

COSCO CAPITAL, INC.
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June 3, 2013

DISCLOSURE DEPARTMENT
Philippine Stock Exchange
Ayala Avenue, Makati City

Attention: **Janet A. Encarnacion**
Head, Disclosure Department

Ma. Ilonah Jane T. Torres
Analyst, Disclosure Department

GENTLEMEN:

In reply to your letter regarding news articles published in the Philippine Star and Business Mirror today, June 3, 2013, quoted below:

Philippine Star:

It was a bad, hair-raising week to conclude a follow-on offering, but in the end couple Lucio and Susan Co still managed last Friday to receive P4.8 billion between the two of them - a midyear bonus of sorts - and raise another P12 billion for their new holding company, Cosco Capital.

In all, the golden couple behind the Puregold supermarket chain raised P16.8 billion (1.6 billion shares at P10.50 each), much lower than the maximum target of P26 billion (two billion shares at P13 each), as the order books opened amid the worst turmoil the region had encountered since the 2007-2008 US financial storm.

Part of the billions raised last week will be used by Cosco to acquire an unnamed drug store chain and another chain of construction and hardware supply stores, hopefully by the first quarter of next year, Cosco/Puregold president Leonardo Dayao told a subsequent press briefing.

According to the grapevine, the Cos had actually already acquired through an unlisted company the 80-store ThreeSixty Pharmacy chain of Cebu from entrepreneur Antonio Yap and were simply waiting for an opportune time to fold the drug store business under Cosco Capital.

In the meantime, the Co couple and a clutch of related companies are prevented from unloading any more Cosco shares within the next three months.

Despite Friday's depressed market closing, Cosco's market capitalization still reached nearly P94 billion, almost twice the more established Filinvest Development (market cap: P58

billion), the holding company of taipan Andrew Gotianun that includes Filinvest Land, East-West Bank, sugar refineries and power-plant ventures.

Business Mirror:

COSCO Capital Inc., the holding firm of the Lucio Co Group, announced that it would spend as much as P2.8 billion to build seven to eight community shopping malls in key cities outside Metro Manila.

Leonardo Dayao, Cosco director and president of Puregold Price Club Inc., said the first of the malls would rise in Urdaneta, Pangasinan; the other locations are still being determined by the company.

Each community mall will cost about P300 million to P400 million and will take about two to three months to build.

Dayao said the company would not spend for land acquisition as it would use property that it currently owns.

“With the new malls, we can have third-party tenants but Puregold will remain our anchor tenant,” Dayao said.

“We are still in the process of determining where the [malls] will be located,” he said.

The company will roll out the community malls, which will have a gross floor area of between 6,000 square meters and 1 hectare, within two to three years.

On Friday Cosco completed the P16.8-billion offering of 1.6 billion common shares at P10.50 apiece.

The transaction included the sale of 1.14 billion primary shares worth P12 billion, with the remaining 3.76 billion being secondary shares worth P4.8 billion.

The offering is part of the government-approved issuance and listing of 4.98 billion new shares of the company for the increase of its capital stock.

“The company intends to use the net proceeds from the offering for further development of its commercial real-estate business, debt refinancing, expansion into non-food specialty retail businesses and growth of its liquor-distribution business,” Cosco said in a statement.

Deutsche Bank and J.P. Morgan acted as the joint global coordinators and joint bookrunners of the deal. BDO Capital and Investment Corp. and First Metro Investment Corp. acted as the domestic lead managers, while Evercore Asia Ltd. was its financial adviser.

Indeed, part of the proceeds of the recent offering made by Cosco Capital, Inc. is for the expansion of non-food specialty retail businesses. However, we have not yet made any concrete study nor enter into a negotiation with Mr. and Mrs. Lucio Co pertaining to the injection of the 360 Pharmacy based in Cebu.

Further, we confirm the news article with heading “P2.8 B Cosco shopping malls to rise” published in Business Mirror dated June 3, 2013.

Consistent with our press release submitted to the Exchange last May 31, 2013, part of the proceeds of the offering will be used to develop its real estate business. But no exact figures yet as to the proposed cost as more detailed study will still be done.

Very truly yours,



CANDY H. DACANAY-DATUON
Assistant Corporate Secretary