

09 October 2017

Philippine Stock Exchange, Inc.
3F Tower One and Exchange Plaza
Ayala Triangle, Ayala Ave., Makati City

Attention: **Mr. Jose Valeriano B. Zuño III**
Head, Disclosure Department

Dear Mr. Zuño,

We respond to your letter seeking our clarification and/or confirmation on the news article entitled “FamilyMart chain for sale” posted on October 8, 2017 in Inquirer.net. The article reported in part that:

“The Philippine retailing business of FamilyMart, partly owned by the Ayala and Tantoco groups, is on the auction block, signaling a shakeout in the highly competitive local convenience store business.

Several industry sources confirmed to the Inquirer that the local network of FamilyMart—which has around 72 stores to date—has been offered to prospective new investors in recent months.

....

Asked about the rationale for the potential divestment, a source from the Ayala group said the conglomerate was only evaluating its options, adding that 24/7 retailing—a business that required scale—was not really part of Ayala Land’s core business. It’s also possible that Ayala Land may keep its stake but the composition of the partnership behind FamilyMart may change, the source added.

....”

We wish to advise that SIAL CVS Retailers, Inc., a joint venture between Ayala Land, Inc. and SSI Group, Inc. is currently exploring various options intended to strengthen and grow the business of Philippine FamilyMart CVS, Inc.

No definite course of action has been finalized and appropriate disclosures will be submitted to the PSE in a timely manner.

Thank you.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'ASB', with a long horizontal flourish extending to the right.

AUGUSTO D. BENGZON
Vice President
CFO, Treasurer, Chief Compliance Officer and Chief Information Officer

Cc

Securities and Exchange Commission

SEC Building, Mandaluyong City

Attention: **Hon. Vicente Graciano P. Felizmenio, Jr.**
Director, Market Regulation Department

Philippine Dealing and Exchange Corporation

37F 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