



19 November 2013

THE PHILIPPINE STOCK EXCHANGE

3F Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

**ATTN : MS. SHEENA PAULA H. PEDRIETA
MS. JANET A. ENCARNACION
Disclosure Department**

RE : BOARD APPROVAL OF SALE OF ROX SHARES AND BUY-BACK OF RCI SHARES

Dear Ms. Pedrieta and Ms. Encarnacion:

This is in reply to your letter dated 18 November 2013 requesting RCI to give additional information on the above subject matter.

In accordance with your letter, we give the following answers to your queries:

SALE OF ROX SHARES:

1) The rationale for the transaction including the benefits which are expected to be accrued to the Issuer as a result of the transaction:

Ans: The transaction ends the long search of RHI for a strategic partner in order to accelerate its plans in becoming the dominant sugar company in the Philippines. It also prepares RHI for industry consolidation for the upcoming ASEAN market integration in 2015.

2) Terms and conditions of the transaction:

- a) Number of shares to be disposed, price per share and the aggregate value of the transaction:
- b) The basis or principle followed in determining the amount of consideration:
- c) Terms of payment:

Ans: RCI will sell 279,247,760 RHI shares at Php8.00 per share to First Pacific Natural Resources Holdings BV. The aggregate value of the transaction is Php2,233,982,080.00. The basis used in determining the amount of consideration is a combination of the following principles: (a) premium over book value of Php6.42 as of 2013; (b) prospective book value of about Php7.00 for 2014; (c) enterprise value of Php8.00; and (d) industry average of about seven to eight times price earnings. The purchase price shall be paid in cash.

3) Identity and background of the person(s)/entity(ies) from whom the shares were sold, including the nature and extent of material relationship with RCI, ROX, their directors/officers or any of their affiliates:

Ans: The principal seller is RCI, the parent company of ROX. Its main holdings are raw real estate located in Nasugbu, Batangas, sugar-related assets and businesses held through RHI, and real estate development through its property arm, Roxaco Land Corporation. Also, Pesan Holdings, Inc. will sell some of its shares in RCI. Pesan Holdings, Inc. is a holding company of which Mr. Pedro E. Roxas is the controlling stockholder. Mr. Roxas is the Chairman of the Board of RHI. Another shareholder selling her shares is Ms. Maricarmen Roxas de Elizalde. She is related to Mr. Roxas within the fourth civil degree of consanguinity.

4) Effects on the following:

a) The business and financial condition of the RCI:

Ans: The sale of ROX shares will result into a gain of Php1.33 Billion for RCI. Its unrestricted retained earnings will increase from Php1.092 Billion to Php2.42 Billion.

b) Ownership structure of ROX:

Ans:

PRINCIPAL SHAREHOLDERS	BEFORE		AFTER	
	No. of shares	Percentage owned	No. of shares	Percentage owned
Roxas and Company, Inc.	597,606,670	66%	318,358,910	35%
Pesan Holdings, Inc.	49,614,887	5.45%	21,819,575	2.40%
Mari Carmen Roxas Elizalde	2,204,688	0.24%	0	0%

c) Foreign ownership level:

Ans: Not available. We undertake to provide this information once the transactions are consummated.

BUY-BACK OF SHARES:

1) The rationale for the transaction including the benefits which are expected to be accrued to the Company as a result of the transaction:

Ans: The buy-back of the shares is designed to realign the core shareholders of the Company. It is also expected to strengthen the Company's balance sheet and finance development projects focusing on the fastest-growing segment of realty/hotel/tourism. In addition, the foregoing transactions will also allow RCI to pay-off its long term debts.

2) Basis upon which the price of Php1.70 per share was determined:

Ans: The price for the buy-back of shares was determined to match the offer to purchase at the price of Php1.80 per share made by a third party to the selling shareholders.

3) Source of funds:

Ans: The funds that RCI will use in acquiring the shares of its stockholders will come from the proceeds on the sale of ROX shares and RCI internal funds.

4) Timetable for the implementation of the buy-back:

Ans: Not later than 09 December 2013.

5) Latest information on the following:

Issued shares	2,911,885,870
Outstanding shares	2,911,885,870
Listed shares	2,911,885,870
Treasury shares	0

6) Effects of the transaction on the following:

a) Capital structure:

	Before	After
Issued shares	2,911,885,870	2,911,885,870
Outstanding shares	2,911,885,870	1,921,501,095
Treasury shares	0	990,384,775
Listed shares	2,911,885,870	2,911,885,870
Par Value	Php1.00 per share	Php1.00 per share

b) Public float:

Ans: Not available. We undertake to provide this information once the transactions are consummated.

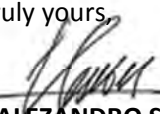
c) Foreign ownership level:

Ans: Not available. We undertake to provide this information once the transactions are consummated.

We shall provide the Exchange with relevant information once the transactions are consummated.

We trust that the foregoing explanations comply with your directives.

Very truly yours,


ATTY. ALEZANDRO S. CASABAR
Assistant Corporate Secretary/
Compliance Officer