



15 October 2012

PHILIPPINE STOCK EXCHANGE, INC.

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


Attention: **Ms. Janet A. Encarnacion**
Head-Disclosure Department

Gentlemen:

Further to our disclosure dated 05 October 2012, please refer the attached additional information on the details of the private placement of about Seven Hundred Twenty Million (Php 720 M) covering 250,000,000 common shares at par value of Php 1.00 per share.

Thank you for your kind attention.

Very truly yours,



ATTY. ROSA ANNA DUAVIT-SANTIAGO

Vice-President/ Chief Finance Officer/Treasurer

a) **Rationale for the Transaction and Proposed Use of Proceeds**

The Corporation is seeking to raise capital amounting to about Seven Hundred Twenty Million (Php 720M) through re-issuance of 173,633,704 Treasury Shares and 76,366,296 as “Top-up Shares” via private placement. The number of shares offered for sale by Dr. Walter W. Brown (the “Facilitating Stockholder”) on a “top-up” basis (Top-Up Shares) will be replaced by the subscription of the same number of new shares to be taken from the increase in the Corporation’s Authorized Capital Stock . The proceeds of the top-up shares will be applied as payment to the subscription.

The Corporation shall benefit from the investment proceeds of which it shall be used for general corporate purposes and as working capital to augment the funding requirements of its operations and various projects.

b) **Basis of Placing and/or Issue Price and Terms of Payment Under the Subscription Tranche**

The placing price is P 2.89 per share and is based on a P0.10 or 3.34% discount from the previous closing price of P 2.99. The subscription price is P2.85 per share or the price at which the net proceeds is divided by the number of shares placed (the adjustment made is to account for the expenses). The Net Purchase Proceeds will serve as the payment of the subscription until the approval of the increase of the Authorized Capital Stock and subsequent issuance of the replacement shares.

c) **Effects on the following:**

c1. **Ownership Structure**

Principal Shareholder	BEFORE		AFTER	
	No. of shares	Percent Owned	No. of shares	Percent Owned
Walter W. Brown	371,008,850	32.651%	294,642,554	22.493%
Annabelle P. Brown	260,693,497	22.942%	260,693,497	19.901%
Philippine Realty & Holdings Corporation	101,490,000	8.932%	101,490,000	7.748%

c2. Capital Structure, including the subscription tranche:

Capital Structure as of October 8, 2012

	Before	After
Authorized Capital Stock	1,320,000,000	1,320,000,000
Issued Shares	1,309,926,933	1,309,926,933
Outstanding Shares	1,136,293,229	1,309,926,933
Listed Shares	1,309,926,933	1,309,926,933
Treasury Shares	173,633,704	-

The Subscription Tranche will be issued out of an increase in the Corporation's Authorized Capital Stock from the present One Billion Three Hundred Twenty Million Pesos (P 1,320,000,000.00) to One Billion Six Hundred Twenty Million Pesos (P1,620,000,000.00).

c3. Corporation's public float.

The Company's public float as of September 30, 2012 was 35.31%. After considering the placement tranche, and excluding the subscription tranche (pending approval from the SEC on the increase of Authorized Capital Stock), the Company's public float will be 49.47%.

d. Conditions precedent to closing of the transaction. NONE

e. Any other information necessary to enable an investor to make an informed investment decision. NONE