



February 5, 2018

THE PHILIPPINE STOCK EXCHANGE, INC.

3/F Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention : **MR. JOSE VALERIANO B. ZUÑO III**
Head, Disclosure Department

Dear Mr. Zuño:

This refers to your request to clarify the news article entitled "Ayala Corp. to spend at least P200 billion in capex this year" posted in BusinessMirror (Internet Edition) on February 4, 2018. The article reported in part that:

"CONGLOMERATE Ayala Corp. (AC) is allocating at least P200 billion in capital expenditures (capex) this year, up from P195 billion last year, mainly to expand its core businesses, as well as its newer ventures.

'I don't know the exact number yet but, as a group, it think it's bigger than last year. It's more than P200 billion,' AC CFO Jose Teodoro Limcaoco said.

Limcaoco added the country's oldest conglomerate will continue to raise funds this year to bankroll AC's spending.

'We're looking at all opportunities. We have very strong support from our banks and we have enough bank lines,' he said. 'We would also look at, possibly, a bond issue sometime this year if the market is conducive. The market is a little bit in a flux [right now].'

Limcaoco said bonds may come from the unused portion of the P30-billion worth that has been shelf-registered with the Securities and Exchange Commission.

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Limcaoco added the size of the bonds has 'to be dignified,' or a size acceptable for the market to trade. A P10-billion bond is a market size, he added.

AC's unit Bank of the Philippine Islands will be taking a large bite of this year's capex because of its planned stock rights offering of about P40 billion to P50 billion.

'We will take our proportionate share,' Limcaoco said. 'We're about 48 percent [stake in BPI] so we're talking P20 billion to P25 billion.'

Property subsidiary Ayala Land Inc. (ALI) also expects to allot a bigger capex budget for 2018 compared to the P88 billion allotted last year.

ALI CFO Augusto Bengzon said the firm is planning to launch more projects this year.

'Last year we were targeting to launch about P90 billion worth of residential projects. It probably came close to that. Last year, the residential market was quite strong,' Bengzon said. 'This year so far, it looks like the same. Probably we will launch similar, if not bigger or a greater amount of residential projects.'

ALI is also looking at disposing its stake on its hospital joint venture with the Mercado group under the brand QualiMed.

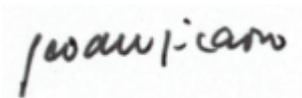
'We have the process ongoing [for the disposal of the stake]. Let's see what the results are,' Bengzon said.

'We look at it independently, our health-care business. We would like to get into eventually into hospitals but we're independent,' Limcaoco said. 'They [ALI] have to undergo the process and what they need to do with Qualimed. We'll participate if we think the values are right.'

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We confirm the statements in the abovementioned news article.

Very truly yours,



JOSE TEODORO K. LIMCAOCO
Chief Finance Officer

Cc: SECURITIES & EXCHANGE COMMISSION
Attention: Mr. VICENTE GRACIANO P. FELIZMENIO, JR.
Director, Markets and Securities Regulation Department

PHILIPPINE DEALING & EXCHANGE CORPORATION
Attention: MS. VINA VANESSA S. SALONGA
Head, Issuer Compliance and Disclosure Department