

To be an indispensable partner in the journey of everyone
whose life we touch.



July 15, 2016

Mr. Jose Valeriano B. Zuño III
OIC - Head, Disclosure Department
Philippine Stock Exchange
3/F PSE Plaza, Ayala Triangle Plaza
Ayala Ave., Makati City

Dear *Mr. Zuño*:

In connection with the issuance of the Preferred Shares (Tranche 3) by the Company on December 18, 2015, we hereby submit the Progress Report on the application of the Php 2 Billion Proceeds from the Offer.

We hope you find the foregoing in order.

Very truly yours,

A handwritten signature in black ink, appearing to read "Chryss Alfonsus V. Damuy", written over a circular stamp or seal.

Chryss Alfonsus V. Damuy
Treasurer and VP for Finance

Progress Report

Breakdown of Usage for P2.0B Preferred Shares	Projected Timeline of Acquisition	Allocation (in PHP 000)	Actual Amt Disbursed (in PHP 000)	Timing of Disbursement		
				Dec-15	Q1 2016	Q2 2016
A. Capital Expenditures						
A.1 Issuance Cost	Nov 2015	46,107	46,107	46,107		
A.1. Retail Stations						
Construction of 61 Retail Stations	Jul - Dec 2015	340,000	1307,000	156,000	69,000	82,000
Construction of 80 Retail Stations	Jan - Dec 2016	640,000	0			
A.2. Storage Terminals						
Cebu	Nov - Dec 2015	360,000	215,000	55,000	57,000	103,000
General Santos	Nov 2015 - Dec 2016	253,893	251,000	163,000	72,000	16,000
B. Working Capital						
B.1. Importation of petroleum products	Nov 2015	360,000	360,000	360,000		
TOTAL		2,000,000	1,179,107	780,107	198,000	201,000

The remaining amount of Php 820.893 Million has been temporarily used to fund the general working capital requirements of the Company including the importation of petroleum products, as approved by its Board of Directors on January 15, 2016.

¹ There has been a delay in the construction of retail stations. From June to December 2015, the Company was able to build additional 11 retail stations. For the first quarter of 2016, the Company added 14 retail stations to its existing network.