

31 May 2016

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 seeking our clarification and/or confirmation on the news article entitled "Ayala-Mercado tandem plans to build more Qualimed Hospitals" posted in Business World (Internet Edition) on May 31, 2016. The article reported in part that:

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QualiMed President and Chief Executive Officer Edwin M. Mercado said the Ayala-Mercado partnership plans to build seven more hospitals across the country. Aside from QualiMed Hospital-San Jose Del Monte, the Ayala-Mercado partnership will open clinics in Cebu IT Park, Cebu City and Bonofacio (sic) Global City, Taguig this year.

The QualiMed Hospital in Sta. Rosa, Laguna will open next within the first quarter of 2017, Mr. Mercado said. Mr. Mercado said the partnership is investing around P5 billion -- P400 million to P430 million for each hospital and P10 million to P12 million for each clinic -- to expand the QualiMed Health Network through 2020.

The official, however, noted: 'We have set up very stiff targets of coming up with 10 hospitals and 10 clinics in 2020, but of course, in various stages. Some would still be in the planning stage or at least in the licensing stage.' Meanwhile, MGHI is targeting to complete "base hospitals" in Balintawak and South Arca in 2018 and 2019. The facilities will have more advanced diagnostic capacity.

. . . .”

We wish to clarify that while we remain focused on meeting our vision of a 10-hospital, 10-clinic network by 2020, we are still in the process of identifying the actual sites and reviewing costs to complete this. At present, fit-out & equipment costs for a 100-bed hospital is around P400m-P430m, while P10m-P15m is needed to put-up a Clinic.

To date, Qualimed has three Hospitals (Tanuan, Iloilo and San Jose Del Monte) that are operating, with Nuvali set to open on the 1st Quarter of 2017. Balintawak and Arca South are also in the drawing board. For Clinics, we have three operating Clinics (Trinoma, Makati and UP Town Center) and two operating Ambulatory Surgery Center/Clinics (Fairview Terraces and UP Philippine General Hospital), with two more Clinics set to open this year (Bonifacio Global City and Cebu IT Park).

Thank you.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'ASB'.

AUGUSTO D. BENGZON
Vice President
Treasurer

Cc

Philippine Dealing and Exchange Corporation

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

Securities and Exchange Commission

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