



March 1, 2024

THE PHILIPPINE STOCK EXCHANGE, INC.

6th Floor, PSE Tower
28th St. corner 5th Ave.
BGC, Taguig City

Attention: **Ms. Alexandra D. Tom Wong**
Head, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.

29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Attention: **Atty. Marie Rose M. Magallen-Lirio**
Head, Issuer Compliance and Disclosure Department

Ladies and Gentlemen:

We reply to the request for clarification of The Philippine Stock Exchange, Inc. on the news article entitled "SM Investments betting on data centers as next big thing" posted in GMA News Online on February 29, 2024, the pertinent portion of which reads:

"Conglomerate SM Investments Corporation (SMIC), owned by Philippine's richest family —the Sy-blings, is entering the data center space banking on growing demand for data storage amid the use of artificial intelligence (AI).

'We are continuing to look as well at other opportunities out there... industries which are key to economic [growth] of the Philippines. Data centers for example we are looking into,' SMIC president and CEO Frederic DyBuncio told reporters on Thursday.

'Because of AI, there's more need for servers to store all this data,' DyBuncio said.

The SMIC chief added the company will take the opportunity to build data centers in the country to capture demand from elsewhere as 'a lot of other countries, even in Europe, are now trying to limit the new data centers.'

'That is something we are looking into to support the Philippine economy,' he said.

DyBuncio said SMIC is now in talks with a local partner to build what he called 'cold shells' or fully-equipped buildings that will house servers or supercomputers.

'We just build the shell for them with all the telco, water, power, generator. That's the model we are looking at,' he said.

'Then we will look for operators to come in and manage it themselves,' he added.

The SMIC chief said the first 'cold shell' will rise in an industrial park in Batangas.

'We will probably get something up within the year... We are talking to a number of [locators],' DyBuncio said.

. . . .

SMIC's portfolio investments are in integrated resorts through Belle Corporation, in copper mining through Atlas Consolidated Mining and Development Corporation, in community mall chain CityMall, office towers under the NEO Subsidiaries and NEO Associates, end-to-end logistics through 2GO Group, as well as in retail bakeshops under Goldilocks, mobile payments through Philippines Urban Living Solutions Inc., and renewable energy under Philippine Geothermal Production Company.

DyBuncio said portfolio investments contributed 9% roughly to SMIC's earnings last year.

'We are hoping to be able to grow that maybe in the teens [level]. That is our objective,' he said.

'Over the next five years, we should be able to grow our portfolio [business] to teens as far as revenue and income contribution [are concerned],' he added.

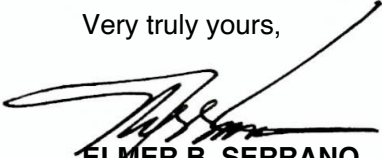
. . . ."

In line with the foregoing, we wish to confirm that the Company is exploring the data center space, but it is too early to make projections on the impact of this line of business to the financials of the Company. Additionally, SM Investments Corporation has set a goal to achieve mid teens percentage contribution of its consolidated earnings to come from its portfolio investments over the next approximately 5 years. This will be achieved through growth of existing businesses in the portfolio, which includes logistics, renewable energy, specialist property, food manufacturing, mining and leisure, as well as through new investments in sectors such as data centers. These are dynamic sectors and growing businesses in which the group will invest to achieve the overall portfolio goal.

Rest assured, we will disclose relevant details in due course.

Thank you.

Very truly yours,



ELMER B. SERRANO
Corporate Secretary