10 years and 7 years. The information regarding the interest rates and the timetable are all indicative as of this time. We will make the proper disclosures once the relevant details are finalized.

Very truly yours,



**Franklin C. Gomez**  
Senior Vice President  
Alternate Corporate Information Officer  
SM Investments Corporation

Cc: Director Justina Callangan  
SEC – Corporate Finance Dept. Head

Ms. Ma. Concepcion Magdaraog  
PDEX – Issuer Compliance & Disclosure Dept. Head