



SM INVESTMENTS

March 10, 2026

**PHILIPPINE DEALING & EXCHANGE CORP.**

29<sup>th</sup> Floor, BDO Equitable Tower  
8751 Paseo de Roxas, Makati City

Attention: **Atty. Suzy Claire R. Selleza**  
*Head, Issuer Compliance and Disclosure Department*

Ladies and Gentlemen:

We reply to the request for confirmation of the Philippine Dealing & Exchange Corp. on the news article entitled "*SMIC laying out P 3B for six new geothermal energy sites*" published in the *Philippine Daily Inquirer* on March 9, 2026 the pertinent portion of which reads:

"SM Investments Corp. (SMIC) plans to invest more than \$50 million or over P3 billion to develop six new geothermal concessions this year as part of its push into renewable energy.

The group's geothermal unit, Philippine Geothermal Production Company Inc., currently operates two steamfields—the Mak-Ban geothermal field in Calabarzon and the Tiwi geothermal field in Bicol.

Frederic DyBuncio, president and CEO of SMIC, said the group has recently secured six additional geothermal concessions. They intend to develop these sequentially as part of a long-term expansion strategy in clean energy.

"We have six new concessions that we've acquired, and we're developing each section one at a time," DyBuncio said during an interview.

The CEO said work is already underway in some areas. The company has drilled new wells in Malinao, also in the Bicol region, and is preparing to move operations to Labo, in Camarines Norte.

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After the drilling, you need to build the pipelines and build the power plant," he said. "It's about five years in total."

Initial spending will focus on exploration drilling to determine whether the fields can generate commercially viable steam.

Each drilling operation can cost roughly \$100,000 per day or P5.9 billion, making careful site selection crucial.

Because geothermal resources are located deep underground, developers often need to drill multiple wells before confirming a viable steam reservoir.

DyBuncio said the group might need to drill two to three wells per site before determining whether a concession can be developed into a full geothermal facility.

This year's work also includes additional drilling in Tiwi, before moving to the new concession sites in Bicol.

"This year, we're actually going to be drilling, we have actually started drilling more in Tiwi. Because there is still more capacity there to grow our steam field. And then from Tiwi, we are going to move to Malinao," he said.

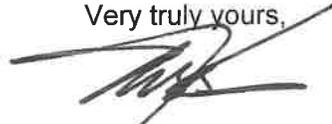
While spending will not reach \$100 million this year, DyBuncio confirmed that the investment will exceed \$50 million.

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We confirm the accuracy of the cited excerpts from the news article.

Thank you.

Very truly yours,



**Elmer B. Serrano**  
*Corporate Secretary*

Encl. a/s