



April 17, 2013

The Philippine Stock Exchange, Inc.
3F Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

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

Gentlemen:

We refer to your letter to SM Investments Corporation dated April 17, 2013 regarding the news article entitled “Value accretive” under Biz Buzz column posted in the *Inquirer.net* on April 16, 2013, which was referred to SM Prime Holdings Inc. for response. The article reported in part that:

SM Prime Holdings chief finance officer Jeffrey Lim has recently been active in the affairs of SM Development Corp., leading to speculation that once SM property units were consolidated, he would be named as the new president of the residential property unit.

....

Lim added that this prospective consolidation would not drag down the valuation of any of the SM units involved. Apart from SMDC and SM Prime, he said the consolidation could also include Highlands Prime and the unlisted SM Land. Instead, he said this should be “value accretive.”

....

We confirm that SM Prime, together with the other property companies of the SM Group is still in the process of studying and evaluating the prospective consolidation of these companies under one holding company. One of the guidelines in the study is that the consolidation should be value accretive to the companies involved in the consolidation.

Very truly yours,

A handwritten signature in black ink that reads "Teresa Cecilia H. Reyes".

TERESA CECILIA H. REYES
Vice President – Finance