



January 30, 2017

The Stockholders and the Board of Directors
Roxas Holdings, Inc.
14th Floor, Net One Center
26th cor. 3rd Avenue, Bonifacio Global City
Taguig, Metro Manila

Report of Factual Findings

We have performed the procedures agreed to by management of Roxas Holdings, Inc. (RHI) and subsidiaries (collectively referred to as the Group) with respect to the Progress Report of the Group as at and for the year ended September 30, 2016 on the application or use of the proceeds from the Stock Rights Offering (SRO) of RHI’s common shares in connection with its compliance with the reportorial requirements of the Philippine Stock Exchange. Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*, applicable to agreed-upon procedures engagements.

Background

On February 10, 2016, the Board of Directors of the Group approved the SRO of 266,753,974 common shares with ₱1.00 par values a share offered at an Offer Price of ₱4.19 per Rights Share and at the ratio of one Rights Share for every 4.33 common shares held as at record date. The SRO was approved for listing and trading by the PSE on April 13, 2016.

The proceeds from the SRO will be used by the Group to (i) partially pay the loan obligations of Roxas Pacific Bioenergy Corporation (RPBC), a wholly owned subsidiary of the RHI. The proceeds of such loan were used by RPBC to partially finance its acquisition of equity interest in San Carlos Bioenergy, Inc. in April 2015; (ii) acquire an additional 8 megawatt steam turbine generator for sugar milling and refining; and (iii) install a heavy duty pressure feeder to the sugar plant milling equipment.

Procedures Performed and Results

The agreed-upon procedures and results thereof are summarized as follows:

1. We obtained the Progress Report on the Application of the Proceeds from the SRO (the “Report”) as at and for the year ended September 30, 2016.

Analysis of gross proceeds, planned application or use of the proceeds and estimated offer expenses is as follows:

| | |
|--|--------------------|
| Number of common shares | 266,753,974 |
| Offer price a share | ₱4.19 |
| Gross proceeds | ₱1,117,699,151 |
| Planned application or use of the proceeds | (1,100,000,000) |
| Estimated offer expenses | (3,914,492) |
| | ₱13,784,659 |

As at September 30, 2016, the status of planned and actual application or use of proceeds is summarized below:

| | Application or Use of Proceeds | | |
|--|--------------------------------|-----------------------|-----------------------|
| | Planned | Actual | Under (Over) |
| Gross Proceeds | ₱1,117,699,151 | ₱1,117,699,151 | ₱- |
| Application of Proceeds | | | |
| Partial payment of short-term loan obligation of Roxas Pacific Bioenergy Corporation (RPBC) | 750,000,000 | 750,000,000 | - |
| Acquisition of additional 8 megawatt steam turbine generator for sugar milling and refining facilities | 200,000,000 | - | 200,000,000 |
| Installation of heavy duty pressure feeder to the sugar plant milling equipment | 150,000,000 | 6,828,869 | 143,171,131 |
| | 1,100,000,000 | 756,828,869 | 343,171,131 |
| Offer Expenses | 3,914,492 | 4,400,844 | (486,352) |
| Unapplied Proceeds | ₱13,784,659 | ₱356,469,438 | (₱342,684,779) |

2. Details of the gross proceeds are as follows:

| Name of Stockholders | Number of Common Shares Issued | Amount |
|--|--------------------------------|-----------------------|
| First Metro Securities Brokerage Corporation | 127,152,484 | ₱532,768,908 |
| First Pacific Natural Resources Holdings BV | 71,419,806 | 299,248,987 |
| PCD Nominee Corporation | 67,914,725 | 284,562,698 |
| Others | 266,959 | 1,118,558 |
| Total | 266,753,974 | ₱1,117,699,151 |

On May 26, 2016, the aggregate proceeds from the issuances of common shares amounting to ₱1,117,181,642, net of fees charged by BDO Unibank, Inc. - Trust and Investments Group (BDO) amounting to ₱517,509, were deposited to RHI's BDO savings account (BDO Account). The cash was received from RHI's stock transfer agent bank, which is also BDO.

We validated the cash receipts by inspecting the bank statement of the BDO Account and final sales report of the stock transfer agent bank duly signed by BDO representatives, indicating the total shares sold and amount received from the respective investors/stockholders.

3. On May 31, 2016, RHI used or applied the ₱750,000,000 to partially settle the short-term loan obligations of RPBC to the Bank of the Philippine Islands (BPI). The ₱750,000,000 was part of the ₱801,000,000 cash advance granted by RHI to RPBC withdrawn from the BDO Account. On the same date, RPBC partially settled its short-term loan obligation to BPI.

We have reviewed the details (amount, date, bank account no. and payee's name) of the underlying documents for the partial payment of the short-term loan obligation of RPBC to BPI such as authority to debit form, interbank transfer form and bank statement. The settlement of the short-term loan was also confirmed by the Relationship Manager of BPI.

4. During the quarter ended September 30, 2016, the Group made partial payments for the installation of a heavy duty pressure feeder to the sugar plant milling equipment amounting to ₱6.8 million. We traced the payments to the bank statements and vouched the sales invoices and official receipts issued by the suppliers.

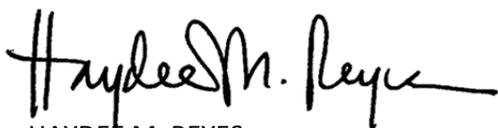
5. The payment for the offer expenses amounting to ₱4.4 million was traced to various supporting documents such as official receipts and documentary stamp tax returns duly received by the Bureau of Internal Revenue. The offer expenses pertain to legal fees, documentary stamp tax, service fee of the stock transfer agent and listing and processing fees directly related to the issuances of the SRO.
6. The unapplied proceeds amounting to ₱365.9 million as at June 30, 2016 were transferred from the BDO Account to various bank accounts and money market placements of the Group. Subsequently, during the quarter ended September 30, 2016, the Group consolidated the remaining unapplied proceeds from various bank accounts and money market placements of the Group into the BDO Account of RHI. In various dates of September 2016, an aggregate amount of ₱360.0 million was deposited in RHI's BDO Account. As at September 30, 2016, the BDO Account has an outstanding balance of ₱360.6 million, which includes the ₱356.5 million unapplied proceeds from the SRO. The outstanding balance of ₱360.6 million was traced to the bank statement accordingly.

The sufficiency of the foregoing procedures is solely the responsibility of the Group. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Because the foregoing procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing or Philippine Standards on Review Engagements, we do not express any assurance on any of the financial statement accounts of the Group.

Had we performed additional procedures or performed an audit or a review of the financial statements in accordance with Philippines Standards on Auditing or Philippine Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to items specified above and does not extend to any financial statements of the Group taken as a whole.



HAYDEE M. REYES

Partner

CPA Certificate No. 83522

Tax Identification No. 102-095-265-000

BOA Accreditation No. 4782; Valid until December 31, 2018

SEC Accreditation No. 0663-AR-2 Group A

Valid until April 14, 2017

BIR Accreditation No. 08-005144-6-2017

Valid until January 13, 2020

PTR No. 5908527

Issued January 3, 2017, Makati City

January 30, 2017

Makati City, Metro Manila