

28 October 2014

Philippine Stock Exchange, Inc.

3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Ave., Makati City
Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Dear Madam,

We respond to your letter this morning, seeking our comment on the news article entitled "CA ruling favors Ayala Group; SM loses control of Ortigas holding firm" posted in BusinessMirror (Internet Edition) on October 27, 2014. The article reported that:

"THE Court of Appeals (CA) has issued a decision favoring the Ayala Group in its dispute with the SM Group over the control of Ortigas Holdings Inc. (OHI).

In a 49-page decision penned by Associate Justice Leoncia Real-Dimagiba, the CA's Former Special Fifth Division reversed the December 6, 2013, order issued by the Regional Trial Court (RTC) in Pasig City, which nullified the July 19, 2013, election of board of directors of OHI for alleged violation of the anti-competitor clause under Section 3.3 of the shareholders' agreement.

The appellate court held that the trial court committed 'reversible error' in ruling that the said provision of the shareholders' agreement is sufficient to nullify the election of the OHI's board of directors and to enjoin it from holding any election until such provision is included in the OHI's by-laws.

The RTC in Pasig City nullified the July 19, 2013, OHI election based on the complaint, filed by Columnea Holdings Inc., which owns 2.63 percent of OHI's outstanding capital stock. In its complaint led by Henry Lee Jr., Columnea claimed that the parties to the October 23, 2010, shareholders' agreement agreed to prohibit a competitor or a nominee of such competitor from being nominated and elected as member of the OHI's board of directors.

Columnea claimed that the Rafael Ortigas Group (ROG) entered into a strategic alliance with Ayala Land Inc., a land developer, a competitor of OHI. It also contended that Jose Luis O. Montilla, Roberto V. San Jose, Yolanda M. Eleazar and Delfin P. Angcao, who were elected in the board in 2013, were nominees of Ayala Land to OHI.

The appellate court held that a perusal of the shareholders' agreement would show that it was executed by Mark R.P. Watkinson, Francisco M. Ortigas III, Ignacio Ortigas, Fernando M. Ortigas and Ronald Logan.

It noted that OHI and the other petitioners are not parties to the same, thus, are not bound by it.

The CA added that OHI's by-laws are yet to be amended to implement the anti-competitor clause.

It said Columnea did not request the parties to the shareholders' agreement to take steps to cause the amendment of OHI's by-laws. To date, it is undisputed that the by-laws have not been amended to include an anti-competitor clause. For all intents and purposes as the

obligation to cause the by-laws' amendment was not complied with, there exists no anti-competitor clause,' the CA said.

'OHI, a non-party to the shareholders' agreement, had no duty to implement it during the annual stockholders' meeting on July 19, 2013, because there was nothing to implement,' the CA added. The CA said Columnea failed to established that San Jose, Eleazar, Angcao and Montilla were nominees of Ayala Land to OHI.

'Columnea's insinuations that the alleged strategic alliance with Ayala Land is prejudicial to the interest of OHI is murky and speculative,' the CA ruled.

The ROG earlier said there is no formal or final strategic allegiance agreement with Ayala Land and that such agreement will still be negotiated, formalized and finalized.

It also accused Columnea of not coming to court with clean hands as three of the nominees of RFOG, Columnea's alleged affiliate, are identified with the SM Group, which is a competitor of OHI."

We would like to clarify that we are not a party to the above-mentioned case, and therefore are not in a position to comment on the subject.

Thank you.

Very truly yours,



Jaime E. Ysmael
*Senior Vice President,
Chief Finance Officer and
Compliance Officer*

Cc:

Securities and Exchange Commission
SEC Building, Mandaluyong City
Attention: Hon. Vicente Graciano P. Felizmenio, Jr.
Director, Market Regulation Department

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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 Disclosures Department