



7 January 2013

DISCLOSURE DEPARTMENT

Philippine Stock Exchange
Ayala Triangle, Ayala Avenue,
Makati City

Attention: Ms. Janet Encarnacion, Head

Subject: Malaya Business Insight news article

GENTLEMEN:

This is in response to your letter with subject matter, "*Malaya Business Insight news article*". The said news article provides:

[Puregold eyes logistics business in 3 years](#)

Puregold Price Club, Inc. is considering to branch out into logistics business, a natural expansion from its current business, according to Jimmy Perez, Puregold investor relations head.

Perez said that once the supermarket chain attains its target network of 200 stores nationwide, it will go into logistics maybe in three to five years.

But for now, all products in Puregold stores are directly delivered by producers.

Puregold officials earlier said they are to achieve the target of 200-store network by next year, ahead of the 2015 goal declared during its public offer period.

Leonardo Dayao, Puregold president, said they are set to revisit the target this year after closing 2012 with 156 stores. Puregold opened 31 Puregold stores last year and completed conversion of Parco stores, and consolidated S&R into Puregold, to bring the total stores added to the Puregold network to 50.

This has brought the company's total net selling area to 305,000 sq.m., a 42 percent increase, according to Dayao.

The company was originally targeting just 25 stores opened in a year, with an annual budget of P3 billion.

This year, the company is sticking still to the 25 goal though Dayao said there are already 26 contract leases signed, which translates to 26 stores already set for construction and a sure 182 stores by year-end.

This however is set to be increased further within the year, according to Dayao.

The company is focused on strategically building its network in Visayas and Mindanao where the company has a sparse network; all of Puregold's newly opened stores are in the Luzon area.

Dayao said they are currently constructing a 5,000 sq.m. Puregold mall in Cagayan de Oro, eyed for opening by the mid or third quarter of this year. The company is also set to open the new store of the recently consolidated S&R membership store in Davao City, by the third quarter this year.

"Davao and CDO are the two most important trading centers in Mindanao. You expand from there. You expand through smaller formats," said Dayao

In the Visayas area, Dayao said the company may first start to focus in two of the five major islands --- Panay, Negros, Leyte, Samar, and Bohol.

Puregold plans to have a more efficient delivery of merchandise to its different stores considering that Puregold will be present nationwide this 2013. But it is not branching out into logistics business.

Thank you, and we hope we have clarified the said news article.

Very truly yours,



ATTY. CANDY H. DACANAY-DATUON
Chief Information Officer