

***[Note: For the website only. NOT to be included in the printed version of the Prospectus]***

**The Prospectus is being displayed on the website to make the Prospectus accessible to more investors. The Philippine Stock Exchange, Inc. (“PSE”) assumes no responsibility for the correctness of any statements made or opinions or reports expressed in the Prospectus. Furthermore, the PSE makes no representation as to the completeness of the Prospectus and disclaims any liability whatsoever for any loss arising from or in reliance in whole or in part on the contents of the Prospectus.**

## Preliminary Prospectus



**CEBU LANDMASTERS, INC.**  
(A corporation organized and existing under Philippine laws)

**Offer in the Philippines  
of up to 3,000,000 Series "A" Preferred Shares  
with an Oversubscription Option  
of up to 2,000,000 Series "A" Preferred Shares**

at an Offer Price of ₱1,000.00  
per Preferred Share

to be listed and traded on the  
Main Board of The Philippine Stock Exchange, Inc.

### JOINT ISSUE MANAGERS



### JOINT LEAD UNDERWRITERS AND JOINT BOOKRUNNERS



### SELLING AGENTS

Trading Participants of The Philippine Stock Exchange, Inc.

This Preliminary Prospectus is dated as of January 16, 2024.

**THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.**

**CEBU LANDMASTERS, INC.**

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This prospectus (including all amendments, supplements, and addenda thereto, the “**Prospectus**”) relates to the offer of Cebu Landmasters, Inc. (“**CLI**”, the “**Issuer**”, or the “**Company**”) for the sale to the public of up to 3,000,000 perpetual, cumulative, non-voting, non-participating, non-convertible, and redeemable Philippine Peso-denominated Series “A” Preferred Shares (the “**Firm Shares**”) worth an aggregate issue amount of up to ₱3.00 billion (the “**Base Offer**”) with an oversubscription option of up to 2,000,000 Series “A” Preferred Shares (the “**Oversubscription Option Shares**”) worth an aggregate issue amount of up to ₱2.00 billion (the “**Oversubscription Option**”), with a par value of ₱1.00 per preferred share (the “**Offer**”, and the preferred shares subject of the Offer, collectively, the “**Offer Shares**” or, for purposes of this Offer only and unless the context otherwise provides, the “**Series A Preferred Shares**”). The Offer Shares shall be offered at an offer price of ₱1,000.00 per Offer Share (the “**Offer Price**”).

The Offer Shares will be issued from the unissued Series “A” Preferred Shares forming part of the authorized capital stock of the Issuer and will be offered in up to two subseries, namely, Series A-1 Preferred Shares (the “**Series A-1 Preferred Shares**”) and Series A-2 Preferred Shares (the “**Series A-2 Preferred Shares**”).

Pursuant to the Issuer’s Articles of Incorporation, as amended to date, the Issuer has an authorized capital stock of ₱10.10 billion Philippine currency, divided into: (a) 9.0 billion common shares with a par value of ₱1.00 per share; (b) 1.0 billion Series “A” Preferred Shares with a par value of ₱1.00 per share; and (c) 1.0 billion Series “B” Preferred Shares with a par value of ₱0.10 per share. As of the date of this Prospectus, the Issuer’s issued and outstanding capital stock is as follows: (i) 3,465,201,467 outstanding common shares with par value of ₱1.00 per share or an aggregate par value of ₱3,465,201,467.00, and (ii) 158,250,530 common shares in treasury with par value of ₱1.00 per share or an aggregate par value of ₱158,250,530.00. After the Offer, the Issuer’s issued and outstanding capital stock will be as follows: (A) 3,465,201,467 outstanding common shares with par value of ₱1.00 per share or an aggregate par value of ₱3,465,201,467.00; (B) 158,250,530 common shares in treasury with par value of ₱1.00 per share or an aggregate par value of ₱158,250,530.00; and (C) if the Oversubscription Option (as defined below) is not exercised, 3,000,000 Series “A” Preferred Shares with par value of ₱1.00 per share or an aggregate par value of ₱3,000,000.00; or, if the Oversubscription Option is fully exercised, 5,000,000 Series “A” Preferred Shares with par value of ₱1.00 per share or an aggregate par value of ₱5,000,000.00. In the event that the Oversubscription Option is not exercised or only partially exercised, the shares relating to such unexercised option will remain unissued.

The Offer Shares will, subject to the dividend payment conditions (see below), bear cumulative and non-participating cash dividends based on the Offer Price, payable quarterly in arrears on each Dividend Payment Date (as defined below). As and if declared by the Issuer in accordance with the terms and conditions of the Offer Shares, dividends will be payable on [April 12], [July 12], [October 12] and [January 12] of each year (each a “**Dividend Payment Date**”), being the last day of each three-month dividend period (a “**Dividend Period**”). If the Dividend Payment Date is not a Business Day (as defined in this Prospectus), dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid; provided that if the Issue Date (as defined below) is set at a date other than the specific date indicated in the Prospectus as the Issue Date, then the Dividend Payment Dates will be automatically adjusted to the numerically corresponding dates at every three months following the actual Issue Date. Dividends will be calculated on a 30/360-day basis.

The initial dividend rate (the “**Initial Dividend Rate**”) of the Offer Shares shall be as follows: (a) in respect of the Series A-1 Preferred Shares, at the fixed rate of [●]% *per annum* of the Offer Price, and (b) for the Series A-2 Preferred Shares, at the fixed rate of [●]% *per annum* of the Offer Price.

Unless the Offer Shares are redeemed by the Issuer on these dates pursuant to the applicable optional redemption provisions, the Initial Dividend Rate shall be adjusted: (A) in respect of the Series A-1 Preferred Shares, on the 4<sup>th</sup> anniversary of the Listing Date (the “**Series A-1 Step-Up Date**”), and (B) in respect of the Series A-2 Preferred Shares, on the 7<sup>th</sup> anniversary of the Listing Date (the “**Series A-2 Step-Up Date**”). The adjustment shall respectively be as follows: (a) for the Series A-1 Preferred Shares, the higher of the (i) Series A-1 Initial Dividend Rate; or (ii) the Series A-1 Step-Up Benchmark Rate plus 300 basis points; and (b) for the Series A-2 Preferred Shares, the higher of the (i) Series A-2 Initial Dividend Rate; or (ii) the Series A-2 Step-Up Benchmark Rate plus 300 basis points. The terms “*Series A-1 Step-Up Benchmark Rate*” and “*Series A-2 Step-Up Benchmark Rate*” are defined under the “*Terms of the Offer*” section of this Prospectus.

The Issuer and its Subsidiaries (as such term is defined under the “*Glossary of Terms*” section of this Prospectus) are allowed under Philippine laws to declare dividends, subject to certain requirements. These requirements include, for example, that the Board of Directors is authorized to declare dividends only from its unrestricted retained earnings. Dividends may be payable in cash, shares, or property, or a combination of the three, as the Board of Directors of the Issuer or the relevant Subsidiary shall determine. A cash dividend declaration does not require any further approval from stockholders. On the other hand, the declaration of stock dividends is subject to the approval of shareholders holding at least 2/3 of the outstanding capital stock of the Issuer. Moreover, the Board of Directors may not declare dividends which will impair the corporation’s capital. In addition, the Issuer and its Subsidiaries may declare dividends as determined by their respective Board of Directors, taking into consideration factors such as the implementation of business plans, debt service requirements, financial covenants, operating expenses, budgets, funding for new investments and acquisitions and appropriate reserves and working capital.

The Issuer has the option, but not the obligation, to redeem in whole (but not in part) any subseries of the outstanding Offer Shares (having given not less than 30 days’ prior notice by publication in two national newspapers): (a) in respect of the Series A-1 Preferred Shares, on the payment date of the 16<sup>th</sup> Dividend Period, which indicatively will be on the 4<sup>th</sup> anniversary of the Issue Date, or on any Dividend Payment Date thereafter, and (b) in respect of the Series A-2 Preferred Shares, on the payment date of the 28<sup>th</sup> Dividend Period, which indicatively will be on the 7<sup>th</sup> anniversary of the Issue Date, or on any Dividend Payment Date thereafter. Moreover, if a Tax Event or Accounting Event occurs, the Issuer may redeem in whole, but not in part, any subseries of the outstanding Offer Shares at any time (having given not more than 60 nor less than 30 days’ prior notice) at the Redemption Payment; provided that if the Tax Event or Accounting Event is specific to a particular subseries, then the foregoing optional redemption may be exercised only with respect to such subseries. The terms “*Tax Event*”, “*Accounting Event*” and “*Redemption Payment*” are defined under the “*Terms of the Offer*” section of this Prospectus.

The Issuer is not legally required, has not established, and currently does not intend to establish a sinking fund for the redemption of the Offer Shares.

Please refer to the “*Terms of the Offer*” section and “*Description of the Offer Shares*” for the other features and incidents of the Offer Shares.

The Issuer estimates that, assuming the Oversubscription Option is not exercised, the net proceeds from the Offer shall amount to approximately ₱[2,972,289,375.00], after deducting fees, commissions, and expenses. The Issuer estimates that, assuming full exercise of the Oversubscription Option, the net proceeds from the Offer shall amount to approximately ₱[4,963,269,375.00], after deducting fees, commissions, and expenses. The net proceeds of the Offer shall be used to: (i) to partially finance project development or capital expenditures of the Issuer’s various projects; and (ii) for general corporate purposes. For a more detailed discussion on the use of proceeds, please see “*Use of Proceeds*” section of this Prospectus.

BPI Capital Corporation (“**BPI Capital**”) and China Bank Capital Corporation (“**Chinabank Capital**”) have been appointed as the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners for the Offer (the “**Joint Issue Managers**”), while BPI Capital, Chinabank Capital, PNB Capital and Investment Corporation (“**PNB Capital**”), and RCBC Capital Corporation (“**RCBC Capital**”) have likewise been appointed as Joint Lead Underwriters and Joint Bookrunners for the Offer (BPI Capital, Chinabank Capital, PNB Capital, and RCBC Capital collectively, the “**Joint Lead Underwriters and**

**Joint Bookrunners**” or the “**Joint Lead Underwriters**”).

The underwriting fees and any selling fees to be paid by the Issuer in relation to the Offer to the Joint Lead Underwriters shall be equivalent to [45] basis points of the gross proceeds of the Offer. This shall be inclusive of fees to be paid to the [selling agents] and exclusive of any commissions to be paid to the Trading Participants (the “**PSE Trading Participants**”) of The Philippine Stock Exchange, Inc. (“**PSE**”) (the PSE Trading Participants, together with any other institutions as may be appointed in such capacity, the “**Selling Agents**”), which commissions shall be equivalent to [12.5] basis points (inclusive of Value Added Tax) of the final allocated amount of Offer Shares to each participating Trading Participant, less the applicable withholding tax. For a more detailed discussion on the fees to be received by the Joint Lead Underwriters and the Selling Agents, see “*Plan of Distribution*” section of this Prospectus.

Any of the Joint Lead Underwriters or the Selling Agents may acquire for its own account a portion of the Offer Shares.

The Issuer filed an application with the Securities and Exchange Commission of the Philippines (“**SEC**”) to register the Offer Shares under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799) and its implementing regulations. The SEC is expected to issue an order rendering the Registration Statement effective and a corresponding permit to offer securities for sale covering the Offer. An application was likewise filed by the Issuer with the PSE for the listing of the Offer Shares on the Main Board of the PSE. An approval for listing is permissive only and does not constitute a recommendation or endorsement by the PSE or the SEC of the Offer Shares. The PSE assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus. Furthermore, the PSE makes no representation as to the completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Upon listing, the Series A-1 Preferred Shares will be traded under the symbol [“●”], while the Series A-2 Preferred Shares will be traded under the symbol [“●”].

It is expected that the Offer Shares will be delivered in book-entry form against payment thereof to the Philippine Depository & Trust Corp. (“**PDTC**”).

The Issuer reserves the right to withdraw the offer and sale of the Offer Shares at any time before the commencement of the Offer Period, in which event the Issuer shall make the necessary disclosures to the SEC and PSE. The Joint Lead Underwriters may also cancel or terminate their underwriting commitments at any time prior to the commencement of the Offer Period, by giving written notice to the Issuer, the SEC, and the PSE, if prior to the commencement of the Offer Period, any of the events set out in the Underwriting Agreement between the Issuer and the Joint Lead Underwriters occurs.

The Issuer may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the Offer Period and prior to the Listing Date, if there is a supervening force majeure or fortuitous event as indicated in this Prospectus. Pursuant to the Underwriting Agreement between the Issuer and the Joint Lead Underwriters, the Joint Lead Underwriters and Joint Bookrunners may also cancel or terminate its underwriting commitment thereunder by giving written notice to the Issuer, the SEC, and the PSE if the Offer Period has already commenced and, prior to the Listing Date of the Offer Shares, if there is a supervening force majeure or fortuitous event as indicated therein.

The Issuer, in consultation with the Joint Lead Underwriters, reserves the right to reject any application to purchase the Offer Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser on any of the grounds set out in the Underwriting Agreement between the Issuer and the Joint Lead Underwriters.

The Issuer owns land as identified in the “*Description of Property*” section of this Prospectus. In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. Accordingly, ownership of shares by foreign nationals in the Issuer shall be subject to the applicable foreign equity ownership limitation.

The Offer Shares will be registered and offered exclusively in the Philippines. The distribution of this Prospectus and the offer and sale of the Offer Shares may, in certain jurisdictions, be restricted by law. The Issuer and the Joint Lead Underwriters require persons into whose possession this Prospectus comes, to inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence, or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. This Prospectus does not constitute an offer of any securities, or any offer to sell, or a solicitation of an offer to buy any securities of the Issuer in any jurisdiction, to or from any person whom it is unlawful to make such offer in such jurisdiction. Unless otherwise stated, the information contained in the Prospectus has been supplied by the Issuer.

The Issuer (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in the Prospectus, which in the context of the issue and offering of the Offer Shares, is material (including all information required by the applicable laws in the Philippines) and is correct, and that there is no material misstatement or omission of fact which would make any statement in the Prospectus misleading in any material respect. The Joint Lead Underwriters have exercised reasonable due diligence required by regulations in ascertaining that all material representations contained in the Prospectus are true and correct and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading.

No representation or warranty, express or implied, is made or given, or is to be made or to be given, by the Joint Lead Underwriters, the Selling Agent, the Stock Transfer Agent, the Paying Agent and the Receiving Agent (as such terms are respectively defined below) or their respective affiliates or legal advisers as to the accuracy, completeness, or sufficiency of the information contained in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Underwriters, the Stock Transfer Agent, the Paying Agent, and the Receiving Agent or their respective affiliates or legal advisers.

No person or group of persons has been authorized by the Issuer and the Joint Lead Underwriters to give any information or to make any representation concerning the Offer Shares other than as contained in this Prospectus and the documents relating to the Offer. If given or made, any such information or representation must not be relied upon as having been authorized by the Issuer or any of the Joint Lead Underwriters.

All information in the Prospectus is as of the date thereof, unless otherwise indicated. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstances, create any implication that the information contained herein and therein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Issuer and its Subsidiaries since such date. Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer is prohibited.

Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

The Issuer's financial statements are reported in Philippine Pesos and are prepared based on its accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("**PFRS**") issued by the Financial Reporting Standard Council of the Philippines. PFRS include statements named PFRS, Philippine Accounting Standards, and Philippine Interpretations of International Financial Reporting Interpretations Committee issued by the Financial Reporting Standards Council.

Market data and certain industry forecasts used throughout this Prospectus were obtained from internal surveys, market research, publicly available information, and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts, and market research, while believed to be reliable, have not been independently verified and neither the Issuer nor any of the Joint Lead Underwriters makes

any representation as to the accuracy or completeness of such information.

Certain agreements are referred to in this Prospectus in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

The price of securities, such as the Offer Shares, can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. Hence, there is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities, such as the Offer Shares. An investment in the Offer Shares described in this Prospectus involves a certain degree of risk. A prospective purchaser of the Offer Shares should carefully consider several risk factors relating to the Issuer's business and operations, risks relating to the Philippines and risks relating to the Offer Shares, as set out in the "*Risk Factors and Other Considerations*" section of this Prospectus, in addition to the other information contained in this Prospectus, in deciding whether to invest in the Offer Shares.

The risk disclosure discussion does not purport to be an exhaustive enumeration of, and does not purport to disclose, all the risks and other significant aspects of investing in the Offer Shares. A person contemplating an investment in the Offer Shares should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities.

No representation or warranty, express or implied, is made by the Issuer and the Joint Lead Underwriters, regarding the legality of an investment in the Offer Shares under any legal, investment, or similar laws or regulations. This Prospectus is not an investment, legal, or tax advice. Prospective investors should consult their own counsel, accountant, and other advisors as to legal, tax, business, financial, and related aspects of a purchase of the Offer Shares. In making any investment decision regarding the Offer Shares, prospective investors must rely on their and, as applicable, their advisor's own examination of the Issuer and the terms of the Offer, including the merits and risks involved. This Prospectus is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Joint Lead Underwriters, the Selling Agent, the Stock Transfer Agent, the Paying Agent, and the Receiving Agent or their respective affiliates or legal advisers that any recipient of this Prospectus should purchase the Offer Shares.

All disclosures, reports, and filings of the Issuer (including those made after the date of the Prospectus) submitted to the SEC and/or the PSE pursuant to the Revised Corporation Code, the Securities Regulation Code and its implementing regulations, and the Consolidated Listing and Disclosure Rules of the PSE (the "**Company Disclosures**") are incorporated or deemed incorporated by reference in this Prospectus. Copies of the Company Disclosures may be viewed at the website of the Issuer at [www.cebulandmasters.com](http://www.cebulandmasters.com) and at the Electronic Disclosure Generation Technology of the PSE or PSE EDGe. The Company Disclosures contain material and meaningful information relating to the Issuer and its Subsidiaries and investors should review all information in the Company Disclosures as the information is incorporated or deemed incorporated herein by reference.

Each prospective purchaser of the Offer Shares, by accepting delivery of this Prospectus agrees to the foregoing.

The Issuer is organized under the laws of the Philippines. Its principal office is on the 10<sup>th</sup> Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu IT Park, Brgy. Apas, Cebu City, Philippines with telephone numbers +63 32 231-4870 and +63 32 254-1254.

**A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OF COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN**

**INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.**

*[Signature page follows.]*



**CEBU LANDMASTERS, INC.**

By:

**JOSE R. SOBERANO III**

Chairman, President, and Chief Executive Officer

REPUBLIC OF THE PHILIPPINES     )  
CITY OF                                     ) ss.

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_, 2024, affiant exhibiting to me his Philippine Passport with No. P6678430B valid until 20 April 2031 as competent evidence of identity.

Doc. No. : \_\_\_\_\_;  
Page No. : \_\_\_\_\_;  
Book No. : \_\_\_\_\_;  
Series of 2024.

## FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors that may cause the Company's or the Group's actual results, performance, or achievements to be materially different from expected future results; and
- performance or achievements expressed or implied by forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company's or the Group's present and future business strategies and the environment in which the Company or the Group will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance, or achievements to differ materially from those in the forward-looking statements include, among other things:

- the Company's or the Group's ability to successfully manage its activities;
- the Company's or the Group's ability to successfully implement its current and future strategies;
- the Company's or the Group's ability to anticipate and respond to consumer trends;
- the Company's or the Group's ability to develop products and provide services without delays due to regulatory or other causes;
- the Company's or the Group's ability to successfully manage its future business, financial condition, results of operations, and cash flow;
- general political, social, and economic conditions and changes in the Philippines;
- any future political instability in the Philippines;
- changes in interest rates, inflation rates, and the value of the Peso against the U.S. dollar and other currencies;
- increases in inventory, maintenance, and rental costs;
- continued availability of capital and financing at acceptable cost;
- changes in the laws, including tax laws, regulations, policies, and licenses applicable to or affecting the Company or the Group;
- legal or regulatory proceedings in which the Company or the Group is or may become involved;
- uncontrollable events, such as war, civil unrest, or acts of international or domestic terrorism, the outbreak of contagious diseases, accidents, and natural disasters; and
- competition in the real estate industry in the Philippines.

Additional factors that could cause the Company's or the Group's actual results, performance, or achievements to differ materially from forward-looking statements include, but are not limited to, those disclosed under the section "*Risk Factors and Other Considerations*" and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. The Company and the Joint Lead Underwriters expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's or the Group's expectations with regard thereto or any change in events, conditions, assumptions, or circumstances on which any statement is based.

This Prospectus includes statements regarding the Company's or the Group's expectations and projections for future operating performance and business prospects. The words "believe," "plan," "expect," "anticipate," "estimate," "project," "intend," "seek," "target," "aim," "may," "might," "will," "would," "could," "shall," "should," and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Prospectus are forward-looking statements. Statements in this Prospectus as to the opinions, beliefs, and intentions of the Company accurately reflect in all material respects the opinions, beliefs, and intentions of its management as to such matters as of the date of this Prospectus, although the Company gives no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Prospectus discloses, under the section "*Risk Factors and Other Considerations*" and elsewhere, important factors that could cause actual results to differ materially from the Company's or the Group's expectations. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by the above cautionary statements.

Should one or more of such risks and uncertainties materialize, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated in the applicable forward-looking statements. Any forward-looking statement or information contained in this Prospectus speaks only as of the date the statement was made.

All of the forward-looking statements of the Company made herein and elsewhere are qualified in their entirety by the risk factors discussed in the section “*Risk Factors and Other Considerations*”. These risk factors and statements describe circumstances that could cause actual results to differ materially from those contained in any forward-looking statement in this Prospectus.

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## GLOSSARY OF TERMS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below:

<b>“2018 AMLA IRR”</b>	2018 Implementing Rules and Regulations of the AMLA.
<b>“AB Soberano”</b>	AB Soberano Holdings Corp.
<b>“Accounting Event”</b>	Has the meaning given to such term in the “Terms of Offer” section of this Prospectus.
<b>“ACGS”</b>	ASEAN Corporate Governance Scorecard.
<b>“AMLA”</b>	Anti-Money Laundering Act of 2001 (Republic Act No. 9160), as amended.
<b>“AMLC”</b>	Anti-Money Laundering Council of the Philippines.
<b>“Applicant”</b>	A Person seeking to purchase the Series “A” Preferred Shares.
<b>“Application”</b>	An application to subscribe to the Offer Shares.
<b>“Application to Purchase”</b>	The application form accomplished to subscribe to or purchase a specified amount of the Offer Shares, together with all other requirements set forth in such application form, substantially in the form attached hereto as Annex C of the Underwriting Agreement (and which may also be downloaded from the Issuer’s website).
<b>“ASF”</b>	A.S. Fortuna Property Ventures, Inc.
<b>“AY”</b>	Academic Year.
<b>“BAP”</b>	Bankers Association of the Philippines.
<b>“Base Offer”</b>	Primary offering and sale of up to 3,000,000 Series “A” Preferred Shares worth an aggregate issue amount of up to ₱3.0 billion.
<b>“BCDA”</b>	Bases Conversion Development Authority of the Philippines.
<b>“BCI”</b>	Building and Construction Industry.
<b>“BERDE”</b>	Building for Ecologically Responsive Design Excellence.
<b>“BIMI”</b>	BPI Investment Management, Inc.
<b>“BIR”</b>	Bureau of Internal Revenue of the Philippines.
<b>“BL Ventures”</b>	BL CBP Ventures, Inc.
<b>“Board of Directors” or “Board” or “Directors”</b>	The Board of Directors of CLI.
<b>“BOI”</b>	Board of Investments of the Philippines.
<b>“BP”</b>	Batas Pambansa.

<b>“BP 220”</b>	An Act Authorizing the Ministry of Human Settlements to Establish and Promulgate Different Levels of Standards and Technical Requirements for Economic and Socialized Housing Projects in Urban and Rural Areas from Those Provided under Presidential Decree Nos. 957, 1216, 1096, and 1185 ( <i>Batas Pambansa Bilang 220</i> ).
<b>“BP 220 IRR”</b>	Implementing Rules and Regulations of BP 220.
<b>“BPI Capital”</b>	BPI Capital Corporation
<b>“BPO”</b>	Business processing outsourcing.
<b>“BSP”</b>	<i>Bangko Sentral ng Pilipinas.</i>
<b>“Building Code”</b>	National Building Code of the Philippines (Presidential Decree No. 1096).
<b>“Business Day”</b>	A day, other than a public non-working holiday, Saturday, or Sunday on which the BSP’s Philippine Payment and Settlement System (PhilPaSS) and the Philippine Clearing House Corporation (PCHC) (or, in the event of the discontinuance of their respective functions, their respective replacements) are open and available for clearing and settlement, and banks are open for business in Metro Manila, Philippines.
<b>“CBLRV”</b>	Cebu BL-Ramos Ventures, Inc.
<b>“CCCS”</b>	Central Clearing and Central Settlement system.
<b>“CCLI”</b>	CCLI Premier Hotels, Inc.
<b>“CDO”</b>	Cagayan de Oro.
<b>“CEO”</b>	Chief Executive Officer.
<b>“CFA”</b>	Chartered Financial Analyst.
<b>“CFO”</b>	Chief Financial Officer.
<b>“CHDI”</b>	Cebu Homegrown Developers, Inc.
<b>“Chinabank Capital”</b>	Chinabank Capital Corporation
<b>“CIAC”</b>	Construction Industry Arbitration Commission of the Philippines.
<b>“Civil Code”</b>	Civil Code of the Philippines (Republic Act No. 386).
<b>“CLI”</b>	Cebu Landmasters, Inc. and, as the context may require, its Subsidiaries.
<b>“CLI-LITE”</b>	CLI-LITE Panglao Inc.
<b>“CLPM”</b>	Cebu Landmasters Property Management, Inc.
<b>“CNC”</b>	Certificate of Non-Coverage.

<b>“Company”</b>	Cebu Landmasters, Inc. and, as the context may require, its Subsidiaries.
<b>“Company Disclosures”</b>	All disclosures, reports, and filings of the Issuer that are submitted to the SEC and/or the PSE pursuant to the Revised Corporation Code, the Securities Regulation Code and its implementing regulations, and the Consolidated Listing and Disclosure Rules of the PSE.
<b>“COO”</b>	Chief Operating Officer.
<b>“Covered Transaction”</b>	A transaction exceeding the RPT threshold of ₱50.00 million.
<b>“COVID-19”</b>	2019 Novel Coronavirus Acute Respiratory Disease, which was later renamed as Coronavirus Disease 2019.
<b>“CPH”</b>	CLI Premier Hotels Int’l. Inc.
<b>“CREATE Act”</b>	Corporate Recovery and Tax Incentives for Enterprises (Republic Act No. 11534).
<b>“CSO”</b>	Civil Society Organizations.
<b>“CSR”</b>	Corporate Social Responsibility.
<b>“CTRP”</b>	Comprehensive Tax Reform Program.
<b>“Current Ratio”</b>	Current assets divided by current liabilities.
<b>“DAR”</b>	Department of Agrarian Reform of the Philippines.
<b>“DENR”</b>	Department of Environment and Natural Resources of the Philippines.
<b>“DGT”</b>	Davao Global Township.
<b>“DHSUD”</b>	Department of Human Settlements and Urban Development of the Philippines.
<b>“Dividend Payment Date”</b>	Has the meaning given to such term in the “ <i>Terms of the Offer</i> ” section of this Prospectus.
<b>“Dividend Period”</b>	Has the meaning given to such term in the “ <i>Terms of the Offer</i> ” section of this Prospectus.
<b>“D.O. 2020-010”</b>	Department Order No. 2020-010, Series of 2020 issued by the DHSUD.
<b>“D.O. 2021-009”</b>	Department Order No. 2021-009, Series of 2021 issued by the DHSUD.
<b>“D.O. No. 174-17”</b>	Department Order No. 174-17 or Rules Implementing Articles 106 to 109 of the Labor Code of the Philippines, as Amended, issued by DOLE on March 16, 2017.
<b>“DST”</b>	Documentary Stamp Tax.
<b>“Enabling Resolutions”</b>	Has the meaning given to such term in the Underwriting Agreement. The term refers to the resolutions of the Board of Directors approving the indicative terms of the Offer and which are filed or to be filed with the SEC.

<b>“EBITDA”</b>	Earnings before interest, tax, depreciation, and amortization from continuing operations and before exceptional items.
<b>“EBITDA Margin”</b>	EBITDA as a percentage of revenues.
<b>“ECC”</b>	Environmental Compliance Certificate.
<b>“EGF”</b>	Environmental Guarantee Fund.
<b>“EIS”</b>	Environmental Impact Statement.
<b>“El Camino”</b>	El Camino Developers Cebu, Inc.
<b>“Eligible Investors”</b>	Has the meaning given to such term in the “ <i>Terms of the Offer</i> ” section of this Prospectus.
<b>“EMB”</b>	Environmental Management Bureau of the Philippines.
<b>“EMF”</b>	Environmental Monitoring Fund.
<b>“EPS”</b>	Earnings Per Share.
<b>“ESG”</b>	Environmental, Social and Governance.
<b>“ESOP”</b>	Executive Stock Option Plan.
<b>“ETF”</b>	Exchange Traded Funds.
<b>“Firm Shares”</b>	Up to 3,000,000 Series “A” Preferred Shares to be issued out of the unissued capital stock of the Issuer.
<b>“Firm Undertaking”</b>	A trading participant’s undertaking to purchase the Series “A” Preferred Shares.
<b>“Foundation”</b>	Cebu Landmasters Foundation, Inc.
<b>“FSIC”</b>	Fire Safety Inspection Certificate.
<b>“FY”</b>	Fiscal year.
<b>“GFA”</b>	Gross floor area.
<b>“GGTT”</b>	GGTT Realty Corporation.
<b>“GLA”</b>	Gross leasable area.
<b>“Government”</b>	National and local government of the Republic of the Philippines, including any of its departments, agencies, or other instrumentalities.
<b>“Gross Profit Margin”</b>	Gross profit as a percentage of revenues.
<b>“Group”</b>	CLI and its Subsidiaries.
<b>“ha” or “has.”</b>	Hectare.



“Habitat”	Habitat for Humanity.
“HACC”	Homeowners’ associations and condominium corporations.
“HLURB”	Housing and Land Use Regulatory Board of the Philippines.
“HLURB 2015 Guidelines”	HLURB Memorandum Circular No. 03, Series of 2016 (2015 Guidelines on Time Completion).
“HSAC”	Human Settlements Adjudication Commission of the Philippines.
“HUDCC”	Housing and Urban Development Coordinating Council of the Philippines.
“ICD”	Institute of Corporate Directors.
“ICOM”	Icom Air Corporation.
“IEE”	Initial Environmental Examination.
“IGCC”	Iloilo Global City Corporation.
“Initial Dividend Rate”	Has the meaning given to such term in the “ <i>Terms of the Offer</i> ” section of this Prospectus.
“IPOP HL”	Intellectual Property Office of the Philippines.
“IPP”	Investment Priorities Plan.
“IRR”	Implementing rules and regulations.
“Issue Date”	Listing Date.
“Issuer”	Cebu Landmasters, Inc.
“IT”	Information technology.
“ITAD”	International Tax Affairs Division of the BIR.
“ITH”	Income tax holiday.
“Joint Issue Managers”	BPI Capital Corporation and China Bank Capital Corporation.
“Joint Lead Underwriters and Joint Bookrunners” or “Joint Lead Underwriters”	BPI Capital Corporation, China Bank Capital Corporation, PNB Capital and Investment Corporation, and RCBC Capital Corporation.
“JV”	Joint venture.
“KPI”	Key performance indicators.
“LA 23-23”	Labor Advisory No. 23, Series of 2023 (Guidelines on Minimum Public Health Standards in Workplaces Relative to the Lifting of the State of Public Health Emergency)
“LAMBO”	Livelihood Assistance for Multi-sectoral Beneficiary Organizations.

<b>“LEED”</b>	Leadership in Energy and Environmental Design.
<b>“LGU”</b>	Local government unit.
<b>“Listing Date”</b>	The date on which the Offer Shares are listed and trading thereof commences at the PSE, which is expected to be on [April 12, 2024], or such other date as the Issuer and the Joint Lead Underwriters may agree in writing with the approval of the SEC and the PSE.
<b>“Magspeak”</b>	Magspeak Nature Park, Inc.
<b>“Majority Underwriters”</b>	The Joint Lead Underwriters’ whose aggregate underwriting commitments constitute more than 50% of the total Underwriting Commitments set out in Schedule 1 of the Underwriting Agreement (and also the “Plan of Distribution” section of this Prospectus).
<b>“Manual”</b>	Manual on Corporate Governance.
<b>“MBA”</b>	Master of Business Administration.
<b>“MCIT”</b>	Minimum corporate income tax.
<b>“MGR”</b>	Mivesa Garden Residences, Inc.
<b>“MMDC”</b>	Ming-Mori Development Corporation.
<b>“MOA”</b>	Memorandum of Agreement.
<b>“MPO”</b>	Minimum public ownership.
<b>“Mw”</b>	Moment Magnitude.
<b>“NCF”</b>	Net cash flow.
<b>“NCI”</b>	Non-controlling interest.
<b>“Net Debt to Equity Ratio”</b>	Interest bearing debt less cash and cash equivalents divided by total equity.
<b>“Net Income Margin”</b>	Consolidated net income as a percentage of revenues.
<b>“New Benchmark Rate”</b>	A new benchmark rate as determined by the Bankers Association of the Philippines or the <i>Bangko Sentral ng Pilipinas</i> which shall be adopted for purposes of determining the Dividend Rate.
<b>“NHIP”</b>	National Health Insurance Program.
<b>“NIAT”</b>	Net Income After Taxes.
<b>“OCT”</b>	Original certificate of title.
<b>“Offer”</b>	The public offer for sale, distribution, and issuance of the Offer Shares by the Issuer to Eligible Investors.
<b>“Offer Period”</b>	The period when the Offer Shares are available for subscription commencing at 9:00 a.m. on [March 19], 2024 and ending at 12:00 noon on [April 2], 2024 or such other dates as the Issuer and the

	Joint Lead Underwriters may agree in writing, with the approval of the SEC and the PSE.
<b>“Offer Price”</b>	₱1,000.00 per Offer Share.
<b>“Offer Shares”</b>	The [up to] 3,000,000 Series “A” Preferred Shares and the Oversubscription Shares (in the event the Joint Lead Underwriters exercise their Oversubscription Option) to be issued out of the unissued capital stock of the Issuer.
<b>“OFW”</b>	Overseas Filipino Worker.
<b>“OPC”</b>	One Person Corporation.
<b>“OSC”</b>	Ordinary Stock Corporation.
<b>“Oversubscription Option”</b>	The right of the Joint Lead Underwriters, in consultation with the Issuer, to increase the offer size of ₱3,000,000,000 to up to ₱5,000,000,000 through the issuance of up to 2,000,000 Series “A” Preferred Shares, in the event of an oversubscription, subject to the registration requirements of the SEC.
<b>“Oversubscription Option Shares”</b>	The up to 2,000,000 Series “A” Preferred Shares to be issued out of the unissued capital stock of the Issuer in the event of the exercise of the Oversubscription Option.
<b>“Participating TP”</b>	A PSE Trading Participant allocated a number of Series “A” Preferred Shares and which submits a Firm Undertaking.
<b>“Paying Agent”</b>	The Person who may be appointed in such capacity to serve as such for the Offer Shares. The term includes, wherever the context permits, all other Person or Persons for the time being acting as paying agent or paying agents under the relevant registry and paying agency agreement or other relevant agreement.
<b>“P&amp;A”</b>	Punongbayan & Araullo (P&A Grant Thornton).
<b>“PCA”</b>	Philippine Competition Act (Republic Act No. 10667).
<b>“PCAB”</b>	Philippine Contractors Accreditation Board of the Philippines.
<b>“PCC”</b>	Philippine Competition Commission of the Philippines.
<b>“PD 957”</b>	Presidential Decree No. 957 (Subdivision and Condominium Buyers’ Protective Decree, as amended).
<b>“PDEx”</b>	Philippine Dealing & Exchange Corp.
<b>“PDTC”</b>	Philippine Depository & Trust Corp., a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office (as of the date of this Prospectus) at the 29 <sup>th</sup> Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City.
<b>“Person”</b>	Any individual, firm, corporation, partnership, association, joint venture, tribunal, limited liability company, trust, government or political subdivision or agency or instrumentality thereof, or any other entity or organization.
<b>“PEZA”</b>	Philippine Economic Zone Authority.

<b>“PFRS”</b>	Philippine Financial Reporting Standards.
<b>“PhilHealth”</b>	Philippine Health Insurance Corporation.
<b>“Philippine Pesos (₱)”</b>	Lawful currency of the Philippines.
<b>“Philippines”</b>	Republic of the Philippines.
<b>“PhilRatings”</b>	Philippine Rating Services Corporation.
<b>“PNB Capital”</b>	PNB Capital and Investment Corporation.
<b>“POC”</b>	Percentage of completion.
<b>“PPA”</b>	Philippines Property Awards.
<b>“PRA”</b>	Philippine Reclamation Authority.
<b>“Prospectus”</b>	The Prospectus dated [●], including all amendments, supplements, and addenda thereto for the offer and sale to the public of the Offer Shares.
<b>“PSE”</b>	The Philippine Stock Exchange, Inc.
<b>“PSE EDGE”</b>	PSE Electronic Disclosure Generation Technology.
<b>“PSE Trading Participants”</b>	The eligible trading participants of the PSE.
<b>“Q1”, “Q2”, “Q3”, and “Q4”</b>	Respectively, first calendar quarter, second calendar quarter, third calendar quarter, and fourth calendar quarter.
<b>“q-o-q”</b>	Quarter on quarter.
<b>“R&amp;D”</b>	Research and development.
<b>“RCBC Capital”</b>	RCBC Capital Corporation
<b>“REBs”</b>	Real estate brokers.
<b>“Receiving Agent”</b>	The party engaged by the Issuer to serve as receiving agent for the Offer Shares.
<b>“REDs”</b>	Real estate developers.
<b>“Registration Statement”</b>	The registration statement and other supporting documents filed by the Issuer with the SEC in connection with the offer and sale to the public of the Offer Shares and which is expected to be rendered effective by the SEC.
<b>“Registry, Paying and Receiving Agency Agreement”</b>	The agreement so titled dated [●], 2024 between the Issuer, the Stock Transfer Agent, the Paying Agent, and the Receiving Agent, setting forth, among others, the procedure for receiving, collating, and screening Applications, processing checks and payments, submission of sales reports, and the disbursement of the proceeds of the Offer.

<b>“Return on Assets”</b>	Net income as a percentage of assets.
<b>“Return on Average Equity”</b>	Net income as a percentage of equity.
<b>“Revised Corporation Code” or “RCC”</b>	Revised Corporation Code of the Philippines (Republic Act No. 11232).
<b>“RPT”</b>	Related party transaction.
<b>“SCCP”</b>	Securities Clearing Corporation of the Philippines.
<b>“SCIT”</b>	Special Corporate Income Tax.
<b>“SEC”</b>	Securities and Exchange Commission of the Philippines.
<b>“Series A Preferred Shares” or “Series “A” Preferred Shares”</b>	The Series “A” Preferred Shares forming part of the authorized capital stock of the Issuer as set out in its Articles of Incorporation, as amended to date, or as the context may require, the Offer Shares.
<b>“Series A-1 Preferred Shares” and “Series A-2 Preferred Shares”</b>	Offer Shares.
<b>“Series A-1 Step-Up Benchmark Rate” and “Series A-2 Step-Up Benchmark Rate”</b>	Has the meaning given to such terms in the “ <i>Terms of the Offer</i> ” section of this Prospectus.
<b>“Series A-1 Step-Up Date” and “Series A-2 Step-Up Date”</b>	Has the meaning given to such terms in the “ <i>Terms of the Offer</i> ” section of this Prospectus.
<b>“Selling Agents”</b>	PSE Trading Participants and [●].
<b>“SGV &amp; Co.”</b>	SyCip Gorres Velayo & Co.
<b>“SHDA-CV”</b>	Subdivision and Housing Developers Association – Central Visayas Chapter.
<b>“SIPP”</b>	Strategic Investment Priorities Plan.
<b>“SJMV”</b>	San Jose Maria Villages.
<b>“SPE”</b>	Sugbo Prime Estate, Inc.
<b>“sq.m.”</b>	Square meters.
<b>“SRC”</b>	Securities Regulation Code (Republic Act No. 8799), as the same may be amended from time to time.
<b>“SRC Rules”</b>	2015 Implementing Rules and Regulations of the SRC, as the same may be amended from time to time.
<b>“Step-Up Benchmark Rate”</b>	Has the meaning given to such term in the “ <i>Terms of the Offer</i> ” section in this Prospectus.
<b>“Stock Transfer Agency Agreement”</b>	The agreement so titled dated [●], 2024 between the Issuer and the Stock Transfer Agent in relation to the Offer Shares.
<b>“Stock Transfer Agent”</b>	STSI or such other institution as may be appointed by the Issuer in such capacity in relation to the Offer Shares.

<b>“STSI”</b>	Stock Transfer Service, Inc.
<b>“Subsidiary” or “Subsidiaries”</b>	<p>An entity of which a Person has direct or indirect Control or owns directly or indirectly more than 50% of the voting capital or similar right of ownership.</p> <p>For purposes of the Underwriting Agreement, the Subsidiaries of the Issuer are:</p> <ol style="list-style-type: none"> <li>1. CLI Premier Hotels Int’l. Inc. (CPH)</li> <li>2. Cebu Landmasters Property Management, Inc. (CLPM)</li> <li>3. A.S. Fortuna Property Ventures, Inc. (ASF)</li> <li>4. CLI Hotels and Resorts, Inc. (CHR)</li> <li>5. BL CBP Ventures, Inc. (BL Ventures)</li> <li>6. Yuson Excellence Soberano, Inc. (YES)</li> <li>7. Yuson Huang Excellence Soberano, Inc. (YHES)</li> <li>8. YHEST Realty and Development Corporation (YHEST)</li> <li>9. CCLI Premier Hotels, Inc. (CCLI)</li> <li>10. YHES Premier Hotels Inc. (YHESPH)</li> <li>11. Mivesa Garden Residences, Inc. (MGR)</li> <li>12. El Camino Developers Cebu, Inc. (El Camino)</li> <li>13. Cebu Homegrown Developers, Inc. (CHDI)</li> <li>14. Cebu BL-Ramos Ventures, Inc. (CBLRV)</li> <li>15. GGTT Realty Corporation (GGTT)</li> <li>16. CLI-LITE Panglao Inc. (CLI-LITE)</li> <li>17. Ming-Mori Development Corporation (MMDC)</li> <li>18. Sugbo Prime Estate, Inc. (SPE)</li> <li>19. Iloilo Global City Corporation (IGCC)</li> </ol>
<b>“SyCip” or “SyCipLaw”</b>	SyCip Salazar Hernandez & Gatmaitan.
<b>“Tax Code”</b>	National Internal Revenue Code of 1997 (Republic Act No. 8424), as amended.
<b>“Tax Event”</b>	Has the meaning given to such term in the “ <i>Terms of the Offer</i> ” section in this Prospectus.
<b>“Time of Completion”</b>	Within one year from the date of the issuance of the license to sell, or any other period fixed by the DHSUD.
<b>“TRAIN Law”</b>	Tax Reform for Acceleration and Inclusion (Republic Act No. 10963).
<b>“Trading Participants’ Shares”</b>	The Offer Shares to be allocated for distribution and sale to the PSE Trading Participants.
<b>“Transaction Documents”</b>	The Underwriting Agreement, the Registry and Paying and Receiving Agency Agreement, and the Stock Transfer Agency Agreement, in each case to be executed or executed by the Issuer with the relevant parties in connection with the Offer.
<b>“TTRA”</b>	Tax treaty relief application.
<b>“UN SDG”</b>	United Nations’ Sustainable Development Goals.
<b>“Underwriting Agreement”</b>	The issue management and underwriting agreement dated on or about [●], 2024 by and among the Issuer, the Joint Issue Managers, and the Joint Lead Underwriters.
<b>“UP”</b>	University of the Philippines.

<b>“UPE”</b>	Ultimate parent entity.
<b>“VisMin”</b>	Visayas and Mindanao.
<b>“WHO”</b>	The World Health Organization.
<b>“YES”</b>	Yuson Excellence Soberano, Inc.
<b>“YHES”</b>	Yuson Huang Excellence Soberano, Inc.
<b>“YHESPH”</b>	YHES Premier Hotel Inc.
<b>“YHEST”</b>	YHEST Realty and Development Corporation.
<b>“y-o-y”</b>	Year on year.

## EXECUTIVE SUMMARY

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The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information, and financial statements (including notes thereto) found in the appendices of this Prospectus.

Prospective investors should read this entire Prospectus fully and carefully, including the section on “*Risk Factors and Other Considerations*”. In case of any inconsistency between this summary and the more detailed information in this Prospectus, then the more detailed portions, as the case may be, shall at all times prevail.

### OVERVIEW

CLI is the leading residential developer in Visayas and Mindanao. The Company’s story began with a vision to provide quality homes for everyday Filipinos. Jose R. Soberano III founded CLI and incorporated the Company on September 26, 2003. On June 2, 2017, the Company was listed on the Main Board of The Philippine Stock Exchange, Inc. with “CLI” as its ticker symbol. A total of 430,000,000 shares were issued and fully subscribed at ₱5.00 per share in connection with the initial public offering. CLI’s initial public offering was instrumental to its growth and expansion, as it raised ₱2.15 billion worth of fresh capital from investors – boosting its development both in new locations and in various projects.

As of September 30, 2023, CLI has a total of 117 projects in different development stages and established a diverse portfolio of residences, offices, hotels, mixed-use properties, and townships across 16 key cities in the VisMin region.

CLI’s unyielding dedication to excellence has been acknowledged through prestigious accolades, including Best Developer of the Philippines in 2019, Best Developer in Visayas and Mindanao in 2021 and 2022, and Best Developer in Mindanao in 2023. These recognitions, earned at the PPA and Asia Property Awards, testify to the company’s unwavering commitment to quality and innovation, winning against other well-established players in the industry.

In 2023, an independent study by Colliers International reaffirmed CLI’s unrivaled position in the VisMin real estate market. The study identified CLI as the top residential developer in the region, boasting the largest market share among real estate firms. Holding a commanding 23% overall residential share in net take-up value, CLI continues to dominate key VisMin cities, a testament to its market presence and consumer confidence.

CLI’s vision extends beyond the present achievements. The Company remains steadfast in its pursuit of expansion and innovation. CLI’s robust growth strategies aim to further solidify its market dominance, foster strategic partnerships, and explore new avenues for sustainable development and community enhancement.

The year 2023 is a testament to CLI’s commitment to pioneering excellence, innovation, and sustainable growth. With a firm foundation, industry recognition, and a strategic vision, CLI stands poised to lead the real estate landscape, offering quality living spaces that resonate with the aspirations of everyday Filipinos.

The Company’s operating segments are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets:

- Real Estate Segment – covers the development and sale of residential and office units to individual and corporate buyers.
- Rental Segment – includes leasing of office and commercial spaces to corporate organizations.
- Management Services Segment – focuses on the management of real estate projects and upkeep services to condominium corporations and housing associations.



- Hotel Operations Segment – related to the management of hotel business operations that caters to hotel guests.

### **Completed Projects**

CLI presents an impressive portfolio of 37 completed developments, encompassing vertical and horizontal residential, mixed-use, office, hotel, and retail projects. The Company's unwavering commitment to excellence is evident in the diverse range of projects strategically located in key areas such as Cebu, Bacolod, Cagayan de Oro, and Davao.

A notable achievement is the completion of MesaVerte Garden Residences, a three-tower project representing the Company's inaugural expansion beyond Cebu which was completed in 2020. Additional accomplishments include the finalization of projects like MesaTierra Garden Residences in Davao, MesaVirre Garden Residences A & B in Bacolod, and 38 Park Avenue in Cebu, which was completed in 2021 and 2022. Throughout the year, CLI has been turning over projects in Cebu, including Casa Mira Towers Guadalupe, Baseline Prestige, and Mivela Tower 1. For the period September 30, 2023, the Company's completed residential developments have achieved an impressive 98% sold-out status.

In parallel with its residential endeavors, the Company owns three operational office buildings and various leasable spaces, with Park Centrale in IT Park, Cebu serving as its headquarters. This development has maintained full occupancy since completion and received the prestigious Best Commercial Development in Cebu award from the Philippine Property Awards in 2014.

Latitude Corporate Center, a 24-storey structure completed in 2020, stands tall in the heart of Cebu's business district. Anticipating the gradual return of sectors like IT-BPO to office spaces, the Company believes that this structure, a 5-Star BERDE-certified green building, positions the Company well to meet such rising demand.

In terms of retail, the Company has significantly increased its GLA to 35,772 sq.m. up from 30,006 sq.m. at the end of 2022. The successful construction and leasing efforts have resulted in an impressive 100% lease-out rate for most newly turned-over spaces. As of the first nine months of 2023, CLI has significantly expanded its GLA to 35,772 sq.m., marking a remarkable 19% increase from the previous quarter's 30,006 sq.m. This surge is attributed to the successful turnover of Banilad Highstreet, 38 Park Avenue tail, Baseline Center phase 2, and Drive-Thru spaces in Davao Global Township, currently boasting impressive lease rates of 70% and 100%, respectively.

Diversifying its portfolio, the Company entered the hospitality sector in 2019 with the opening of Citadines Cebu City, a 180-room serviced residence in partnership with The Ascott Limited. Situated strategically within the Company's mixed-use lifestyle hub, the Base Line Center, this project reflects its commitment to providing comprehensive lifestyle solutions.

As of September 30, 2023, the Company's completed projects have achieved a remarkable 98% sold status, with only ₱998.50 million remaining in inventory value. Looking ahead, CLI is poised to further impact the VisMin real estate market, with plans to introduce new projects in key locations, expand into unexplored areas, and cater to diverse markets. Its commitment to innovation, quality, and customer satisfaction continues to drive its success in the dynamic real estate landscape.

### **Ongoing Projects (under construction)**

CLI has 72 ongoing projects in various stages of construction as of the third quarter of 2023. These projects are spread out over 16 key regions in Visayas and Mindanao.

Forty-eight residential projects totaling a project value of ₱82.40 billion are among the projects that are currently being developed. These projects have 22,425 units of which 95% were already sold and the aggregate value of remaining inventory amounts to ₱7.95 billion. CLI prides itself on selling projects at high velocity, quick turn over of its developments, and swift movement from pre-selling to construction and delivery. Continuing sales efforts are being made to sell out the projects as they get closer to completion. The Company believes that its optimal market acceptance is known to the 1,795 real estate brokers and 11,000 sales agents across the VisMin region who continuously support CLI.

Investing in capital to support recurring revenue from both hospitality and leasing businesses is one of the strategies CLI foresees to be a factor in the region's future growth. CLI's long-term strategy is to build up its office, retail, and hospitality portfolio's GLA to 200,000 sq.m. – eventually contributing to 10% of the growing top line within the next five years.

The Company is currently constructing nine hospitality projects with 1,543 room keys and various office and commercial projects totaling over a GLA of 75,000 sq.m. More projects are in the pipeline at the planning and design stage to meet CLI's strategy to continue its build-up of its recurring income portfolio.

### **Newly launched and Pipeline projects for 2023**

During the first nine months of 2023, CLI launched a total of eight projects valued at ₱15.00 billion. Part of the launch is the introduction of the Mirani brand addressing the needs of the low-income segment, offering residences priced at around ₱1.90 million to ₱2.90 million. Another notable project launch is Mindara Residences which experienced an exceptional market response, with almost 546 of its units being sold out, amassing ₱2.50 billion in sales within the first week of its launch. CLI also introduced its first house and lot project in Davao, Casa Mira Davao, which has achieved an impressive 95% sales milestone. Other project launches include Casa Mira Towers Mandaue T1, Mandra T2, CMT Palawan T4, CMT Bacolod T4, Casa Mira Homes Davao, and Costa Mira Panglao T3, further diversifying CLI's offerings. This substantial fresh inventory, coupled with the continued high demand for the acclaimed Casa Mira brand, propelled CLI to achieve its highest nine-month reservation sales figure, surging by 25% to reach ₱17.00 billion during this period.

As of September 30, 2023, CLI has successfully sold out 59% of its inventory from newly launched projects, showcasing a robust market response. Confident in its strategies, CLI aims to substantially sell the remaining units by the end of 2023, reinforcing its optimistic outlook for the remainder of the year.

Looking ahead to the coming months, CLI plans to launch more developments from its 11 pipeline projects, collectively valued at ₱23.00 billion.

CLI remains proactive in acquiring high value landbank to drive sustained revenue growth in the future. During the nine months of 2023, the company recorded 112.5 has of land for development across VisMin locations. During the year, CLI further expanded in Mindanao with its most recent purchase of 21 has in General Santos City, increasing its landbank to a value of ₱9.8 billion. With this acquisition, CLI is serving the region's robust and consistent housing demand, being present in 16 key VisMin cities.

### **Residential Developments**

Residential developments constitute the cornerstone of the Company's operations and project portfolio. CLI's overarching goal is to meet the burgeoning demand for quality-built, cost-effective housing, and meticulously planned communities that align with the needs of the new normal. In response to the housing backlog and the heightened desire for safe and secure homes, the Company consistently launches new housing projects.

To effectively address diverse market segments, the Company categorizes its housing developments into distinct brands. A standout among these is Casa Mira, which has rapidly emerged as the fastest growing and most popular brand. Typically priced at ₱120,000.00 per sq.m. or ₱2.00 million per housing unit, Casa Mira caters specifically to the economic market. Over time, the Casa Mira series has become a pivotal asset, securing the largest residential market share in Visayas and Mindanao. Its success can be attributed to its outstanding value proposition, providing residents with reasonably priced homes in aesthetically pleasing communities, complete with several amenities typically associated with higher-priced developments. These include a clubhouse with multi-purpose halls, a chapel, swimming pool, basketball court, and children's playground.

In a strategic move to address the evolving market demands, CLI introduced the "Mirani" brand last July 2023. Designed to cater to the affordable housing demand across the market spectrum with a price point of around ₱1.90 million, the Mirani brand debuted with Mirani Steps in Danao in June 2023. The project achieved a remarkable 48.37% sell-out as of September, although no revenue has been

recognized to date.

The Garden Series, targeting the mid-market segment, boasts selling prices starting at ₱140,000.00 per sq.m., with housing unit pricing ranging from ₱2.50 million to ₱3.20 million. Subdivisions under this brand are known as Velmiro, while condominium projects go by the name Garden Residences. The Garden Series distinguishes itself by offering an impressive array of amenities, including a swimming pool, multi-level clubhouse with function rooms, fitness gym, basketball court, and playgrounds situated in expansive landscaped park.

For those seeking an elevated lifestyle, CLI offers Premier Masters, high-end residential buildings with prices starting at ₱180,000.00 per sq.m. These luxurious developments, located in prestigious urban areas, include Terranza Residences in Iloilo, Costa Mira Mactan, and 38 Park in I.T. Park Cebu.

Lastly, Villa Casita represents CLI's commitment to socialized housing, offering units at a price of ₱580,000.00. Through these socialized housing projects, the Company endeavors to provide decent and affordable housing to the least-served market segment, reflecting its dedication to inclusive and sustainable development.

### Leasing Projects

In 2013, CLI opened its first office property, Park Centrale at I.T. Park Cebu, taking advantage of the growing BPO sector in Cebu. CLI's current strategy is to significantly expand its recurring revenue projects in order to deliver 200,000 sq.m. in the next three to five years from 2023 in terms of GLA.

In 2020, the Company turned over Latitude Corporate Center, a Grade A office tower at the Cebu Business Park with a GFA of 21,000 sq.m. Building development for Astra Corporate Center (18,823 sq.m. GFA) and Patria de Cebu Office (4,562 sq.m. GFA) are currently ongoing.

As of the nine months of 2023, CLI has significantly expanded its GLA to 35,772 sq.m., marking a remarkable 19% increase from the previous quarter's 30,006 sq.m. This surge is attributed to the successful turnover of Banilad Highstreet and Drive-Thru spaces in Davao Global Township, currently boasting impressive lease rates of 70% and 100%, respectively. These developments stand as pivotal contributors to CLI's upward trajectory and burgeoning success in the market.

Office buildings include Park Centrale Tower, Base Line HQ, Latitude Corporate Center, Astra Corporate Center, Patria de Cebu Office, and Masters Tower Cebu Office.

### Hotel Projects

In 2019, CLI opened its first hotel project with Citadines Cebu City in partnership with The Ascott Limited. Citadines Cebu City is a 180-room serviced residence strategically located within CLI's mixed-use lifestyle hub in midtown Cebu, the Base Line Center.

CLI currently has nine hospitality projects under construction to boost its hotel business. These hotels have management agreements with well-known hotel management companies, including the three additional hotels with Ascott Limited, Sofitel Cebu and Mercure in Patria de Cebu with the Accor Group and Abaca Resort Mactan, the first resort project being developed by CLI, scheduled to open in 2025.

During the nine months of 2023, the resurgence in the travel and leisure sector served as a powerful catalyst for CLI's hotel operations, resulting in a remarkable upsurge in revenue. Notably, the hotel operations soared to generate ₱98.00 million, a striking leap from ₱55.00 million during the same period in the previous year, marking a robust 78% growth. This impressive increase was primarily fueled by a surge in bookings and elevated room rates, particularly evident in Citadines Cebu City.

During the fourth quarter of 2023, the Company will complete The Pad and Baseline Lyf. This move is anticipated to increase the number of operating room keys, from 180 to 338. The remaining hotel keys of The Pad and Baseline Lyf are scheduled for completion in the first quarter of 2024, promising a substantial increase in revenue for the hotel operations in the following year. Furthermore, with seven additional hotels currently under construction, CLI is strategically positioning itself to further capitalize on the burgeoning opportunities within the hospitality sector.

## FINANCIAL PERFORMANCE

### *January 1 to September 30, 2023 vs. January 1 to September 30, 2022*

For the third quarter of 2023, the Company showcased a commendable financial performance, reporting a consolidated net income of ₱3.03 billion. This figure reflected a significant y-o-y increase of 28% from the previous period's ₱2.37 billion. Furthermore, the Net Income After Tax (“NIAT”) attributable to the parent company demonstrated a solid growth of 9%, reaching ₱2.39 billion compared to ₱2.20 billion of the same period last year. The notable earnings expansion can be attributed to the Company’s robust performance across all revenue streams which led to CLI's consolidated revenues increasing by 18% to ₱12.93 billion from ₱10.96 billion the previous year. This is supported by higher construction progress and higher sales take-up. Using the weighted average shares of 3,465,201,467, earnings per share (“EPS”) for the first nine months of 2023 posted at ₱0.69, an 8% increase from ₱0.64 posted for the same period of last year. CLI’s balance sheet remains strong and healthy to support construction and expansion plans. As of September 30, 2023, CLI reported total assets of ₱96.57 billion, an increase of 14% from ₱85.04 billion as of December 31, 2022 driven by progress in construction from sold units.

The Company’s gross profit margin is dependent on the mix of revenue during the period. During the first nine months of 2023, 28% of the Company’s topline was attributable to premier series projects which had a higher Gross Profit Margin compared to the other segments. Additionally, recurring projects showed a remarkable revenue recovery, these projects have Gross Profit Margins with over 50% to 60%. Meanwhile, Net Income Margin remains healthy at 23%.

CLI continues to implement cost efficiency measures that enable the Company to post stable and healthy margins despite the challenging market environment.

For the period ended September 30, 2023, all other ratios remain healthy with Return on Assets at 3%<sup>1</sup> and Return on Equity (Parent) at 17%.<sup>2</sup> Net Debt to Equity ratio improved to 1.82x due to increased equity for joint venture projects. The Company’s current ratio projects ample liquidity at 1.56x.

Management together with key officers continue to effectively handle their respective operations and financial requirements despite the high-inflation environment. As a result, CLI’s financial position remains liquid and strong.

### **FY 2022**

CLI recorded Normalized Net income to parent shareholders of ₱3.17 billion, an increase of 21% from ₱2.61 billion in 2021, the remainder after tax adjustments for the year were factored out. This generated an EPS of ₱0.92, a growth of 12% y-o-y from ₱1.04 EPS in 2021. The significant increase is driven by the strong topline growth and fast economic recovery in the region.

CLI’s balance sheet remained solid and healthy to support construction and expansion plans. As of December 31, 2022, CLI’s consolidated assets stood at ₱85.04 billion, a 28% y-o-y growth to from ₱66.65 billion driven by the increase in contract assets, real estate inventories, and investment properties.

### **FY 2021**

In 2021, CLI recorded net income to parent shareholders of ₱2.61 billion, an increase of 42% from ₱1.85 billion in 2020. With its 2021 results, the Company has effectively surged past its 2019 pre-pandemic bottom-line by 30%.

CLI’s consolidated revenues likewise grew by 35% to ₱11.16 billion from 2020’s ₱8.30 billion driven by

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<sup>1</sup> *Return on Assets* - Consolidated Net income divided by Average total assets, computed as beginning balance + Ending balance divided by 2.

<sup>2</sup> *Return on Equity* – Parent’s share in net income divided by Average equity attributable to parent computed as Beginning balance + Ending balance divided by 2.

significant construction accomplishments coupled by robust sales and collections, which have further resulted in a ₱25.00 billion or 23% increase in unrecognized revenue for future recognition. Revenue from the sale of real estate recorded a 35% growth y-o-y to ₱11.00 billion from ₱8.15 billion in 2020. The high growth was driven by significant construction progress and more accounts qualifying for revenue recognition from continued collections. By the end of 2021, construction was in full swing across all project sites in VisMin with catch-up measures in place to compensate for delays caused by quarantine restrictions.

Actual capital expenditures amounted to ₱9.70 billion in 2021, 80% was spent on project development and construction while 15% was used for land acquisitions.

The Company's balance sheet remains strong with total assets amounting to ₱66.65 billion. Debt management likewise stays prudent with a net debt-to-equity of 1.72x while lowering the cost of borrowing from 4.96% to 4.75%.

## **COMPETITIVE STRENGTHS**

The Company considers the following as its competitive strengths:

- Leading property developer in VisMin, known for its distinguished brand and demonstrated resilience in project execution, particularly evident during the challenges of the pandemic
- Strategic location selection to provide value-for-money proposition to customers
- Highly diversified portfolio and expanding project portfolio and socio-economic markets
- Experienced management team and organizational culture
- Socially responsible development
- Strategic joint venture partnerships
- Financial strength: Strong profitability, prudent financial management and a healthy balance sheet
- Operational excellence

## **KEY STRATEGIES**

The Company's business strategies include the following:

- Expansion to key cities in the Visayas and Mindanao
- Building recurring income developments
- Vertical integration – property management
- Growth of economic housing brand (Casa Mira)
- Capitalizing on pipeline projects
- Establish and leverage strategic partnerships, alliances, joint ventures, and cooperation

## **RISKS OF INVESTING**

Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Offer Shares. Some of these risks are briefly summarized below and discussed with additional details in the section entitled "*Risk Factors and Other Considerations*".

### **• Risks Related to the Company**

- There is heightened competition among local and national players where the Company is operating and expanding. Competition for the acquisition of land for new projects could adversely affect the Company's business.
- The Company's business is affected by various regulations in the Philippines.
- The Company's business may be adversely affected by major political and economic developments, such as the Russia-Ukraine war.
- The Company's current portfolio is composed of approximately 99% properties for sale and 1% recurring income properties.

- The Company is new to some regional markets including Gensan, Butuan and Calabarzon.
- The Philippine property market is cyclical.
- Given the current geographic concentration of the Company's real estate sales, the Company's results of operations would suffer if the residential housing and land development industry in the Company's current markets decline.
- The Company might be at risk of being exposed to housing price bubbles.
- Increased inflation, fluctuations in interest rates, and changes in the Philippine Government's borrowing patterns and Government regulations could have a material adverse effect on the Company's and its customers' ability to obtain financing.
- The real estate sector is capital intensive and might cause difficulty for the Company to readily raise the necessary capital to acquire new land or complete existing projects. It also has a naturally multi- year cash cycle that goes through a negative operating cash flow period for most of its cycle before realizing a cumulative positive cash outcome for each project.
- A portion of demand for the Company's products is from overseas Filipinos, which exposes the Company to risks relating to the performance of the economies of the countries where these potential customers are located.
- The Company engages third-party brokers and agents to sell its residential housing, residential condominium, office condominium, and condotel projects.
- Cancellation of sales involving the Company's projects could adversely affect its business, financial condition, and results of operations.
- The Company enjoys certain tax exemptions and incentives, the loss of which may increase the Company's tax liability and decrease future Company profits.
- Natural catastrophes may affect the Company's business adversely.
- Titles over land owned by the Company may be contested by third parties.
- The Company's reputation will be adversely affected if its projects are not completed on time or if the projects do not meet customers' requirements.
- Independent contractors may not always be available or may not be able to meet the Company's quality standards, or complete projects on time or within budget, and may encounter difficulties which will result in a delay of the project.
- Construction defects and other building-related claims may be asserted against the Company, and the Company may be subject to liability for such claims.
- The Company relies on its key executives and officers and the members of the Soberano Family to manage business operations.
- The Company is party to a number of related party transactions.
- The Company may be involved in legal and other proceedings arising out of its operations from time to time.
- The Company may default in its financial obligations and other obligations under contracts to which it is a party, and a default in one may trigger other defaults and result in the acceleration of its obligations under such contracts.

- The Company works with various joint venture partners for some of its projects, whose interest may differ from that of the Company's.
- The Company is exposed to information security or cybersecurity risk as it relies on technology which posts risks on data security, confidentiality, and availability.
- The Company is exposed to asset stranding risk.
- The Company is also exposed to emerging risks.
- **Risks Related to the Philippines**
  - Economic Considerations
  - COVID-19 Pandemic
  - Political Considerations
  - Terrorist acts, crimes, natural disasters, and outbreaks of infectious diseases or fears of such occurrences in the Philippines
- **Risks Related to the Offer Shares**
  - The Offer Shares may not be a suitable investment for all investors.
  - The Offer Shares are perpetual securities and investors have no right to require redemption.
  - The Offer Shares are subordinated obligations.
  - There may be insufficient distributions upon liquidation.
  - Holders may not receive dividend payments if the Company elects to defer dividend payments.
  - The ability of the Company to make payments under the Offer Shares is limited by the terms of the Company's other indebtedness.
  - The market price of the Offer Shares may be volatile, which may result in the decline in the value of investments of the investors.
  - There is no guarantee of the existence of active and liquid market for the Offer Shares.
  - Holders of the Offer Shares may not be able to reinvest at a similar return on investment.
  - The Offer Shares have no voting rights.

## **CORPORATE INFORMATION**

The registered office of the Company is at the 10/F Park Centrale Tower, B2 L3, Jose Ma. Del Mar Street, Cebu IT Park, Brgy. Apas, Cebu City. The Company's telephone number at this location is +63 (32) 231-4870 and 254-1254.

The Company's website is [www.cebuplandmasters.com](http://www.cebuplandmasters.com).

### ***Investor Relations Office***

For investor communications and compliance, the following officers may be contacted:

B. Grant L. Cheng, Chief Financial Officer, [grant\\_cheng@cebuplandmasters.com](mailto:grant_cheng@cebuplandmasters.com)

Clarissa Mae A. Cabalda, Investor Relations Manager, [clarissa@cebuplandmasters.com](mailto:clarissa@cebuplandmasters.com)

Atty. John Edmar G. Garde, Compliance Officer, [jggarde@cebulandmasters.com](mailto:jggarde@cebulandmasters.com)

The Investor Relations Manager and Compliance Officer are the Company's operating leads and in-charges with respect to disclosures and continuing requirements of the SEC and the PSE.



## SUMMARY OF FINANCIAL INFORMATION

The following tables present a summary of the consolidated financial information for the Group and should be read in conjunction with the auditor's reports and the Group's consolidated financial statements and notes thereto contained in this Prospectus and the section entitled "Management's Discussion and Analysis or Plan of Operations."

The summary financial information presented below for each of the three years ended December 31, 2022, 2021 and 2020 were derived from the consolidated financial statements of CLI prepared in accordance with PFRS as modified by the application of the financial reliefs issued and approved by the SEC in response to the COVID-19 pandemic and audited by P&A in accordance with the PSA.

The summary financial information presented below for each of the nine-month interim financial periods ended September 30, 2023 and 2022 were derived from the consolidated financial statements of CLI prepared in accordance with PFRS as modified by the application of the financial reliefs issued and approved by the SEC in response to the COVID-19 pandemic and reviewed by P&A in accordance with the PSA.

The historical financial condition, results of operations and cash flows of the Group are not a guarantee of its future operating and financial performance.

### SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

In Million Pesos (₱)	For the nine (9) months ended 30 September (Unaudited)		For the years ended 31 December (Audited)		
	2023	2022	2022	2021	2020
<b>Revenues</b>					
Sale of real estates	12,704	10,813	15,439	10,996	8,146
Hotel operations	98	55	83	49	55
Rental	77	54	79	74	55
Management fees	46	41	55	43	43
<b>Total Revenue</b>	<b>12,926</b>	<b>10,963</b>	<b>15,657</b>	<b>11,162</b>	<b>8,299</b>
<b>Cost of Sales and Services</b>	<b>(6,790)</b>	<b>(6,073)</b>	<b>(8,368)</b>	<b>(5,972)</b>	<b>(4,282)</b>
<b>Gross Profit</b>	<b>6,136</b>	<b>4,890</b>	<b>7,290</b>	<b>5,190</b>	<b>4,017</b>
<b>Operating Expenses</b>	<b>(1,893)</b>	<b>(1,585)</b>	<b>(2,369)</b>	<b>(1,950)</b>	<b>(1,266)</b>
<b>Other Operating Income</b>	<b>349</b>	<b>144</b>	<b>203</b>	<b>257</b>	<b>69</b>
<b>Operating Profit</b>	<b>4,592</b>	<b>3,448</b>	<b>5,123</b>	<b>3,497</b>	<b>2,819</b>
<b>Finance Costs</b>	<b>(537)</b>	<b>(349)</b>	<b>(351)</b>	<b>(264)</b>	<b>(66)</b>
<b>Finance Income</b>	<b>8</b>	<b>3</b>	<b>15</b>	<b>8</b>	<b>40</b>
<b>Share in Net Loss of Associates</b>	<b>(6)</b>	<b>(7)</b>	<b>(10)</b>	<b>(4)</b>	<b>(0.6)</b>
<b>Impairment Loss on Financial Assets</b>	<b>(0.4)</b>	<b>(1)</b>	<b>(2)</b>	<b>-</b>	<b>(0.3)</b>
<b>Other Losses</b>	<b>(4)</b>	<b>(4)</b>	<b>(8)</b>	<b>(133)</b>	<b>(0.8)</b>
<b>Profit Before Tax</b>	<b>4,053</b>	<b>3,090</b>	<b>4,768</b>	<b>3,104</b>	<b>2,792</b>
<b>Tax Expense</b>	<b>(1,025)</b>	<b>(721)</b>	<b>(1,160)</b>	<b>(433)</b>	<b>(716)</b>
<b>Net Profit</b>	<b>3,028</b>	<b>2,369</b>	<b>3,608</b>	<b>2,671</b>	<b>2,076</b>
<b>Other Comprehensive Income</b>					

In Million Pesos (₱)	For the nine (9) months ended 30 September (Unaudited)		For the years ended 31 December (Audited)		
Gain (loss) on remeasurements of post-employment defined benefit plan	-	-	0.6	0.4	9
Tax income (expense)	-	-	(0.1)	(1)	(3)
<b>Total Comprehensive Income</b>	<b>3,028</b>	<b>2,369</b>	<b>3,608</b>	<b>2,670</b>	<b>2,070</b>

## SUMMARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

In Million Pesos (₱)	For the nine (9) months ended 30 September (Unaudited)	For the years ended 31 December (Audited)		
	2023	2022	2021	2020
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	1,348	1,435	1,096	797
Receivables – net	2,243	3,572	5,845	6,021
Contract assets - net	22,867	16,209	6,558	3,643
Real estate inventories	19,114	18,309	18,709	13,398
Deposits on land for future development	15	130	-	700
Due from related parties	57	36	57	22
Prepayments and other current assets	6,411	4,965	4,737	3,020
<b>Total Current Assets</b>	<b>52,054</b>	<b>44,655</b>	<b>37,002</b>	<b>27,600</b>
<b>Noncurrent Assets</b>				
Receivables – net	164	107	161	121
Contract assets - net	18,078	15,770	13,732	10,214
Investments in associates	133	134	135	130
Property and equipment - net	6,301	4,814	916	643
Right-of-use assets	1,139	1,168	1,153	951
Investment properties - net	18,022	17,749	13,240	10,094
Other non-current assets - net	677	649	313	337
<b>Total Noncurrent Assets</b>	<b>44,514</b>	<b>40,390</b>	<b>29,650</b>	<b>22,490</b>
<b>TOTAL ASSETS</b>	<b>96,569</b>	<b>85,045</b>	<b>66,652</b>	<b>50,091</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Interest-bearing loans and borrowings	11,284	8,124	8,814	3,435
Trade and other payables	21,433	18,844	12,651	7,257
Contract liabilities	480	598	604	533
Customers' deposits	148	120	90	196
Lease liabilities	17	54	3	2
Income tax payable	15	4	2	31
<b>Total Current Liabilities</b>	<b>33,377</b>	<b>27,744</b>	<b>22,164</b>	<b>11,453</b>
<b>Noncurrent Liabilities</b>				
Interest-bearing loans and borrowings	28,951	26,939	23,208	20,359
Bonds payable	4,944	4,931	-	-
Trade and other payables	167	195	170	226
Lease liabilities	1,229	1,183	1,123	833

In Million Pesos (₱)	For the nine (9) months ended 30 September (Unaudited)	For the years ended 31 December (Audited)		
	2023	2022	2021	2020
Post-employment defined benefit obligation	2	9	5	0.6
Deferred tax liabilities – net	3,811	3,032	2,051	1,690
<b>Total Noncurrent Liabilities</b>	<b>39,105</b>	<b>36,289</b>	<b>26,556</b>	<b>23,110</b>
<b>Total Liabilities</b>	<b>72,481</b>	<b>64,032</b>	<b>48,720</b>	<b>34,563</b>
<b>Equity</b>				
Capital stock	3,623	3,623	3,623	1,714
Additional paid-in capital	1,609	1,609	1,609	1,609
Treasury shares	(733)	(733)	(748)	(733)
Share options outstanding	2	2	-	-
Revaluation reserves - net	(14)	(14)	(13)	(13)
Retained earnings	10,782	9,014	6,369	6,054
<b>Total equity attributable to Parent Company</b>	<b>15,270</b>	<b>13,502</b>	<b>10,840</b>	<b>8,632</b>
<b>Non-controlling interests</b>	<b>8,818</b>	<b>7,511</b>	<b>7,092</b>	<b>6,896</b>
<b>Total Equity</b>	<b>24,087</b>	<b>21,013</b>	<b>17,932</b>	<b>15,527</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>96,569</b>	<b>85,045</b>	<b>66,652</b>	<b>50,091</b>

#### SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS

In Million Pesos (₱)	For the nine (9) months ended 30 September (Unaudited)	For the years ended 31 December (Audited)		
	2023	2022	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before income tax</b>	<b>4,053</b>	<b>4,768</b>	<b>3,104</b>	<b>2,792</b>
<b>Adjustments for:</b>				
Interest expense on interest-bearing loans	371	218	181	7
Depreciation and amortization	135	171	122	104
Interest expense on lease liabilities	60	76	67	57
Interest expense on bonds	48	15	-	-
Amortization of debt issuance cost	43	16	2	55
Interest income	(8)	(15)	(7)	(9)
Share in net losses of associates	6	10	4	0.6
Share option benefits expense	-	3	-	-
Recognition of impairment loss on financial assets	0.4	2	-	0.3
Loss (gain) on sale of property and equipment	0.02	(0.1)	.02	-
<b>Operating profit before working capital changes</b>	<b>4,720</b>	<b>5,288</b>	<b>3,487</b>	<b>2,954</b>
Decrease (increase) in receivables	1,271	2,326	136	(266)
Increase in contract assets	(8,966)	(11,689)	(6,434)	(4,964)
Decrease (increase) in real estate inventories	2,597	2,409	(1,290)	(564)
Increase in deposits on land for future development	(350)	(130)	(376)	(868)
Increase in prepayment and other	(350)	(103)	(1,529)	(748)

In Million Pesos (₱)	For the nine (9) months ended 30 September (Unaudited)	For the years ended 31 December (Audited)		
	2023	2022	2021	2020
current assets				
Decrease (increase) in other non-current assets	274	(342)	50	(206)
Increase in trade and other payables	2,404	3,805	5,318	993
Increase (decrease) in contract liabilities	(118)	(6)	72	114
Increase (decrease) in customers' deposits	27	30	(106)	5
Increase (decrease) in post-employment defined benefit obligation	(7)	4	4	(2)
<b>Cash generated from (used in) operations</b>	<b>(155)</b>	<b>1,593</b>	<b>(669)</b>	<b>(3,553)</b>
<b>Cash paid for taxes</b>	<b>(291)</b>	<b>(301)</b>	<b>(252)</b>	<b>(151)</b>
<b>Net cash provided by (used in) operating activities</b>	<b>(136)</b>	<b>1,292</b>	<b>(921)</b>	<b>(3,704)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of investment properties	(1,247)	(5,175)	(4,865)	(1,421)
Acquisitions of property and equipment	(1,560)	(1,204)	(299)	(236)
Collections of advances to related parties	-	22	.02	-
Interest received	8	15	7	9
Investments in associates	(5)	(8)	(25)	(114)
Acquisitions of computer software	(1)	(3)	(10)	(9)
Proceeds from sale of property and equipment	0.5	1	.08	-
Advances to related Parties	(20)	(0.4)	(36)	(12)
<b>Net cash used in investing activities</b>	<b>(2,825)</b>	<b>(6,352)</b>	<b>(5,230)</b>	<b>(1,783)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from availment of interest-bearing loans - net	9,491	11,749	14,448	12,584
Repayment of interest-bearing loans	(4,407)	(8,807)	(6,288)	(5,672)
Proceeds from issuances of bonds – net	-	4,927	-	-
Interest paid on interest-bearing loans	(1,953)	(1,907)	(1,388)	(1,092)
Cash dividends paid	(728)	(600)	(477)	(452)
Additional investment from non-controlling shareholders	775	62	227	648
Interest paid on lease liabilities	(51)	(18)	(58)	(57)
Interest paid on bonds	(253)	(15)	-	-
Proceeds from reissuance of treasury stock	-	8	-	-
Acquisition of treasury stock	-	-	(15)	(486)
Repayments of lease liabilities	-	-	-	(105)
<b>Net cash from financing activities</b>	<b>2,874</b>	<b>5,399</b>	<b>6,449</b>	<b>5,367</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(87)</b>	<b>339</b>	<b>299</b>	<b>(120)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,435</b>	<b>1,096</b>	<b>797</b>	<b>917</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>1,348</b>	<b>1,435</b>	<b>1,096</b>	<b>797</b>

## FINANCIAL RATIOS

	For the nine (9) months ended 30 September (Unaudited)		For the years ended 31 December (Audited)		
	2023	2022	2022	2021	2020
Gross Profit Margin	47%	45%	47%	46%	48%
Net Income Margin	23%	22%	23%	24%	25%

	For the nine (9) months ended 30 September (Unaudited)		For the years ended 31 December (Audited)		
	2023	2022	2022	2021	2020
EBITDA (in Million Pesos)	5,276	3,841	5,631	3,713	3,292
EBITDA Margin	41%	35%	36%	33%	40%
Return on Average Assets	3%	3%	5%	5%	5%
Return on Average Equity (Parent)	17%	19%	26%	27%	23%
Current Ratio	1.56	1.72	1.61	1.67	2.41
Debt to Equity Ratio	1.88	1.89	1.90	1.79	1.53
Net Debt to Equity Ratio	1.82	1.83	1.84	1.72	1.48
Interest Coverage Ratio	4.01	3.69	5.23	3.94	4.69

Notes:

- 1) These financial ratios are not required by and are not a measure of performance under PFRS. Investors should not consider these financial ratios in isolation or as an alternative to net income as an indicator of the CLI's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various calculation methods for these financial ratios, CLI's presentation of these measures may not be comparable to similarly titled measures used by other companies.
- 2) Gross Profit Margin is computed by dividing the Company's gross profit by its revenues.
- 3) Net Income Margin is computed by dividing the Company's net income by its revenues.
- 4) EBITDA is defined as earnings before interest, tax, depreciation, and amortization from continuing operations and before exceptional items.
- 5) EBITDA margin is calculated by dividing the Company's EBITDA by its revenues.
- 6) Return on Average Assets is calculated by dividing the Company's net income by its average assets as at year-end and assets as at end of the immediately preceding year.
- 7) Return on Average Equity is computed by dividing the Company's net income by its average equity as at year-end and equity as at end of the immediately preceding year.
- 8) Current Ratio is calculated by dividing the Company's current assets by its current liabilities.
- 9) Debt to Equity Ratio is interest-bearing debt over total equity.
- 10) Net Debt to Equity Ratio is interest-bearing debt less cash and cash equivalents over total equity.
- 11) Interest Coverage Ratio is EBIT divided by interest paid.

Below is the reconciliation of "Consolidated Net Income" to "EBITDA".

	September 30, 2023	December 31,		
		2022	2021	2020
<b>Consolidated net income</b>	3,028,090,468	3,607,891,146	2,670,871,617	2,075,727,321
<b>Interest expense</b>	1,088,495,530	693,032,860	488,104,403	396,768,272
<b>Tax expense</b>	1,025,144,337	1,159,713,237	432,719,044	715,853,587
<b>Depreciation and amortization</b>	134,725,936	170,626,662	121,798,863	104,119,622
<b>EBITDA</b>	<b>5,276,456,271</b>	<b>5,631,263,905</b>	<b>3,713,493,927</b>	<b>3,292,468,802</b>

## TERMS OF THE OFFER

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*The following discussion does not purport to be a complete listing of all the rights, obligations and privileges of the Series A-1 Preferred Shares and the Series A-2 Preferred Shares (otherwise known as the Offer Shares). Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective shareholders are enjoined to perform their own independent investigation and analysis of the Issuer and Series A-1 Preferred Shares and the Series A-2 Preferred Shares. Each prospective shareholder must rely on its own appraisal of the Issuer and the proposed equity raising and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to participate in the proposed equity raising and must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective shareholder's independent evaluation and analysis.*

*The following discussion should be read together with, and is qualified in its entirety by reference to, the additional information appearing elsewhere in the Prospectus, including, but not limited to, the discussion on the "Description of the Offer Shares", the Articles of Incorporation and By-Laws of the Issuer (each as amended to date), the Application to Purchase, and applicable laws and regulations. This discussion may not contain all of the information that prospective investors should consider before deciding to invest in Series A-1 Preferred Shares and/or the Series A-2 Preferred Shares. Accordingly, any decision by a prospective investor to invest in Series A-1 Preferred Shares and/or the Series A-2 Preferred Shares should be based on a consideration of the Prospectus, the Articles of Incorporation and By-Laws of the Issuer (each as amended to date), the Application to Purchase, the Transaction Documents relating to the Offer, and the applicable laws and regulations as a whole. Should there be any inconsistency between the discussion below and the final documentation, the final documentation shall prevail. A specific time of day refers to Philippine Standard Time.*

On April 25, 2023, the Board of Directors of the Issuer approved the amendment of Article VII of its Articles of Incorporation to create a new class of preferred shares through the reclassification of 1.0 billion unissued common shares with a par value of ₱1.00 per share to 1.0 billion preferred shares with a par value of ₱1.00 per share. The new class of preferred shares, which shall be cumulative, non-voting, and non-participating (with the other salient terms and conditions and commercial terms to be determined by the Issuer's Board of Directors), shall be offered for private and/or public offering, subject to the securing of the necessary approvals from the government regulators.

On June 1, 2023, the stockholders of the Issuer also approved the foregoing amendment of its Articles of Incorporation to create a new class of preferred shares through the reclassification of 1.0 billion unissued common shares with a par value of ₱1.00 per share to 1.0 billion preferred shares with a par value of ₱1.00 per share, and also authorized its Board of Directors to determine the commercial terms of and other salient features of such preferred shares, including, but not limited to redeemability, convertibility or non-convertibility, and dividend rates per issuance thereof.

On December 29, 2023, the SEC approved the foregoing amendment to the Articles of Incorporation of the Issuer, such that the authorized capital stock of the Issuer consists of: (a) 9.0 billion common shares with a par value of ₱1.00 per share; (b) 1.0 billion Series "A" Preferred Shares with a par value of ₱1.00 per share; and (c) 1.0 billion Series "B" Preferred Shares with a par value of ₱0.10 per share.

On January 08, 2024, the Board of Directors of the Issuer authorized the public offering of up to 3,000,000 Series "A" Preferred Shares, with an oversubscription option of up to 2,000,000 Series "A" Preferred Shares, to be issued from its unissued Series "A" Preferred Shares, and the offer size of up to ₱3,000,000,000 with an oversubscription option of up to ₱2,000,000,000. The Board of Directors of the Issuer also authorized certain officers to approve such other terms and conditions of the Offer Shares, including the timing, volume and manner of the Offer and the determination of the final offer size (whether in terms of number of Offer Shares or price) and the final offer price to be indicated in the final prospectus.

On [●], 2024, the SEC issued a Certificate of Enabling Resolution in respect of the Offer Shares pursuant to the Revised Corporation Code of the Philippines.

The terms and conditions of this Offer are as follows:

1.	<b>Issuer or the Company</b>	:	Cebu Landmasters, Inc. (also, " <b>CLI</b> ")
2.	<b>Instrument</b>	:	Perpetual, cumulative, non-voting, non-participating, non-convertible, and redeemable Philippine Peso-denominated preferred shares to be issued from the Issuer's unissued Series "A" Preferred Shares with par value of ₱1.00 per share and in two subseries to be denominated as "Series A-1 Preferred Shares" and "Series A-2 Preferred Shares" (please refer to the additional description below).
3.	<b>Offer Size</b>	:	<p>Primary offering and sale of up to 3,000,000 Series "A" Preferred Shares ("<b>Firm Shares</b>") worth an aggregate issue amount of up to ₱3.0 billion ("<b>Base Offer</b>") with an oversubscription option of up to 2,000,000 Series "A" Preferred Shares ("<b>Oversubscription Option Shares</b>") worth an aggregate issue amount of up to ₱2.0 billion ("<b>Oversubscription Option</b>", and together with the Base Offer, the "<b>Offer</b>") to be offered in up to two subseries:</p> <p>(a) Series A-1 Preferred Shares ("<b>Series A-1 Preferred Shares</b>"), and</p> <p>(b) Series A-2 Preferred Shares ("<b>Series A-2 Preferred Shares</b>"),</p> <p>(collectively, the "<b>Offer Shares</b>" or, for purposes of this Offer and unless the context otherwise provides, the "<b>Series A Preferred Shares</b>").</p> <p>The Issuer, in consultation with the Joint Lead Underwriters and Joint Bookrunners, shall have the discretion to allocate the Offer between the two subseries at the end of the Offer Period based on the results of bookbuilding.</p>
4.	<b>Base Offer</b>	:	Up to 3,000,000 Offer Shares
5.	<b>Oversubscription Option</b>	:	In the event of an oversubscription, the Joint Lead Underwriters and Joint Bookrunners, in consultation with the Issuer, reserve the right, but do not have the obligation, to increase the Offer size by up to 2,000,000 Offer Shares, subject to the applicable requirements of the Securities and Exchange Commission (" <b>SEC</b> ").
6.	<b>Offer Price</b>	:	₱1,000.00 per Offer Share
7.	<b>Registration and Listing</b>	:	<p>The Offer Shares are to be registered with the SEC and intended to be listed on the Main Board of The Philippine Stock Exchange, Inc. ("<b>PSE</b>"), subject to compliance with applicable SEC regulations and PSE listing rules.</p> <p>The Offer Shares will be listed and traded under the following trading symbols:</p> <p>(a) [●] for the Series A-1 Preferred Shares; and</p> <p>(b) [●] for the Series A-2 Preferred Shares.</p>
8.	<b>Dividend Payment Dates and Dividend</b>	:	The Offer Shares will, subject to the dividend payment conditions (see below), bear cash dividends based on the Offer Price,

	<b>Payment Computation</b>		<p>payable quarterly in arrears on each Dividend Payment Date (as defined below).</p> <p>As and if declared by the Issuer in accordance with the terms and conditions of the Offer Shares, dividends will be payable on [July 12], [October 12], [January 12] and [April 12] of each year (each a “<b>Dividend Payment Date</b>”), being the last day of each three-month dividend period (a “<b>Dividend Period</b>”).</p> <p>If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid; provided that if the Issue Date is set at a date other than [April 12, 2024], then the Dividend Payment Dates will be automatically adjusted to the numerically corresponding dates at every three (3) months following the actual Issue Date.</p> <p>Dividends will be calculated on a 30/360-day basis.</p>
9.	<b>Initial Dividend Rate</b>	:	<p>As and if cash dividends are declared by the Board of Directors, cash dividends on the Series A-1 Preferred Shares and Series A-2 Preferred Shares shall be at the fixed rates of:</p> <ul style="list-style-type: none"> <li>• Series A-1 Preferred Shares: [●]% per annum</li> <li>• Series A-2 Preferred Shares: [●]% per annum</li> </ul> <p>[The initial dividend rate (the “<b>Initial Dividend Rate</b>”) for each subseries will be computed based on the sum of the three-day simple average of the relevant PHP BVAL reference rate or each of the three Business Days immediately preceding and inclusive of the Initial Dividend Rate Setting Date plus a credit spread. The credit spread will be determined via a bookbuilding process.</p> <p>The PHP BVAL reference rates for each subseries shall be as follows:</p> <ul style="list-style-type: none"> <li>• Series A-1 Preferred Shares: 4-year PHP BVAL</li> <li>• Series A-2 Preferred Shares: 7-year PHP BVAL</li> </ul> <p>“<b>BVAL</b>” means the Bloomberg Valuation Service.]</p>
10.	<b>Dividend Rate Step-Up</b>	:	<p>Unless the Offer Shares are redeemed by the Issuer on these dates pursuant to the applicable optional redemption provisions, the Initial Dividend Rate shall be adjusted:</p> <p>(i) in respect of the Series A-1 Preferred Shares, on the 4<sup>th</sup> anniversary of the Listing Date (the “<b>Series A-1 Step-Up Date</b>”), and</p> <p>(ii) in respect of the Series A-2 Preferred Shares, on the 7<sup>th</sup> anniversary of the Listing Date (the “<b>Series A-2 Step-Up Date</b>”),</p> <p>respectively as follows:</p> <p>(a) for the Series A-1 Preferred Shares, the higher of the (i) Series A-1 Initial Dividend Rate; or (ii) the Series A-1 Step-Up Benchmark Rate (as hereinafter defined) plus 300</p>



			<p>basis points; and</p> <p>(b) for the Series A-2 Preferred Shares, the higher of the (i) Series A-2 Initial Dividend Rate; or (ii) the Series A-2 Step-Up Benchmark Rate (as hereinafter defined) plus 300 basis points.</p>
11.	<b>Step-Up Benchmark Rate</b>	:	<p>The “<b>Step-Up Benchmark Rate</b>” will be equivalent to as follows:</p> <p>(a) for the Series A-1 Preferred Shares, the simple average of the 7-year PHP BVAL reference rate as published on the website of the Philippine Dealing System, or if unavailable, the Philippine Dealing &amp; Exchange Corp. or PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for each of the three Business Days immediately preceding and inclusive of the Series A-1 Step-Up Date (the “<b>Series A-1 Step-Up Benchmark Rate</b>”); and</p> <p>(b) for the Series A-2 Preferred Shares, the simple average of the 15-year PHP BVAL reference rate as published on the website of the Philippine Dealing System, or if unavailable, the Philippine Dealing &amp; Exchange Corp. or PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for each of the three Business Days immediately preceding and inclusive of the Series A-2 Step-Up Date (the “<b>Series A-2 Step-Up Benchmark Rate</b>”).</p> <p>In the event that the BVAL reference rate is replaced by a new benchmark rate as determined by the Bankers Association of the Philippines (“<b>BAP</b>”) or the <i>Bangko Sentral ng Pilipinas</i> (“<b>BSP</b>”), such new benchmark rate shall be adopted for purposes of determining the Dividend Rate (the “<b>New Benchmark Rate</b>”). In the absence of such New Benchmark Rate as determined by the BAP or the BSP and there is a mandatory directive by the BAP or the BSP to no longer use or apply BVAL, the Issuer and the Joint Lead Underwriters and Joint Bookrunners shall exert their best efforts to negotiate and adopt an alternative rate that will serve as the New Benchmark Rate.</p>
12.	<b>Conditions on Declaration and Payment of Cash Dividends</b>	:	<p>The Board of Directors of the Issuer has full discretion over the declaration and payment of dividends on the Offer Shares, to the extent permitted by law.</p> <p>The Board of Directors of the Issuer will not declare and pay dividends on any Dividend Payment Date where, in its opinion:</p> <p>(a) payment of the dividend would cause the Issuer to breach any of its financial covenants; or</p> <p>(b) the unrestricted retained earnings available to the Issuer for distribution as dividends are not sufficient to enable the Issuer to pay the dividends in full on all other classes of the Issuer’s outstanding shares that are scheduled to be paid on or before any Dividend Payment Date and that have an equal right and priority to dividends as the Offer Shares.</p> <p>If the unrestricted retained earnings available to distribute as</p>

			<p>dividends are, in the Board of Directors' opinion, not sufficient to enable the Issuer to pay both dividends on the Offer Shares and the dividends on other shares that have an equal right and priority to dividends as the Offer Shares, in full and on the same date, then the Issuer may:</p> <p>(1) <i>first</i>, pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that dividend payment date on any shares with a right to dividends ranking higher in priority to that of the Offer Shares; and</p> <p>(2) <i>second</i>, to pay dividends on the Offer Shares and any other shares ranking equally with the Offer Shares as to participation in such retained earnings <i>pro rata</i> to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividend payable on that date and any arrears on any past cumulative dividends on any shares ranking equal in priority with the Offer Shares to receive dividends.</p> <p>The retained earnings available for distribution are, in general and with some adjustments, equal to the Issuer's accumulated realized profits less accumulated, realized losses, and in general, are subject to the regulations of the SEC.</p> <p>The Issuer covenants that, in the event:</p> <p>(a) any cash dividends due with respect to any Offer Shares then outstanding for any period are not declared and paid in full when due;</p> <p>(b) where there remain outstanding arrears of dividends on any of the Offer Shares; or</p> <p>(c) any other amounts payable under the terms and conditions of the Offer Shares are not paid in full when due for any reason,</p> <p>then it will not declare or pay any dividends or other distributions in respect of, or repurchase or redeem, securities ranking <i>pari passu</i> with, or junior to, the Offer Shares (or contribute any money to a sinking fund for the redemption of any securities ranking <i>pari passu</i> with, or junior to, the Offer Shares) until any and all arrears of dividends and accrued but unpaid cash dividends have been paid to the holders of the Offer Shares (unless such declaration or payment of dividends or distributions in respect of <i>pari passu</i> securities shall be in accordance with the paragraph numbered (2) of this section in respect of <i>pro rata</i> payment between the Offer Shares and any other shares ranking equally with the Offer Shares as to participation in the retained earnings).</p>
13.	<b>Cumulative Dividends; Non-Participating</b>	:	<p>Dividends on the Offer Shares will be cumulative. If for any reason the Issuer's Board of Directors does not declare a dividend on the Offer Shares for a Dividend Period, the Issuer will not pay a dividend on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Offer Shares must receive the dividends due them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders</p>

			<p>of the Offer Shares prior to such Dividend Payment Date.</p> <p>Holders of the Offer Shares shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Offer Shares.</p>
14.	<b>Payment on the Shares</b>	:	<p>All payments of dividends and any other amounts under the Offer Shares shall be paid by the Issuer in Philippine Pesos. On the relevant payment dates, the Paying Agent shall make available to holders of the Offer Shares, checks drawn against the Payment Settlement Account in the amount due to each holder of the Offer Shares of record as of the relevant Record Date, either:</p> <p>(a) for pick-up by the holder of the Offer Shares or its duly authorized representative at the office of the Paying Agent, or</p> <p>(b) delivery via courier or, if courier service is unavailable for deliveries to the address of the relevant holder of the Offer Shares,</p> <p>(i) via mail, at the holder's risk, to the address of the holder of the Offer Shares appearing in the Register of Shareholders, or</p> <p>(ii) deposit and pay the amount due to each shareholder as of the relevant record date to the bank account nominated by the holder of the Offer Shares; provided that such holder has complied with the credit-to-account requirements of the Paying Agent and such holder's nominated bank account has qualified for the credit-to-account facility of the Paying Agent.</p>
15.	<b>In general: Perpetual/No Fixed Maturity</b>	:	<p>The Offer Shares are equity securities in the capital stock of the Issuer and thus have no fixed maturity or mandatory redemption date.</p> <p>However, the Offer Shares may be redeemed by the Issuer pursuant to the applicable provisions on redemption (see below sections on "<i>Optional Redemption and Purchase</i>" and "<i>Early Redemption Due to Occurrence of a Tax Event or Accounting Event</i>"). Based on these provisions, the Offer Shares are not repayable in cash unless the Board of Directors of the Issuer should approve resolutions providing for the optional redemption of the Offer Shares for the cash redemption amount set out in the terms and conditions of the Offer Shares, at the sole discretion of the Board of Directors. Furthermore, holders of the Offer Shares have no right to require the Issuer to redeem the Offer Shares.</p>
16.	<b>Optional Redemption and Purchase</b>	:	<p>The Issuer has the option, but not the obligation, to redeem in whole (but not in part) any subseries of the outstanding Offer Shares (having given not less than 30 days' prior notice by publication in two national newspapers):</p> <p>(a) in respect of the Series A-1 Preferred Shares, on the payment date of the 16<sup>th</sup> Dividend Period, which indicatively will be on the 4<sup>th</sup> anniversary of the Issue Date, or on any Dividend Payment Date thereafter, and</p> <p>(b) in respect of the Series A-2 Preferred Shares, on the</p>

			<p>payment date of the 28<sup>th</sup> Dividend Period, which indicatively will be on the 7<sup>th</sup> anniversary of the Issue Date, or on any Dividend Payment Date thereafter</p> <p>(each, an “<b>Optional Redemption Date</b>” for each of the Series A-1 Preferred Shares and Series A-2 Preferred Shares).</p> <p>Exercise of the Issuer’s redemption option shall be completed by payment of the redemption price equal to the Offer Price plus any accrued and unpaid dividends after deduction for any tax and customary transfer costs to effect the redemption (the “<b>Redemption Payment</b>”). Administrative costs and expenses, including the cost of checks used, supplies, paying agent services, courier and mailing costs in relation to effecting the redemption shall be for the account of the Issuer. The Redemption Payment shall be made to the holders of the Offer Shares as of the Record Date set by the Issuer for such redemption.</p> <p>In the event the Optional Redemption Date which the Issuer has chosen as the date to redeem any or both of the subseries of the Offer Shares falls on a day that is not a Business Day, the redemption shall be made on the next succeeding day that is a Business Day, without adjustment as to the Redemption Payment, and the amount of dividends to be paid.</p> <p>Subject to compliance with applicable law, the Issuer may purchase the Offer Shares at any time at any price either through the PSE, by public tender or through negotiated transactions.</p> <p>Unless the Articles of Incorporation of the Issuer are amended to state that the Offer Shares are not re-issuable, any Offer Shares redeemed or purchased by the Issuer shall be recorded as treasury stock of the Issuer and may be re-issued in the future at such terms and at such time as the Issuer may determine.</p>
17.	<p><b>Early Redemption Due to Occurrence of a Tax Event or Accounting Event</b></p>	:	<p>If a Tax Event or Accounting Event occurs, the Issuer may redeem in whole, but not in part, any subseries of the outstanding Offer Shares at any time (having given not more than 60 nor less than 30 days’ prior notice) at the Redemption Payment; provided that if the Tax Event or Accounting Event is specific to a particular subseries, then the foregoing optional redemption may be exercised only with respect to such subseries.</p> <p>A “<b>Tax Event</b>” shall occur if payments on the Offer Shares become subject to additional or higher withholding tax or any new tax for the account of the Issuer (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer.</p> <p>An “<b>Accounting Event</b>” shall occur if an opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to the Issuer stating that the Offer Shares may no longer be recorded as equity in the audited consolidated financial statements of the Issuer prepared in accordance with Philippine Financial Reporting Standard (“<b>PFRS</b>”), or such other accounting standards which succeed PFRS as adopted by the Issuer for the preparation of its audited consolidated financial statements for the relevant</p>

			<p>financial year, and such event cannot be avoided by use of reasonable measures available to the Issuer.</p> <p>Exercise of the Issuer's redemption option based on a Tax Event or Accounting Event shall be completed by payment of the Redemption Payment. Administrative costs and expenses, including the cost of checks used, supplies, paying agent services, courier and mailing costs in relation to effecting the redemption shall be for the account of the Issuer. The Redemption Payment shall be made to the holders of the Offer Shares as of the Record Date set by the Issuer for such redemption.</p>
18.	<b>No Sinking Fund</b>	:	<p>The Issuer is not legally required, has not established, and currently does not intend to establish a sinking fund for the redemption of the Offer Shares.</p>
19.	<b>Philippine Taxation</b>	:	<p>All payments in respect of the Offer Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including but not limited to, documentary stamp, issue, registration, value-added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that holders of the Offer Shares will receive the full amount of the relevant payment which otherwise would have been due and payable; provided, however, that the Issuer shall not be liable for, and the foregoing payment undertaking of the Issuer shall not apply to:</p> <ul style="list-style-type: none"> <li>(a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Offer Shares prescribed under the Tax Code including any additional tax on such dividends imposed by changes in law, rule, or regulation;</li> <li>(b) any income tax (whether or not subject to withholding), percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Offer Shares or any liquidating distributions as may be received by a holder of the Offer Shares;</li> <li>(c) any expanded value-added tax which may be payable by any holder of the Offer Shares on any amount to be received from the Issuer under the Offer;</li> <li>(d) any withholding tax, including any additional tax imposed by change in law, rules, or regulation, on any dividend or amount payable to any holder of Offer Shares or any entity which is a non-resident foreign corporation; and</li> <li>(e) any applicable taxes on any subsequent sale or transfer of the Offer Shares by any holder of the Offer Shares which shall be for the account of such holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).</li> </ul> <p>All sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments or governmental charges provided said entities present proof of</p>

			<p>such tax-exempt status from the tax authorities and other documents as may be required by the Issuer in its discretion.</p> <p>Any documentary stamp tax for the recording of the Offer Shares in the name of a holder of the Offer Shares shall be for the account of and paid for by the Issuer. After the Issue Date, taxes generally applicable to a subsequent sale of the Offer Shares by any holder of such Offer Shares, including receipt by said holder of a Redemption Payment, shall be for the account of the said holder.</p>
20.	<b>Liquidation Rights</b>	:	<p>In the event of a return of capital in respect of the Issuer's winding up or otherwise (whether voluntarily or involuntarily) (but not on a redemption or purchase by the Issuer of any of its share capital), the holders of the Offer Shares at the time outstanding will be entitled to receive, in Philippine Pesos out of the Issuer's assets available for distribution to shareholders (after payment of debts and liabilities to creditors), together with the holders of any other of the Issuer's shares ranking, as regards repayment of capital, <i>pari passu</i> with the Offer Shares and before any distribution of assets is made to holders of any class of the Issuer's shares ranking junior to the Offer Shares as regards repayment of capital, liquidating distributions equal to the Offer Price plus an amount equal to any dividends declared but unpaid in respect of the previous Dividend Period and any accrued and unpaid dividends for the then-current Dividend Period to (and including) the date of commencement of the Issuer's winding up or the date of any such other return of capital, as the case may be. If, upon any return of capital in the Issuer's winding up, the amount payable with respect to the Offer Shares and any other of the Issuer's shares ranking as to any such distribution <i>pari passu</i> with the Offer Shares are not paid in full, the holders of the Offer Shares and of such other shares will share ratably in any such distribution of the Issuer's assets in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Offer Shares will have no right or claim to any of the Issuer's remaining assets and will not be entitled to any further participation or return of capital in a winding up.</p>
21.	<b>Non-Convertible</b>	:	<p>Holders of the Offer Shares shall have no right to convert the Offer Shares to any other shares or securities of the Issuer.</p> <p>For the avoidance of doubt, the Board of Directors of the Issuer has determined that the Offer Shares (which are Series "A" Preferred Shares) <b>shall not be convertible</b> to common shares, and accordingly, the reference to "mutually acceptable terms" on convertibility as set out in Article Seven of the Articles of Incorporation of the Issuer, as amended to date, <b>does not apply</b> to the Offer Shares.</p>
22.	<b>No Pre-Emptive Rights</b>	:	<p>Holders of the Offer Shares shall have no pre-emptive rights to subscribe to or purchase any shares (including, without limitation, treasury shares) that may be issued or sold by the Issuer.</p>
23.	<b>Non-Voting</b>	:	<p>The Offer Shares shall have no voting rights except as specifically provided by the Revised Corporation Code. Thus, holders of Offer Shares shall not be eligible, for example, to vote for or elect the Issuer's Directors or to vote for or against the issuance of a stock dividend.</p>

24.	<b>Re-issuability</b>	:	<p>Under the Articles of Incorporation of the Issuer, as amended to date, the Series “A” Preferred Shares are reissuable such that in case of redemption, the Series “A” Preferred Shares shall not be considered retired and may be re-issued by the Issuer on such terms and conditions as may be determined and approved by the Board of Directors.</p> <p>Nonetheless, the Issuer may subsequently amend its Articles of Incorporation to provide that all the Series “A” Preferred Shares in its authorized capital stock (or only the Offer Shares) shall, upon redemption, be cancellable and retired, in case the Issuer determines that it is more beneficial to it and/or the holders thereof.</p>
25.	<b>Status of the Offer Shares</b>	:	<p>The Offer Shares will constitute the direct and unsecured subordinated obligations of the Issuer ranking at least <i>pari passu</i> in all respects and ratably without preference or priority among themselves and with all other preferred shares issued by the Issuer.</p> <p>The Issuer is at liberty from time to time without the consent of the holders of the Offer Shares to create and issue additional preferred shares or securities either (a) ranking at least <i>pari passu</i> in all respects with the Offer Shares, or (b) upon such terms as to ranking, distributions, conversion, redemption and otherwise as the Issuer may determine at the time of the issue.</p>
26.	<b>Form, Title and Registration of the Offer Shares</b>	:	<p>The Offer Shares will be issued in scripless form through the electronic book-entry system of the appointed Stock Transfer Agent and lodged with the Philippine Depository Trust Corporation (“<b>PDTC</b>”) as depository agent on Listing Date through PSE Trading Participants nominated by the applicants.</p> <p>After Listing Date, shareholders may request the Stock Transfer Agent, through their nominated PSE Trading Participant, to (a) open a scripless registry account and have their holdings of the Offer Shares registered under their name (“name-on-registry account”), or (b) issue stock certificates evidencing their investment in the Offer Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting shareholder.</p> <p>Legal title to the Offer Shares will be shown in the Registry of Shareholders which shall be maintained by the Stock Transfer Agent. Without prejudice to its procedure as may be agreed with the Issuer, the Stock Transfer Agent shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares that is effected in the Registry of Shareholders (at the cost of the requesting shareholder). The Stock Transfer Agent shall send (at the cost of the Issuer) at least once every year a statement of account to all shareholders named in the Registry of Shareholders, except certificated shareholders and depository participants, confirming the number of shares held by each shareholder on record in the Registry of Shareholders. Such statement of account shall serve as evidence of ownership of the relevant shareholder as of the given date thereof. Any request by shareholders for certifications, reports or other documents from the Stock Transfer Agent, except as provided herein, shall be for the account of the requesting shareholder.</p>

			<p>For scrippless shares, the maintenance and custody fee payable to the PDTC shall be for the account of the shareholder.</p> <p>Initial placement of the Offer Shares and subsequent transfers of interests in the Offer Shares shall be subject to normal Philippine selling restrictions for listed securities as may prevail from time to time.</p> <p>Philippine law does not require transfers of the Offer Shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the stock transfer tax applicable to transfers effected on an exchange, and documentary stamp tax. All transfers of shares on the PSE must be effected through a licensed stock broker in the Philippines.</p>
27.	<b>Title and Transfer</b>	:	<p>Legal title to the Offer Shares shall pass by endorsement and delivery to the transferee and registration in the Registry of Shareholders to be maintained by the Stock Transfer Agent. Settlement in respect of such transfer or change of title to the Offer Shares, including the settlement of documentary stamp taxes, if any, arising from subsequent transfers, shall be similar to the transfer of title and settlement procedures for listed securities in the PSE.</p>
28.	<b>Governing Law</b>	:	<p>The Offer Shares will be issued pursuant to, and the terms and conditions of the Offer Shares will be governed by, the laws of the Republic of the Philippines.</p>
<b>Other Terms of the Offer</b>			
29.	<b>Use of Proceeds</b>	:	<p>Net proceeds of the Offer will be used (i) to partially finance project development or capital expenditures of the Issuer's various projects; and (ii) for general corporate purposes.</p> <p>For a detailed discussion on the use of proceeds, please refer to the section on "<i>Use of Proceeds</i>".</p>
30.	<b>Offer Period</b>	:	<p>The offer period of this Offer shall commence at 9:00 a.m., on [March 19], 2024 and end at 12:00 noon on [April 2], 2024 (the "<b>Offer Period</b>"). Applications shall be accepted on each Business Day of the Offer Period commencing from 9:00 a.m. to 5:00 p.m., except on the last Business Day of the Offer Period where applications shall be accepted from 9:00 a.m. to 12:00 noon only. The Issuer and the Joint Lead Underwriters and Joint Bookrunners reserve the right to extend or terminate the Offer Period with the approval of the SEC and, as applicable, the PSE.</p> <p>Applications shall be considered irrevocable upon submission to any Joint Lead Underwriters and Joint Bookrunners or Selling Agents, and shall be subject to the terms and conditions of the Offer as stated in the Prospectus, and in the application form to subscribe to the Offer Shares (the "<b>Application to Purchase</b>"). Applications to Purchase the Offer Shares, together with the required documents (each, an "<b>Application</b>"), must be received by the Joint Lead Underwriters and Joint Bookrunners or Receiving Agents not later than 12:00 noon on [●], 2024. Applications received thereafter or without the required documents and/or full payments will be rejected. The Issuer, upon consultation with the Joint Lead Underwriters and Joint Bookrunners, reserves the right</p>



			to waive any requirement for the acceptance of the Applications.
31.	<b>Minimum Subscription to the Offer Shares</b>	:	Each Application shall be for a minimum of 50 Offer Shares, and thereafter, in multiples of 10 Offer Shares. No Application for multiples of any other number of Offer Shares will be considered.
32.	<b>Eligible Investors</b>	:	<p>The Offer Shares may be owned or subscribed to by any person, partnership, association or corporation regardless of nationality, subject to limits under Philippine law. However, under certain circumstances, the Issuer may reject an Application or reduce the number of the Offer Shares applied for subscription.</p> <p>Subscription to the Offer Shares may be restricted in certain jurisdictions. Foreign investors interested in subscribing or purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Offer Shares.</p>
33.	<b>Procedure for Application</b>	:	<p>[Applications to Purchase the Offer Shares may be obtained from any of the Joint Lead Underwriters and Joint Bookrunners or Selling Agents. The Application to Purchase may also be obtained from the website of CLI at <a href="https://ir.cebulandmasters.com/">https://ir.cebulandmasters.com/</a>. All Applications shall be evidenced by the Application to Purchase, duly executed in each case by an authorized signatory of the applicant and accompanied by:</p> <p>(a) two duly accomplished signature cards containing (i) if applicant is a natural person, the specimen signature of the applicant, and (ii) if applicant is a corporation, partnership or trust account, the specimen signatures of the applicant's authorized signatories, validated by its corporate secretary or by an equivalent officer or officers who is or are authorized signatory or signatories, and in respect of each of item (i) and (ii), validated/signed by the Joint Lead Underwriter and Joint Bookrunner's or the Selling Agent's authorized signatory or signatories whose authority and specimen signatures have been submitted to the Stock Transfer Agent, and</p> <p>(b) the corresponding payment for the Offer Shares covered by the Application and all other required documents including documents required for registry with the Stock Transfer Agent and Depository Agent.</p> <p>The duly executed Application to Purchase and required documents should be submitted to any Joint Lead Underwriter and Joint Bookrunner or the Receiving Agent, or any Selling Agents, within the relevant deadline as set out in this Prospectus.</p> <p>If the applicant is a corporation, partnership, or trust account, the Application must be accompanied by the following documents:</p> <p>(a) a certified true copy of the applicant's latest articles of incorporation and by-laws and other constitutive</p>

		<p>documents, each as amended to date, duly certified by the corporate secretary (or equivalent officer);</p> <p>(b) applicant's SEC certificate of registration, duly certified by the corporate secretary (or equivalent officer); and</p> <p>(c) a duly notarized corporate secretary's certificate setting forth the resolution of the applicant's board of directors or equivalent body authorizing (i) the purchase of the Offer Shares indicated in the Application and (ii) the designated signatories for the purpose, including their respective specimen signatures.</p> <p>Individual applicants must also submit a photocopy of any two of the following identification cards ("ID") bearing a signature and recent photo, and which is not expired: passport/driver's license, company ID issued by private entities or institutions registered with or supervised or regulated either by the <i>Bangko Sentral ng Pilipinas</i> ("BSP"), SEC or Insurance Commission, Social Security System card, Government Service and Insurance System e-card and/or Senior Citizen's ID or such other IDs enumerated in the Application to Purchase. Individual applicants must also submit such other documents as may be reasonably required by any of the Joint Lead Underwriters and Joint Bookrunners or Selling Agents in implementation of its internal policies regarding "knowing your customer" and anti-money laundering.</p> <p>An applicant who is exempt from or is not subject to withholding tax or who claims reduced tax treaty rates must indicate such exemption or entitlement in the Application to Purchase and also submit additional documents as may be required by the Issuer, including but not limited to, the documents described under the relevant section in this Prospectus.</p>
34.	<b>Payment for the Offer Price</b>	<p>The Offer Price of the Offer Shares subscribed for must be paid in full in Philippine Pesos upon submission of the Application.</p> <p>Payment shall be in the form of either:</p> <p>(a) [a Metro Manila clearing cashier's/manager's or corporate check or personal check drawn against a bank account with a BSP-authorized agent bank having a clearing period of no more than one (1) Business Day and dated as of the date of submission of the Application to Purchase covering the entire number of the Offer Shares covered by the same Application. Checks should be made payable to ["<i>CLI Preferred Shares Offer</i>"] and crossed "<i>For Payee's Account only</i>". Applications and the related payments shall be received by the Receiving Agent at its offices during the Offer Period;] or</p> <p>(b) for applicants directly submitting their Application to Purchase to any of the Joint Lead Underwriters and Joint Bookrunners or Selling Agents, in accordance with the instructions to be provided by such Joint Lead Underwriter and Joint Bookrunner.</p> <p>Any and all bank charges, remittance, and all relative charges and fees shall be for the account of the Applicant. The full payment of the Offer Shares subject of an Application must be received by the Issuer, through the Receiving Agent or the Joint Lead Underwriter</p>

			and Joint Bookrunner to whom the Application is submitted, without deduction for any charges relevant to the Offer.
35.	<b>Acceptance/Rejection of Applications</b>	:	<p>The actual number of Offer Shares that an Applicant will be allowed to subscribe to is subject to the confirmation of the Joint Lead Underwriters and Joint Bookrunners. The Issuer reserves the right to accept or reject, in whole or in part, or to reduce any Application due to any grounds specified in the Underwriting Agreement entered into by the Issuer and the Joint Lead Underwriters and Joint Bookrunners. Applications which were unpaid or where payments were insufficient and those that do not comply with the Terms of the Offer (and other relevant sections of this Prospectus), the Application to Purchase, and any applicable Offer-related document shall be rejected. Moreover, any payment received pursuant to the Application does not ensure or indicate approval or acceptance by the Issuer of the Application.</p> <p>An Application, when accepted, shall constitute an agreement between the Applicant and the Issuer for the subscription to the Offer Shares at the time, in the manner and subject to terms and conditions set forth in the Application to Purchase and those described in the Prospectus. Notwithstanding the acceptance of any Application by CLI, the actual subscription by the Applicant for the Offer Shares will become effective only upon listing of the Offer Shares on the PSE and upon the obligations of the Joint Lead Underwriters under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled, on or before the Listing Date, in accordance with the provision of the said agreement. If such conditions have not been fulfilled on or before the periods provided above, all Application payments will be returned to the Applicants without interest.</p>
36.	<b>Refunds of Application Payments</b>	:	<p>In the event that the number of Offer Shares to be allotted to an Applicant, as confirmed by a Joint Lead Underwriter and Joint Bookrunner or Selling Agent, is less than the number covered by its Application, or if an Application is wholly or partially rejected by the Issuer, then the Issuer shall refund, without interest, within [five] Business Days from the end of the Offer Period, all or a portion of the payment corresponding to the number of Offer Shares wholly or partially rejected. All refunds shall be made through the Joint Lead Underwriter and Joint Bookrunner or Selling Agent with whom the Applicant has filed the Application at the risk of the applicant.</p>
37.	<b>Underwriter's Firm Commitment to Purchase</b>	:	<p>The Joint Lead Underwriters and Joint Bookrunners will fully underwrite, on a firm commitment basis, the Firm Shares.</p> <p>After the commencement of the Offer Period, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the (i) inability of the Issuer or the Joint Lead Underwriters and Joint Bookrunners to sell or market the Offer Shares, or (ii) the refusal or failure by the Issuer, the Joint Lead Underwriters and Joint Bookrunners, or any other entity or person to comply with any undertaking or commitment to take up any Offer Shares remaining after the Offer Period.</p> <p>In undertaking the underwriting commitment referred to above, each of the Joint Lead Underwriters and Joint Bookrunners hereby manifests its conformity to comply with and be bound by all duly promulgated and applicable listing and disclosure rules,</p>

			requirements, and policies of the PSE.
38.	<b>Withdrawal of the Offer</b>	:	<p>The Issuer reserves the right to withdraw the offer and sale of the Offer Shares at any time before the commencement of the Offer Period, in which event the Issuer shall make the necessary disclosures to the SEC and PSE.</p> <p>The Joint Lead Underwriters and Joint Bookrunners may also cancel or terminate their underwriting commitments at any time prior to the commencement of the Offer Period, by giving written notice to the Issuer, the SEC and the PSE, if prior to the commencement of the Offer Period, any of the events set out in the Underwriting Agreement occurs.</p> <p>The Company may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the Offer Period and prior to the Listing Date, if there is a supervening force majeure or fortuitous event, such as:</p> <ul style="list-style-type: none"> <li>(a) An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or occurrence of any change in local, national or international financial, political, economic or stock market conditions which renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Shares in the manner contemplated by the Prospectus, or would have a material adverse effect on the Philippine economy, on the securities or other financial or currency markets of the Philippines, or on the distribution, offer and sale of the Offer Shares in the Philippines, rendering it impracticable or inadvisable to proceed with the Offer in the manner contemplated by the Prospectus, provided that for the avoidance of doubt, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the Issuer's or the Joint Lead Underwriters and Joint Bookrunners' inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters and Joint Bookrunners, or any other entity/person to take up any Offer Shares remaining after the Offer Period;</li> <li>(b) Issuance of an order revoking, cancelling, suspending, preventing or terminating the offer, sale, distribution or listing of the Offer Shares by any court or governmental agency or authority with jurisdiction on the matter, including the SEC or the PSE;</li> <li>(c) Cancellation, revocation or termination of the PSE Notice of Approval, the SEC pre-effective clearance, the SEC Order of Registration, and the SEC Permit to Sell;</li> <li>(d) Cancellation or suspension of trading in the PSE for at least three consecutive trading days, or in such manner or for such period as will render impracticable the listing and trading of the Offer Shares on the Listing Date or such other date as may be approved by PSE;</li> </ul>

		<p>(e) A change or impending change in the law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order which (i) materially and adversely affects: (a) the ability of the Issuer or any of its Subsidiaries to engage in the business it is presently engaged in; (b) the capacity and due authorization of the Issuer to offer and issue the Offer Shares and enter into the Transaction Documents in connection with the Offer; or (ii) would render illegal the performance by any of the Joint Lead Underwriters and Joint Bookrunners of its underwriting obligations thereunder;</p> <p>(f) Any significant, adverse, and unforeseeable change or development in the Issuer's or any of its Subsidiaries' long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Shares unsuitable for offering to the public;</p> <p>(g) The Issuer or any of its Subsidiaries decides to or is compelled to stop its operations, which is not remedied within five Business Days;</p> <p>(h) (i) The Issuer or any of its Subsidiaries shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or assignment with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or (ii) the Issuer or any of its Subsidiaries shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or (iii) such receiver, trustee or similar officer shall be appointed; or (iv) the Issuer or any of its Subsidiaries shall initiate or institute (by petition, application or otherwise howsoever), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or (v) any such proceeding shall be instituted against the Issuer or any of its Subsidiaries or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part thereof, of the Issuer or any of its Subsidiaries; or (vi) any event occurs which under the laws of the Philippines or to other jurisdictions, or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;</p> <p>(i) A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;</p> <p>(j) Any court proceeding, litigation, arbitration or other similar proceeding is commenced or threatened against any of the Joint Lead Underwriters and Joint Bookrunners or of its underwriting obligations hereunder in connection with or with respect to the issuance or sale by the Issuer of the Offer</p>
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		<p>Shares or the Offer in general which renders the performance of its underwriting commitment impossible or impracticable;</p> <p>(k) Any event occurs which makes it impossible for any of the Joint Lead Underwriters and Joint Bookrunners to perform its underwriting obligations due to conditions beyond their control, such as issuance by any court, arbitral tribunal, or government agency which has jurisdiction on the matter of an order restraining or prohibiting any of the Joint Lead Underwriters and Joint Bookrunners, or directing any of the Joint Lead Underwriters and Joint Bookrunners to cease, from performing its underwriting obligations;</p> <p>(l) Any representation, warranty or statement of the Issuer in the Prospectus shall prove to be untrue or misleading in any material respect or Issuer shall be proven to have omitted a material fact necessary in order to make the statements in the Prospectus not misleading, which untruth or omission: (a) was not known and could not have been known to the Joint Lead Underwriters and Joint Bookrunners on or before commencement of the Offer Period despite the exercise of due diligence, and (b) has a material and adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability;</p> <p>(m) Unavailability of PDTC's lodgment facilities and PSE's listing facilities used for the Offer and/or listing and such unavailability impacts the ability of the Issuer or the Joint Lead Underwriters and Joint Bookrunners to fully comply with the listing requirements of PSE; and</p> <p>(n) Any force majeure event, other than the ones enumerated above, that has material and adverse effect on the Issuer's or any of its Subsidiaries' long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.</p> <p>The withdrawal of the Offer by the Issuer in respect of the relevant Joint Issue Manager and/or the relevant Joint Lead Underwriter and Joint Bookrunner shall not affect the rights and obligations of the other Joint Lead Underwriters and Joint Bookrunners under the Underwriting Agreement which shall survive such termination in respect of the Joint Issue Manager and/or the relevant Joint Lead Underwriter and Bookrunner.</p> <p>Pursuant to the Underwriting Agreement, the Joint Lead Underwriters and Joint Bookrunners may cancel or terminate its underwriting commitment thereunder by giving written notice to the Issuer, the SEC and the PSE if the Offer Period has already commenced and, prior to the Listing Date of the Offer Shares, if there is a supervening force majeure or fortuitous event, such as those enumerated above.</p> <p>The obligations of each of the Joint Lead Underwriters and Joint Bookrunner will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Joint Lead Underwriters and Joint Bookrunners. Unless otherwise expressly provided in the Underwriting Agreement, the failure by a Joint Lead</p>
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			<p>Underwriter and Joint Bookrunner to carry out its obligations thereunder shall neither relieve the other Joint Lead Underwriters and Joint Bookrunners of their obligations under the same Underwriting Agreement, nor shall any Joint Lead Underwriter and Joint Bookrunner be responsible for the obligation of another Joint Lead Underwriter and Bookrunner.</p> <p>The Offer shall not be withdrawn, cancelled, suspended, or terminated solely by reason of the Issuer's or the Joint Lead Underwriters and Joint Bookrunners' inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters and Joint Bookrunners, or any other entity/person to take up any shares remaining after the Offer Period.</p> <p>Notwithstanding the acceptance of any Application, the actual issuance of the Offer Shares to an Applicant shall take place only upon the listing of the Offer Shares on the PSE. Subject to the right of the Issuer to withdraw or cancel the offer and sale of the Offer Shares prior to Listing Date pursuant to this section and the "<i>Plan of Distribution - Withdrawal of the Offer</i>" of this Prospectus, the Issuer and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Issuer and any of its agents involved in the Offer, to ensure the listing of the Offer Shares on Listing Date.</p> <p>Notwithstanding the foregoing, the Issuer and the Joint Lead Underwriters and Joint Bookrunners recognize and acknowledge that the PSE, in the exercise of its authority as a self-regulatory organization and further to its mandate to maintain a fair and orderly market, may impose appropriate sanctions and penalties on the Issuer and/or the Joint Lead Underwriters and Joint Bookrunners for the cancellation of the Offer if subsequently, the PSE determines that the termination or withdrawal of the Offer, the underwriting commitment or the Underwriting Agreement after the commencement of the Offer Period and prior to the Listing Date was not warranted based on the facts gathered and properly evaluated by PSE and after due and proper proceedings initiated by the PSE not later than five Business Days after termination or withdrawal.</p>								
39.	<b>Registration of Foreign Investments</b>	:	<p>The BSP requires that investments of non-residents in shares of stock funded by inward remittance of foreign currency be registered with the BSP if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the domestic banking system. Obtaining a <i>Bangko Sentral Registration Document</i> evidencing such registration of foreign investments in the Offer Shares shall be the responsibility of the non-resident investor.</p>								
40.	<b>Timetable</b>		<p>The timetable of this Offer is as follows:</p> <table border="1"> <tr> <td>Initial Dividend Rate Setting Date</td> <td>[March 14], 2024</td> </tr> <tr> <td>Initial Dividend Rate Announcement Date</td> <td>[March 15], 2024</td> </tr> <tr> <td>SEC Issuance of Permit to Sell</td> <td>[March 18], 2024</td> </tr> <tr> <td>Public Offer Period</td> <td>9:00 a.m., [March 19], 2024 to 12:00 noon, [April 2], 2024</td> </tr> </table>	Initial Dividend Rate Setting Date	[March 14], 2024	Initial Dividend Rate Announcement Date	[March 15], 2024	SEC Issuance of Permit to Sell	[March 18], 2024	Public Offer Period	9:00 a.m., [March 19], 2024 to 12:00 noon, [April 2], 2024
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			PSE Trading Participants' Commitment Deadline	11:00 a.m., [March 25], 2024
			PSE Trading Participants' Allocation Date	[March 26], 2024
			Issue and Listing Date, and Commencement of Trading on the PSE	[April 12], 2024
			The dates indicated above are subject to the approval of the PSE and the SEC, market conditions, and other relevant circumstances, and may be changed.	
41.	<b>Joint Issue Managers</b>		BPI Capital Corporation China Bank Capital Corporation	
42.	<b>Joint Lead Underwriters and Joint Bookrunners or Joint Lead Underwriters</b>	:	BPI Capital Corporation China Bank Capital Corporation PNB Capital and Investment Corporation RCBC Capital Corporation	
43.	<b>Selling Agents</b>	:	Trading Participants of The Philippine Stock Exchange, Inc. and [●]	
44.	<b>Depository Agent</b>	:	Philippine Depository and Trust Corporation	
45.	<b>Receiving Agent, Stock Transfer Agent, and Paying Agent</b>	:	Stock Transfer Service, Inc.	
46.	<b>Counsel to the Joint Issue Managers, and the Joint Lead Underwriters and Joint Bookrunners</b>	:	SyCip Salazar Hernandez & Gatmaitan	



## RISK FACTORS AND OTHER CONSIDERATIONS

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### GENERAL RISK WARNING

*An investment in the Offer Shares involves a number of risks. Prospective investors should carefully consider the risks described below, in addition to other information contained in this Prospectus, including the Company's financial statements and notes relating thereto, before making any investment decision relating to the Offer Shares. These factors, which are of equal importance and are organized in no particular order, may be summarized into those that pertain to the business and operations of the Company, those that pertain to the overall political, economic, and business environment in the Philippines, and those that pertain to the Offer Shares.*

*This section does not purport to disclose all of the risks and other significant aspects of investing in Offer Shares. Investors deal in a range of investments each of which may carry a different level of risk. Investors should seek professional advice regarding any aspect of the securities such as the nature of the risks involved in the trading of the securities. Investors should undertake independent research regarding the Company and the trading of securities before commencing any trading activity and may request all publicly available information regarding the Company and the Offer Shares from the SEC or may check the Company's Disclosures at the PSE EDGE.*

*The Company's past performance is not an indication of its future performance. There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Company or are currently considered immaterial could have a material adverse effect on the Company's business, result of operations, financial condition, and prospects, and could cause the market price of the Offer Shares to fall significantly and investors may lose all or part of their investment.*

*To mitigate the risks identified below, the Company shall continue to adopt what it considers conservative, financial and operational controls and policies within the context of the prevailing business, economic, and political environments taking into consideration the interests of its customers, stockholders and creditors.*

### RISKS RELATED TO THE COMPANY

***There is heightened competition among local and national players where the Company is operating and expanding. Competition for the acquisition of land for new projects could adversely affect the Company's business.***

The Company's future growth and development are dependent, in part, on its ability to acquire or enter into agreements to develop additional tracts of land suitable for the Company's planned real estate projects. When the Company and its competitors attempt to locate sites for development, the Company may experience difficulty in locating parcels of land of suitable size in locations and at prices acceptable to the Company. In the event the Company is unable to acquire suitable land at acceptable prices, with reasonable returns, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

The Company faces tough competition from a number of local and national players that take advantage of the growing real estate market in Cebu. For residential projects, CLI competes with Ayala Land, Inc., Filinvest Land, Federal Land, Taft Properties, Primary Homes, Aboitiz Land and a host of other local and national players. For commercial developments and office space leasing, the Company faces Ayala Land, Inc., Primary Structures Corporation, Skyrise Realty and Development Corporation, Megaworld, Inc. and other players as its competitors in addressing the demand for office buildings of the fast-growing BPO industry and retail spaces.

Nevertheless, CLI has been able to establish itself as Cebu's leading local housing developer due to its strong track record in the four main market segments namely high-end, mid-market, economic and socialized housing. Thus, the Company can tailor-fit its residential developments not only to achieve the best use of a property but also to ensure its optimal market acceptance. This has enabled CLI to sell its projects at a higher velocity, turn over quickly on its developments, and move swiftly from pre-

selling to construction and delivery. CLI's consistently high sales performance is enabled by innovative sales and marketing strategies, which allows itself to bring products to the market faster than the competition with the commanding support of its over 11,000-strong real estate broker and agent network.

In order to gain further versatility, the Company has also diversified into commercial, leisure, hospitality, and industrial developments. With CLI's growing local leadership and expertise in various real estate product offerings, the Company believes it will be able to sustain its growth amidst heightened competition.

The Company's limited landbank inventory compared to other developers is deliberate. CLI's thrust is to immediately develop a property once acquired and after completion, to quickly turn over the same to the buyers to achieve faster financial gains and to ensure efficient use of capital.

The Company emphasizes creating shareholder value by being opportunistic with investments and being judicious in its deployment of capital. Decisions on capital expenditures, whether financed by equity or debt, are made with a priority on generating a strong return on investment in a measurable and realistic timeframe. Having too large a landbank would necessarily mean that much capital is devoted to holding non-revenue generating assets while incurring cost of debt or equity. Much in the same way that capital-efficient firms employ a 'just-in-time' to efficiently utilize capital, CLI chooses only to raise capital when it can confidently forecast and execute a project with a reasonable rate of return.

Nevertheless, despite the heightened competition for land in Cebu and VisMin, the Company does not find any substantial difficulty in acquiring target properties. The Company's local connections in VisMin and familiarity with the people and the territories where it is operating enable CLI to attract reverse inquiries for possible JVs with landowners or offers for sale of properties. The Company will continue to open its doors to JV partnerships and to work on the success of its current JVs and projects in order to retain its good reputation in the territories where it is operating.

***The Company's business is affected by various regulations in the Philippines.***

CLI operates a material part of its businesses in a highly regulated environment. CLI's business is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety. These include laws and regulations governing air emissions, water and wastewater discharges, odor emissions, and the management and disposal of, and exposure to, hazardous materials. The Company cannot predict what environmental or health and safety legislation or regulations will be amended or enacted in the future; how existing or future laws or regulations will be enforced, administered or interpreted; or the amount of future expenditures that it may be required to comply with these environmental or health and safety laws or regulations or to respond to environmental claims.

In addition, CLI is required to obtain licenses to sell before making sales or other dispositions of housing and condominium units. For more information on the environmental laws and other regulations affecting the Company's operations, please see discussion on the section on "*Regulatory Framework*" on page 240.

Project permits and any license to sell may be suspended, cancelled, or revoked by the DHSUD, HSAC, or by the courts upon its findings or upon complaint from an interested party, and there can be no assurance that the Company will receive the requisite approvals or licenses, or that such permits, approvals or licenses will not be cancelled or suspended. Any of the foregoing circumstances or events could affect the Company's ability to complete projects on time, within budget or at all, and could have a material adverse effect on its financial condition and results of operations.

Moreover, the Company has incurred, and expects to continue to incur, operating costs to comply with such laws and regulations. Further changes to the applicable governmental laws and regulations, fiscal policies and zoning ordinances will result in additional costs of compliance for the Company.

CLI, through its construction and property management arms, keeps itself abreast of the latest technologies that enable it to implement existing sanitation, environment and safety laws and regulations at cost-efficient means. It also continuously exerts earnest efforts to secure and maintain all relevant

and material permits and licenses required under such laws and regulations for its subdivision and condominium projects. The Company also practices and adheres to a strong compliance culture and maintains positive relationships with regulatory and local government agencies.

***The Company's business may be adversely affected by major political and economic developments, such as the Russia-Ukraine war.***

The invasion of Ukraine by Russia has triggered multiple economic repercussions. Since Russia is a major producer of petroleum, the discontinuance of petroleum supply from it would mean that the global supply has decreased. Disruptions to the flow of petroleum to the supply chain drives prices up, making costs of inputs much more expensive.

While the Philippines and the other Southeast Asian countries have limited dependency on either country, the ensuing global sanctions adversely impact Philippine economic conditions. Food and fuel prices steadily pushed up since the last quarter of 2023.

While the Company is not directly affected, this would mean increased construction costs (cost of steel, cement, and other construction materials), and thus, a slower takeout of completed units, which would most likely lead to lower reservation sales of new projects.

With the concluded national and local elections last May 2022 or any national or local election for that matter, the entry of new government leaders for both local and national positions marks a transition from familiar procedures to possibly new procedural policies. This may mean delays in permits or title processing which could trigger delays in project completion, which could lead to project compliance issues with financing partners who require specific project milestones. CLI actively manages this risk by ensuring good working relations and proactive communications with any new administration, national and local, to ensure continued support for the real estate industry and the Company.

***The Company's current portfolio is composed of approximately 99% properties for sale and 1% recurring income properties.***

For over two decades, CLI has grown from a humble beginning in Balamban to a fully integrated real estate developer. The diversified portfolio spans residences, offices, retail spaces, hotels, mixed-use developments, and townships across Visayas and Mindanao. In the high-end residential segment, Premier Masters, featuring projects like Base Line Premier and 38 Park Avenue, offers world-class living in prime urban locations. The Garden Series, including Mivela Garden and Velmiro Greens Bohol, caters to the middle market. Casa Mira targets the economic housing sector, while Villa Casita serves socialized housing. To address affordable housing demand, CLI introduced the Mirani brand, launching Mirani Steps in Danao in June 2023.

CLI has completed 32 residential projects across Cebu, Bacolod, Cagayan de Oro, and Davao, expanding beyond its native Cebu with MesaVerte Garden Residences in 2020. Noteworthy projects like MesaTierra Garden Residences, MesaVirre Garden Residences A & B, and 38 Park Avenue were finalized in 2021 and 2022. The Company witnessed a 98% sold-out status for completed residential developments as of September 30, 2023 after the turnover of projects in Cebu, including Casa Mira Towers Guadalupe, Baseline Prestige, and Mivela Tower 1.

While CLI strengthens recurring income assets, currently about 1% of its portfolio, the company strategically positions for growth in this sector over the next five years. CLI aims for a target mix of 90% residential developments and 10% recurring income projects, showcasing its commitment to a balanced business strategy.

***The Company is new to regional markets including Gensan, Butuan and Calabarzon.***

Despite the Company's robust track record and successful projects in Cebu, CLI may face challenges in executing its business expansion plans and strategies, especially concerning new projects and ventures in other regional markets. There is no guarantee that CLI's future projects will be completed and sold as planned, similar to its real estate offerings in Cebu. Additionally, there is no assurance that the uptake for its new developments will remain robust. However, the Company is confident in its ability to successfully penetrate new markets using the project templates that have made it the leading

developer in Cebu.

In 2015, CLI initiated its regional expansion by launching MesaVerte Residences in CDO, a mid-market condominium offering with three 15-storey residential towers that nearly sold out in less than a year of pre-selling. The Company introduced its mid-market horizontal project, Velmiro Uptown CDO, in the same city in 2018, featuring a master plan with 396 units to meet the housing demand in the area. In 2016, CLI established its presence in Davao with the launch of MesaTierra Garden Residences, a 22-storey residential condominium.

In 2017, CLI strengthened its market presence in Davao through two new joint ventures to develop Paragon Center and Davao Global Township, a 22-hectare estate project. The Company expanded from Negros Oriental to Negros Occidental by launching MesaVirre Garden Residences, a three-tower residential condominium project in Bacolod City. In 2020, CLI entered Bohol and Iloilo with the successful launch of Velmiro Greens Bohol and Casa Mira Iloilo, respectively. In the same year, CLI launched Casa Mira Dumaguete, Casa Mira Towers LPU, and Casa Mira Coast in Negros Oriental. In 2021, the Company introduced Casa Mira Ormoc in Leyte, expanding its presence to Eastern Visayas.

In 2022, CLI expanded its leisure and hospitality portfolio with MagsPeak Mountain Resort and Villas in Balamban, Cebu. The Company also began planning a 14.3-hectare property in Cagayan De Oro and acquired a 17-hectare expansion site in Butuan City for Casa Mira Butuan, set to launch in Q1 2024. In 2021, CLI purchased a 14-hectare estate in Manresa, CDO, master planned to integrate the new campus of Xavier University into a well-planned township project. To date, bidding for the land development is ongoing, with construction set to start in 2024. In 2023, CLI launched six projects, including Casa Mira Towers in Palawan, Costa Mira Beachtown in Panglao, and Casa Mira Homes in Davao. CLI is expanding in Mindanao by purchasing 21 hectares in General Santos City. The Company has strategic land acquisitions lined up in greater Cebu, Bacolod, CDO, and Davao, with new expansion areas such as Naga City in Luzon on the horizon. CLI continues to pursue its aggressive plans to establish and deliver quality developments across the VisMin region and its first project soon in Luzon.

During the first nine months of 2023, Cebu still is the strongest contributor of revenue which accounted for 46% of its overall figure. Visayas (ex-Cebu) and Mindanao contributed 27% and 25%, respectively. The increase in the share in revenue outside Cebu was driven by new projects such as East Village Residences, Casa Mira Towers Bacolod, Casa Mira Towers Palawan, and Costa Mira Beach Panglao.

***The Philippine property market is cyclical.***

The Company expects to derive a substantial portion of its revenue from the current and future portfolio of residential and mixed-use development projects. Accordingly, the Company is dependent on the state of the Philippine property market. The Philippine property market has in the past been cyclical and property values have been affected by the supply of and demand for comparable properties, the rate of economic growth in the Philippines, and political and social developments.

While the Company has no control over the property market, this risk is mitigated by the fact that constructions for the Company's projects are generally completed in a fraction of the time taken for comparable-sized projects by other developers. Construction normally begins immediately once properties are acquired in the normal course of business. There remains a significant backlog of housing units in the economic and socialized housing segments in which the Company competes. There is also a growing demand for office spaces to cater to the booming BPO business in Cebu, which is now considered one of the top outsourcing destinations in the world. Financing facilities for buyers in the housing segment has become widely available from financial institutions. Lastly, the Company believes that its reputation as a quality home builder and real estate developer, coupled with value for money project developments, will help it withstand the cut-throat competition in the Philippine property market.

***Given the current geographic concentration of the Company's real estate sales, the Company's results of operations would suffer if the residential housing and land development industry in the Company's current markets decline.***

A significant portion of the Company's residential housing and land development business is located within Metro Cebu. As a consequence of this, any prolonged economic downturn in this market could have a material adverse effect on the Company's business, results of operations and financial condition.

To further cushion the impact of stiff competition in Metro Cebu, the Company is expanding project developments to other highly urbanized centers in CDO, Davao, Dumaguete, Iloilo, Bacolod, Butuan, and Gensan. The Company remains steadfast in its 2023 vision of becoming the leading local developer in the Visayas and Mindanao regions.

***The Company might be at risk of being exposed to housing price bubbles.***

With the aggressiveness in the real estate sector developments in the country, a steep rise in property prices was observed. A housing price bubble occurs when demand for property suddenly decreases when the supply on real estate property increases. The rapid upsurge in asset prices might result in an eventual decline in prices as markets recalibrate. In addition, housing price bubble may also happen when speculative investing, which is ubiquitous in China, Hong Kong, and Singapore, is apparent. To counter that, the demand registered in the local sector is backed by demands from end-users rather than speculative buyers. This, in turn, diminishes the probability of having the asset price bubbles since real estate properties are not bought as investments but for residential purposes.

The Company is confident in the efforts of the BSP to control inflation and prevent the formation of asset bubbles in real estate. In addition, the Company operates and competes in a market segment where there remains a significant backlog of housing units for end-users comprising of middle-income individuals, couples, and families. By doing so, the Company is catering to a market segment which has a particular and real housing need. Moreover, the Company is growing its recurring income with its commercial and office developments, upcoming hospitality business and foray into industrial development, to mitigate the effects of a possible housing price bubble.

***Increased inflation, fluctuations in interest rates, and changes in the Philippine government's borrowing patterns and Government regulations could have a material adverse effect on the Company's and its customers' ability to obtain financing.***

Changes in interest rates, the Philippine government's fiscal policy and lending regulations, among other events and conditions, could have a material adverse effect on the Company and on the demand for its products.

With the bank lending cap imposed by the BSP on the real estate sector, the Company's access to capital and its cost of financing become limited. Once the single borrower limit of its current or preferred bank or banks is reached, the Company may encounter difficulty in obtaining financing on the same or similar commercial terms from other banks.

A sustainable increase in inflation in the country might push the cost of raw materials upward, which the Company may not be able to pass on to its customers or to its contractors, e.g., by having them absorb raw material costs. In the event the Government substantially increases its borrowing levels in the domestic currency market, the interest rates charged by banks and other financial institutions are likely to increase and effectively reduce the amount of bank financing available to both prospective property purchasers and real estate developers, including the Company. Since the Company believes that a substantial portion of real estate customers avail themselves of financing, through either the developer's in-house scheme or through the bank, to fund their property purchases, higher interest is expected to be observed which would make purchases of real estate more expensive, and consequently affects demand for the Company's residential projects.

The existence of any of the abovementioned events, or any combination thereof, or of any similar events could have an adverse effect on the Company's business, financial condition, and results of operations.

The Philippine government, specifically the BSP, has introduced measures to monitor the real estate sector. Its intervention would help the market become resilient and sustainable.

The Company prudently manages its balance sheet, and its gearing and leverage ratios are all within or better than industry standards, giving it flexibility to obtain additional bank financing.

***The real estate sector is capital intensive and this factor may cause difficulty for the Company to readily raise the necessary capital to acquire new land or complete existing projects. It also***

***has a naturally multi-year cash cycle that goes through a negative operating cash flow period for most of its cycle before realizing a cumulative positive cash outcome for each project.***

The Philippines' real estate sector requires a substantial amount of capital to acquire land for development, complete existing projects, and commence construction on new developments. The Company has deployed ₱10.4 billion in capital projects this year, with 86.7% allocated to project development and 6.2% directed towards land acquisition. CLI is currently expanding in Mindanao, having recently acquired 21 hectares in General Santos City. This acquisition increases its landbank to 112.5 hectares, amounting to a total value of ₱9.8 billion. With this strategic move, CLI aims to meet the robust and consistent housing demand in the region, solidifying its presence in 16 key VisMin cities.

The Company has relied on internally generated funds and external financing for its land banking expenditures and real estate development programs. Due to the capital-intensive nature of the real estate industry, it is inevitable that developers will need external support to finance their projects. Failure to obtain the requisite funds could delay or prevent the acquisition of land, completion of ongoing projects or commencement of new projects, which could materially and adversely affect the Company's reputation, financial condition, and results of operations.

To mitigate this risk, the Company cultivates strong relationships with its partner banks and has always demonstrated caution in its financial management as it strives to be efficient and effective in utilizing its capital. The Company also enters into strategic joint venture partnerships which enable it to position its developments in strategic and prime locations, as its joint venture partners either contribute the land or share in the acquisition cost and the Company takes charge of the property development and project management which in turn lowers cash outlay requirements and increases equity for the consolidated business.

Moreover, the Company ensures a high sales turnover of its real estate projects through its industry-leading sales support teams in VisMin. With over 73 sales support personnel, this team collaborates, coordinates and supports over 11,000 strong accredited brokers through various agent networks, which includes licensed brokers, sales agents/list of all sellers, as of September 30, 2023. This would involve the Company employing a value for money philosophy which creates a larger demand for its real estate developments in comparison to competitors.

With the Company's projects being 93% sold out on average, it can earn assurance of returning capital to investors, and making a profit and ultimately generating a positive cumulative cashflow for its projects. As long as the Company's projects make a healthy margin, and have a high-sales take up, a negative operating cashflow is an inherent feature of the business model that can be addressed with prudent capital profile matching and sufficient revolving funds to monetize the profitability of projects.

***A portion of demand for the Company's products is from overseas Filipinos, which exposes the Company to risks relating to the performance of the economies of the countries where these potential customers are located.***

Sales to overseas Filipinos, including OFWs and Filipino expatriates, which comprises 30% of the Company's buyers, generate a significant portion of the demand for the Company's housing and land development projects. A number of factors could lead to reduced remittances from OFWs, reduced number of overseas Filipinos, or reduced purchasing power of overseas Filipinos. These factors are:

- an appreciation of the Philippine peso, which would result in decreased value of the other currencies transmitted by overseas Filipinos;
- any difficulties in the repatriation of funds;
- a downturn in the economic performance of the countries and regions where a significant number of these potential customers and supporters are located such as the United States, Middle East, Italy, United Kingdom, Singapore, Hong Kong, and Japan;
- a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines;
- the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions such as the Middle East; and
- restrictions imposed by other countries on the entry or the continued employment of foreign workers.

Any of these events could adversely affect demand for the Company's projects from overseas Filipinos, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

However, OFW remittances continue to enjoy consistent growth for the past two years. OFW remittances have grown consistently on a year-to-year basis since 1989. For the period from January to September 2023, OFW cumulative remittances reached US\$24.49 billion, a growth of 2.8 year-on-year<sup>3</sup>. Thus, it is expected that the demand for the Company's housing and land development projects from overseas Filipinos and their families will continue to enjoy stable financing from OFW remittances.

This risk can be managed by ensuring that the Company has several other sales channels and that none of its projects are solely reliant on overseas sales in order for it to be viable. Overseas sales are but one part of a broad market that the Company taps. And while overseas demand adds to the overall sales strategy of the Company, it is not the only one. As evidenced during the height of the pandemic when remittances were reduced and there was heightened uncertainty regarding the economic and financial situation of many OFWs, sales to overseas Filipinos declined as a share of the Company's total sales but its overall sales still increased as it was able to sell more into the deep domestic markets of VisMin.

***The Company engages third-party brokers and agents to sell its residential housing, residential condominium, office condominium, and condotel projects.***

The Company uses third-party brokers to market and sell its various real estate offerings to potential customers. If these brokers do not meet their requisite sales targets, the Company's business, financial condition, and results of operations could be adversely affected. Moreover, there is competition for the services of third-party brokers in the Philippines and many of the Company's competitors may attempt to recruit brokers away from the Company. If a large number of these third-party brokers were to cease selling for the Company, the Company would be required to seek other external brokers, and there can be no assurance that the Company could do so quickly or in sufficient numbers.

Nevertheless, CLI has maintained a very professional and harmonious working relationship with its extensive brokerage network, which is over 11,000 strong and supported by CLI's over 73 sales support personnel. All brokers and agents must secure accreditation from CLI as this allows the Company to properly screen, monitor and onboard these third-party brokers and agents. As part of its quality commitment, CLI schedules weekly product knowledge seminars, which provide a comprehensive orientation per project. This equips brokers and agents with the latest project data and gives them greater confidence in the diverse offerings of the Company. With inventory in almost all residential segments and its growing commercial portfolio, these third-party brokers are able to offer more enticing options to their potential buyers. The Company has also pioneered various incentive programs for its brokers, which have paved the way for multiple and repeat selling efforts from individual sellers and brokerages.

***Cancellation of sales involving the Company's projects could adversely affect its business, financial condition, and results of operations.***

As a developer and seller of residential real estate, the Company's business, financial condition, and results of operations could be adversely affected in the event a material number of subdivision and condominium unit sales are cancelled. The Company has increased its cancellation rate from 4.96% in 2022 to 6.02% in 2023 with delinquency rate significantly improving from 3.82% in 2022 to only 1.15% after major thrust to maintain only healthy by the company after discontinuing lenient terms granted during the pandemic. As of the first nine months of 2023, 72.33% of the cancelled accounts were immediately sold. Thus, there can be no assurance that it will not experience a material number of cancellations in the future. Should it happen, it will have a material adverse effect on the Company's business, financial condition, and results of operations.

To prevent cancellations, the Company ensures value for its customers' money with its competitive

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<sup>3</sup> *Bangko Sentral ng Pilipinas* data on Overseas Filipinos' Remittances, available at <https://www.bsp.gov.ph/statistics/external/Table%2011.pdf> (last accessed on January 3, 2024).

pricing, quality locations, planning and design, generous amenities, timely and quality construction, well-established customer care, and after-sales and property management support. Furthermore, to minimize the risk of cancellations, the Company targets a prudent mix of clients, the bulk of which are OFWs and employed professionals and employees. Additionally, the Company markets its brand across several markets in several regions of the world and OFWs comprise 30% of its buyers. The Company aims to diversify its market further in order to avoid excessive dependency on a particular geographic location of buyers.

***The Company enjoys certain tax exemptions and incentives, the loss of which may increase the Company's tax liability and decrease future Company profits.***

The Company benefits from Philippine tax law and regulations which exempt sales of house and lot, and other residential dwellings with selling price of ₱3,199,200.00 or less from the 12% VAT pursuant to BIR Revenue Regulations No. 8-2021, amending for this purpose BIR Revenue Regulations No. 4-2021.

The Company also has registered a number of its projects with the Board of Investments ("BOI"), which has allowed such projects to enjoy certain tax incentives. The Company's sales of its BOI-registered mass housing projects with a price ceiling of ₱2.00 million and below are not subject to corporate income tax. The Company's projects that qualify for the tax holiday are described elsewhere in this Prospectus.

There is no guarantee that the Company's future development projects will be able to benefit from the income tax holiday benefits under the BOI, or that the BOI registrations to receive such benefits will not be delayed. The delay or absence of this income tax holiday on any of the Company's future development projects could have an adverse effect on the Company's results of operations.

The Company regularly obtains tax advisories from expert consultants to keep it updated on the best tax compliance practices. CLI ensures compliance with all the requirements for its tax exemptions or benefits to be able to continue the enjoyment of such benefits.

***Natural catastrophes may affect the Company's business adversely.***

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, volcanic eruptions, and earthquakes. The occurrence of such natural catastrophes may materially disrupt and adversely affect the business operations, cause damage to the Company's projects, or result in work stoppages or delay construction and project delivery.

Although there can be no assurance that it will be adequately compensated for all damages and economic losses resulting from natural catastrophes, the Company maintains comprehensive insurance against natural catastrophes to cover its various developments.

***Titles over land owned by the Company may be contested by third parties.***

While the Philippines has adopted a system of land registration which is intended to conclusively confirm land ownership, and which is binding on all persons (including the Philippine government), it is not uncommon for third parties to claim ownership of land which has already been registered and over which a title has been issued to another person or entity. The Company, from time to time, may be required to defend itself against third parties who claim to be the rightful owners of land.

The Company generally conducts extensive title searches to determine the authenticity of titles to land offered to it before it acquires any parcel of land. It traces back titles of prospective properties up to the last three significant partitions or ownership transfer and then performs an exhaustive background check of the persons or parties involved in these transactions, especially their court records. It likewise conducts its own topographical and technical surveys of these properties to verify the accuracy of technical descriptions and the correctness of all boundaries. Furthermore, the Company investigates the existence of any prevailing liens or tax obligations which may adversely affect its ownership rights to properties to be acquired.

***The Company's reputation will be adversely affected if its projects are not completed on time or if its projects do not meet customers' requirements.***



The Company's reputation will be negatively affected if any of its projects carry construction or infrastructure failures, design flaws, significant project delays or quality control issues. Any reputational deterioration may consequently make it more difficult for the Company to attract new buyers to its future projects, to command a higher selling price or to sell its housing and land development projects.

As local companies and industries continue to grapple with the challenges that come with the extended pandemic, CLI seized this opportunity by breaking ground on new projects and continuing its construction operations.

Moreover, the Company believes that it has inherent strengths in engineering, project planning and execution. With over 170 engineers in its roster, CLI handles the project and construction management aspect of every project and manages the various contractors and sub-contractors that are utilized. As the project manager, CLI controls the delivery of its projects with priority on promptness, quality, and professionalism. CLI does not have any in-house construction or any affiliated general contracting business.

***Independent contractors may not always be available or may not be able to meet the Company's quality standards, or complete projects on time or within budget, and may encounter difficulties which will result in a delay of the project.***

The Company relies on various general and specialty independent contractors with both local and national experience to provide various construction services, including land clearing and infrastructure development. Should its independent contractors become unable to perform the contracted scope of work, or are unable to sufficiently meet the Company's demands and project requirements, these will result in delays in the project completion and delivery to customers.

Although the Company's personnel work closely with its independent contractors, there can be no assurance that the services rendered by any of its independent contractors will always match the Company's quality standards, or will comply with government requirements and regulations relevant to their contracted scope of work.

Independent contractors may also experience financial or other difficulties such as insolvency, shortages or price increase of construction materials, work site accidents or labor issues, any of which could delay the completion or increase the project costs. Violations by the independent contractor of their government permits and licenses, or their failure to obtain such permits and licenses, may also affect the progress of the projects they are engaged to work on.

Any of these factors will have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing development projects, and have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk, the Company takes on an active role as project managers in supervising each phase of the construction of its projects. The Company also plans to put up its own construction arm in the future.

***Construction defects and other building-related claims may be asserted against the Company, and the Company may be subject to liability for such claims.***

Philippine law provides that property developers warrant the structural integrity of condominium units, buildings, resorts, and other structures designed or built by them for a period of 15 years from the date of completion. The Company may also be held responsible for hidden (i.e., latent or non-observable) defects in a housing unit sold by it when such hidden defects render the unit unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the unit to the buyer. In addition, Presidential Decree No. 1096, or the National Building Code of the Philippines (the "**Building Code**"), governs, among others, the design and construction of buildings, as well as certain requirements and standards that must be complied with. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

There can be no assurance that the Company will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims, or that claims will not arise, out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Company's insurance and not subject to effective indemnification agreements with the Company's contractors. Neither can there be any assurance that the contractors hired by the Company will be able to either correct any such defects or indemnify the Company for costs incurred by the Company to correct such defects. In the event a substantial number of claims arising from structural or construction defects arise, this could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

The Company has inherent strengths in engineering, project planning and execution. While the Company outsources the construction of its projects to third-party contractors, CLI actively takes charge of the technical planning, engineering, and project management of its developments. Part of its land acquisition process involves the determination of the technical suitability of potential properties to be acquired for its projects. This includes the determination of any technical hindrances, via technical surveys, and the determination of applicable local government requirements, which may impair any development plans and such development's quality. Due to the Company's technical strengths and its strict adherence to its own high development standards and the requirements of the Building Code, it is able to properly control, and assure itself of, the quality and timely completion of its projects.

***The Company relies on its key executives and officers and the members of the Soberano Family to manage business operations.***

The Company's key executives and management have contributed to its success with their combined knowledge, experience, business relationship and expertise in the industry. Key executives and members of management of the Company include members of the Soberano family.

Aside from occupying key executive positions in the business, the members of the Soberano family also occupy key executive positions in the Company's Subsidiaries, joint venture companies and/or affiliates. Jose R. Soberano III is the chairman and president of A.S. Fortuna Property Ventures, Inc., Cebu Landmasters Property Management, Inc., and CLI Premier Hotels Intl., Inc., wholly owned subsidiaries, as well as El Camino Developers Cebu, Inc., CLI-LITE Panglao Inc., Mivesa Garden Residences, Inc., Cebu Homegrown Developers, Inc., Cebu Landmasters Foundation, Inc. and Ming- Mori Development Corporation which are joint venture affiliates of the Company. He also serves as Chairman of the Board of BL CBP Ventures, Inc., Yuson Excellence Soberano, Inc., Yuson Huang Excellence Soberano, Inc., YHEST Realty and Development Corporation, CCLI Premier Hotels, Inc., YHES Premier Hotels, Inc., Cebu BL-Ramos Ventures, Inc., GGTT Realty Corporation, Icom Air Corporation, Sugbo Prime Estates which are all joint venture affiliates of the Company, and a Director of another corporation, Magspeak Nature Park, Inc. Meanwhile, Jose Franco B. Soberano is concurrently a Director and Corporate Secretary of CLI Premier Hotels Intl., Inc., A.S. Fortuna Property Ventures, Inc., Cebu Landmasters Property Management, Inc., and Ming-Mori Development Corporation, while Ma. Rosario B. Soberano serves as Director and Treasurer of CLI Premier Hotels Intl., Inc., A.S. Fortuna Property Ventures, Inc., Cebu Landmasters Property Management, Inc., Yuson Excellence Soberano, BL CBP Ventures, Inc., El Camino Developers Cebu, Inc., Yuson Huang Excellence Soberano, Inc., YHEST Realty and Development Corporation, CCLI Premier Hotels, Inc., YHES Premier Hotels, Inc., Cebu BL-Ramos Ventures, Inc., and Ming-Mori Development Corporation. All three key executives sit on the board of the parent company, AB Soberano.

There is no assurance that these other roles will not require significant time and commitment from the members of the Soberano Family which might reduce their time devoted to their current roles in the Company's business. If the Company loses the services of any such individuals or is unable to fill any other vacant key executive or management positions with qualified candidates, the business and operations of the Company may be adversely affected.

To minimize the risk, the Company maintains a competent and dynamic team of professional executives and managers engaged in the management of the business. Efforts to professionalize the Company over the last 20 years is evident as the Company has grown from two employees to a dynamic team of 867 employees instilled with the Company's brand of professional work ethics and strong corporate values as of December 31, 2023. The Company believes it maintains a positive and harmonious working relationship with its executives, members of senior management and other key officers.

***The Company is a party to a number of related party transactions.***

As of the date of this Prospectus, the Company has outstanding related-party balances to and from its joint ventures, Homeowners' Associations and Condominium Corporations ("HACCs"), and with key management personnel. These transactions are described under "Related Party Transactions" and the notes to the Company's audited consolidated financial statements appearing elsewhere in this Prospectus. The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the CLI's majority shareholders.

These transactions may involve potential conflicts of interest between the Company and the CLI majority shareholders in a number of other areas relating to its businesses, including:

- major business combinations involving the Company and/or its affiliates;
- plans to develop the respective businesses of the Company and/or its affiliates; and
- business opportunities that may be attractive to the CLI majority shareholders and the Company.

The Company can provide no assurance that its related-party transactions will not have a material adverse effect on its business or results of operations.

To mitigate this risk, the Company enters into related-party transactions at an arms-length basis. Moreover, CLI directors and key management personnel are mandated to abstain and/or inhibit themselves from participating in discussions on a particular agenda when they have conflict of interest. The Board RPT Committee, during its regular committee meetings, takes up and engages in the review and evaluation of related party transactions, including determination and resolution of potential conflicts of interest, if any. Quarterly RPT reports are presented by CLI's CFO and Compliance Officer, for information (if not breaching the RPT thresholds) and/or pre-approval (if breaching any of the RPT thresholds) of the Board RPT Committee. Matters approved by the RPT Committee are then endorsed for subsequent approval and/or ratification of CLI's Board of Directors.

***The Company may be involved in legal and other proceedings arising out of its operations from time to time.***

The Company may, in the future, be involved in disputes involving the construction and operation of its properties such as contractual disputes with contractors, suppliers, and homeowners, or disputes involving property damage or personal liability claims from time to time. If these disputes occur, it may result in delays in the Company's project development schedule, incurring substantial costs, and the diversion of the Company's resources and management's attention. In the course of its operations, the Company may also have disagreements with regulatory bodies, or local government units responsible for issuing the necessary permits or licenses for the Company's business, which may subject it to administrative proceedings and unfavorable decisions or result in fines or penalties and/or delay its projects. Should any of these occur, the Company's business, financial condition, results of operations and cash flows could be materially and adversely affected.

To mitigate the risk, the Company strives to maintain good relationships with customers, suppliers, contractors, regulators, and other parties it regularly deals with. This is evident in the fact that, at present, the Company is not involved in any material litigation. The Company also endeavors to amicably settle legal proceedings, resort to alternative methods of dispute resolution, and exhaust all legal remedies available.

***The Company may default in its financial obligations and other obligations under contracts to which it is a party, and a default in one may trigger other defaults and result in the acceleration of its obligations under such contracts.***

The Company enters into material contracts with several parties in its ordinary course of business. These include construction contracts, supply contracts, bank loans, capital market transactions such as corporate notes, among others. These contracts contain several provisions defining the Company's obligations as a party to these agreements, its representations and warranties, agreed covenants, events of default, among other things. The breach of these terms, if not remedied or cured, may trigger

defaults or accelerations of obligations.

CLI is also subject to certain financial covenants under its loan agreements, among other covenants. Failure to comply with financial and other covenants could constitute an event of default, if irremediable or remediable but not remedied during the applicable grace period, if any. Upon the occurrence of an event of default, lenders may terminate the commitment, accelerate debt repayment, immediately apply set-off against any of the borrowers' assets held by the lenders in deposit or take other necessary and proper actions to protect their interests.

To mitigate this risk, the Company practices constant, and continuous vigilance up and down the organization to comply with its obligations, financial and otherwise. Specifically, for CLI's financial and other obligations, whose non-compliance may trigger a default, CLI regularly tests for compliance using targeted KPIs, proactively manages its operations to monitor the trend and movements of such KPIs, and makes adjustments as necessary to its strategies to ensure conservative compliance on these conditions. CLI has also historically taken a prudent stance in managing its debt obligations by ensuring that any corporate act, whether or not performed in the ordinary course of business, does not violate any existing debt covenants. In the event that any significant corporate act or business transaction is seen to potentially affect its debt covenants that would lead to accelerating the payment of existing debt, CLI endeavors to obtain the necessary waivers in accordance with relevant debt agreement. CLI also endeavors to negotiate and agree on uniform sets of terms, covenants, events of default, and representations and warranties across all its material contracts and agreements in order to be efficient in its monitoring of such compliances.

***The Company works with various joint venture partners for some of its projects, whose interest may differ from that of the Company's.***

As part of its land acquisition and development strategy, the Company has entered into joint ventures, and may continue to do so for its future projects and undertakings.

The Company and its joint venture partners share in the project in proportion to their respective contribution, and the Company is typically appointed as project developer and project manager having direct control and primary supervision over the conduct, management, and operations of the project.

Because the joint venture partners or landowners may have economic or business interests that differ from the Company, the joint venture acquisitions and project developments involve additional risks. For example, joint venture partners or landowners may fail to meet their obligations and dispute the distribution of their joint venture shares or the management and supervision exercised by the Company over the project. In cases where joint venture partners contribute the land for the project, titles to the property in the name of joint venture landowners may still be contested by third parties which will affect the right to possess and develop such land. Any of the foregoing could have a material adverse effect on the Company's business, financial condition, and the results of its operations.

To reduce this risk, the Company conducts due diligence of its joint venture partners, and exclusively serves as the developer and project manager in all its joint venture undertakings.

***The Company is exposed to information security or cybersecurity risk as it relies on technology which posts risks on data security, confidentiality, and availability.***

Information Technology ("IT") is always evolving and has affected everyone with the way things are done. With these changes, cybersecurity risks have also emerged. The Company depends on a variety of automated systems to operate its business. Although the Company has implemented various IT-related improvement programs and installed new systems over the years, due to the continuously evolving nature of IT systems or IT issues, certain automated systems of the Company are or may be relatively outdated and less integrated than those of some companies of similar scale in the Philippines and abroad. As a result, there can be no assurance that the Company's information systems will achieve their intended benefits within the anticipated time frame efficiently or at all. Moreover, there can be no assurance that any new systems of the Company will not be rendered outdated in the near future due to rapid technological advancements.

Despite security measures, the Company's systems are potentially exposed to physical or electronic

break-ins, computer viruses, piracy, hacking, phishing attacks, and other similar disruptive problems. Furthermore, our operating activities could be subject to risks caused by misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in our information technology systems and those of our third-party vendors, including customer, personnel, and vendor data.

The Company involves third parties to assist internal developers in the maintenance and development of information systems and software used during its day-to-day operations. If these third parties experience difficulties in meeting the Company's requirements or standards, it could have a negative impact to the Company's reputation or make it difficult for the Company to operate some aspects of its businesses. In certain cases, the Company has developed, and intends to develop, automated systems to replace third-party systems that the Company has used, and uses, in its operations.

Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments could result in compromises or breaches of the applicable security systems and personal data stored in these systems. Anyone who circumvents the security measures on these systems could misappropriate the Company's confidential information or cause interruptions in its services or operations. The internet is a public network and data is sent over this network from many sources. In the past, computer viruses or software programs that disable or impair computers have been distributed and have rapidly spread over the internet. Computer viruses could be introduced into the Company's systems, or those of the third-party systems, which could disrupt the Company's operations or make its systems inaccessible to the third parties. The Company may be required to expend significant capital and other resources to protect against the threat of security breaches or to alleviate problems caused by breaches. The Company's security measures may be inadequate to prevent security breaches, and its business operations would be negatively impacted if security breaches were not prevented.

To mitigate this risk, the Company implements IT and security protocols to ensure that its systems are protected and functioning at all times. The Company also commits to protect and manage the security of confidential and sensitive information with the development of policies on compliance, IT security and data privacy. These have been put in place to mitigate risks by providing standard procedures and guidelines to ensure the protection of the Company's assets and information and the ability to respond and recover quickly. Improvements to system controls and streamlining of reports are also being implemented, with ongoing system integrations being done for data accuracy improvement.

In addition, the Company aligns with all relevant national and local laws, regulations, and best business practices. A priority area, in line with the Data Privacy Act, is having a Breach and Security Incident Response Plan that addresses the protection of the company's business, stakeholders, critical systems, sensitive information, and network. The plan includes a breach response team, measures on prevention and minimizing occurrence of breach and security incidents, procedure on recovery and restoration of critical data; notification protocol, and documentation and reporting of breaches or security incidents.

***The Company is exposed to asset stranding risk.***

The Company's unsold inventory and landbank could become obsolete and stranded, due to the changing market dynamics of real estate. The Company continues to develop real estate projects that are projected to have a very strong demand upon launch and up to turnover.

Unexpected and unpredictable "black swan" events, such as COVID-19, could render these assets to not be as saleable or attractive to the market as the Company has initially projected them to be. A good example is office spaces, where the market outlook turned from very strong demand pre-COVID to a very weak demand during COVID. Industries have also shifted to a more flexible and mobile work arrangements that may lessen the need for traditional office spaces.

To navigate this risk, the Company conducts market surveys to gauge the demand for potential project launches, pre-sells its projects to lock in sales and not have a long gap between design and project concept versus market take-up, and proactively adjusts pricing, selling, and even ownership strategies for unsold units.

Global initiatives to transition to a low-carbon economy pose a risk that previously valuable assets will

lose their value prematurely. These assets are typically those used in relation to carbon-intensive industries. Given the nature of its real estate business, the Company believes that there is a very low risk that any of its material assets will become stranded as a result of a transition to a low-carbon economy. Nonetheless, the Company actively monitors relevant global and local developments, technological innovations, regulations, and stakeholder perceptions to anticipate any transition risk to the Company. Where such risks emerge, the Company will adopt appropriate strategies to ensure that they are adequately managed.

***The Company is also exposed to emerging risks.***

Embedded in the risk management process is the continuous identification and monitoring of emerging risks. These are newly developing risks that cannot yet be fully assessed (due to high uncertainty) but could have a major impact on the organization in the future. These potential risks could be triggered by the fast-changing landscapes in the political, economic, social, technological, environmental, and legal facets surrounding the Company's operations.

Such risks are captured and validated in the Company's annual risk assessment process and during the environmental scans of the strategic planning and annual organizational planning process of the Company and are subjected to further study by subject matter experts. These emerging risks are reported and discussed as part of the Group Risk Management Council and Board Risk and Reputation Management Committee regular agenda.

**RISKS RELATED TO THE PHILIPPINES**

***Economic Considerations***

In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine currency, imposition of exchange controls, debt restructuring and electricity shortages and blackouts.

The regional Asian financial crisis in 1997 resulted in, among others, the depreciation of the Philippine peso, higher interest rates, slower growth, and a reduction in the country's credit ratings. Since the Asian financial crisis, the country experienced a ballooning budget deficit, volatile exchange rates and a relatively weak banking sector.

To mitigate the abovementioned risks, CLI shall continue to adopt what it considers conservative financial and operational controls and policies within the context of the prevailing business and economic environment, taking into consideration the interests of its customers, stakeholders, and creditors.

***COVID-19 Pandemic***

The Philippines has been one of the countries greatly affected by the COVID-19 pandemic. It brought a record-breaking economic contraction and high unemployment rates, fueling economic uncertainties. While the Company has observed a drop in takeouts in 2020 by 11% from 2019, it has quickly recovered in 2021 by 47% from the previous year. The Company's reservation sales have been steadily rising especially at the height of the pandemic.

The increased rate of work from home arrangement post pandemic influenced the demand for housing especially in the economic and mid-level market. "Nesting at home" encouraged young professionals, individuals, and families to consider investing in comfortable homes and good neighborhoods that are conducive for working and learning. Supporting this observation is the study released by McKinsey & Company entitled "The consumer demand recovery and lasting effects of COVID-19" dated March 17, 2021, that indicates that some behaviors formed during the pandemic will likely become the new normal like the work-from-home arrangement.

Amidst the threat of the pandemic to health and safety, the Company did not slow down all its construction works during the pandemic. The Company implemented strict health protocols for all employees in the field and these were strictly observed. Although they did not have a major effect on the project quality and timelines, the health threats affected the delivery and issuance of government-related permits and licenses. With the localized lockdowns and shortened workdays in government agencies,

the company had to contend with and make necessary adjustments in timeline expectations.

On May 5, 2023, the World Health Organization (“WHO”) declared the end of COVID-19 as a global health emergency. Notwithstanding such declaration by the WHO that COVID-19 is no longer a global health emergency, the Department of Health issued on May 9, 2023 a warning to the public that the pandemic is not yet over.

On July 21, 2023, the President of the Philippines issued Presidential Proclamation No. 297 effectively lifting the State of Public Health Emergency throughout the Philippines brought about by the COVID-19 pandemic.

Subsequently, on September 20, 2023, the Department of Labor and Employment issued Labor Advisory No. 23, Series of 2023 (“LA 23-23”), containing the Guidelines on Minimum Public Health Standards in Workplaces Relative to the Lifting of the State of Public Health Emergency. The same covers all those in the private sector and emphasizes the shared responsibility of both employers and employees in ensuring safe and healthy working conditions. LA 23-23 further mandates the Safety and Health Committee to review, evaluate and update their occupational safety and health programs.

Significantly, the Advisory expressly revoked prior labor advisories that were effective during the State of Public Health Emergency, which included Labor Advisory No. 9, Series of 2020 and Labor Advisory No. 17, Series of 2020, pertaining to the guidelines on the implementation of flexible work arrangements and employment preservation upon the resumption of business operations. However, employers may still be guided by these permissible work arrangements, subject to strict compliance with labor laws.

The Company continues to monitor and evaluate developments relating to COVID-19 or any public health epidemic or pandemic to develop contingency measures to mitigate the risk impact to its business.

### ***Political Considerations***

The Philippines has from time to time experienced severe political and social instability, including acts of political violence. For example, in 2001, allegations of corruption against former President Joseph Estrada resulted in protracted televised impeachment proceedings against him. These proceedings were followed by widespread street demonstrations and a public withdrawal of support for Estrada by the military that eventually forced Estrada to resign. On July 27, 2003, over 270 military officers and soldiers conducted an unsuccessful *coup d'état* against Estrada's successor, President Gloria Macapagal-Arroyo, due to allegations of corruption. After the May 2004 elections, President Arroyo was re-elected, but persistent accusations of corruption and electoral fraud were made against Arroyo during her second term. On February 24, 2006, another attempted *coup d'état* led President Arroyo to issue Proclamation 1017 (Proclamation declaring a State of National Emergency), which was criticized as a virtual declaration of martial law and portions of it were later declared unconstitutional by the Supreme Court of the Philippines. On November 29, 2007, Senator Antonio Trillanes IV, a leader of the 2003 *coup d'état* who was elected to the Senate while in jail, led an armed occupation by military officers and soldiers of a luxury hotel in the Makati financial district and publicly called for President Arroyo's ouster. Senator Trillanes and his troops later surrendered.

On November 23, 2009, in the southern island of Mindanao's Maguindanao province, approximately 100 armed men allegedly affiliated with the Ampatuan political family murdered 58 persons, including members of the Mangudadatu family (the Ampatuans' political rivals in the province), lawyers, journalists and aides accompanying them, and motorists whose vehicles were behind the Mangudadatus' vehicles. This was the deadliest incident of political violence and of violence directed at journalists in recent history and President Arroyo sent hundreds of troops to and declared martial law over Maguindanao after the incident, although martial law has subsequently been lifted. On December 12, 2011, the Philippine House of Representatives initiated impeachment proceedings against Renato Corona, Chief Justice of the Supreme Court of the Philippines. The impeachment complaint accused Corona of improperly issuing decisions that favored former President Arroyo, as well as failure to disclose certain properties, in violation of rules applicable to all public employees and officials. The trial of Chief Justice Corona began in January 2012. On May 29, 2012, the impeachment court found Corona guilty of failing to disclose to the public his statement of assets, liabilities and net worth and removed Corona from his position as Chief Justice of the Supreme Court of the Philippines.

Moreover, since the beginning of the term of the former President Rodrigo R. Duterte, thousands were reportedly killed in his so-called war on drugs. These drug-related killings have been subject to legislative inquiries. As a result of the legislative inquiries, the Senate Committees on Justice and Human Right and on Public Order and Dangerous Drugs released a Joint Committee Report No. 18 on December 7, 2017, raising standards of accountability while expressing support for the war against illegal drugs and criminality within boundaries of the law.

In 2018, the Supreme Court, in a historic first, ousted Chief Justice Maria Lourdes Sereno as a result of a *quo warranto* petition filed by the Solicitor General. The Supreme Court held that Chief Justice Sereno failed to regularly file her Statements of Assets, Liabilities, and Net Worth in violation of Constitutional and statutory requirements, thus being ineligible to be Chief Justice for lack of integrity. The ousted Chief Justice was widely perceived to have been hostile to the Duterte administration.

In May 2022, Ferdinand “Bongbong” Marcos, Jr. was elected President of the Philippines in a landslide victory where he obtained 31.6 million votes. Meanwhile, Sara Duterte, daughter of former President Rodrigo Duterte, was elected Vice-President of the Philippines after garnering 32.20 million votes. The election of Bongbong Marcos comes 36 years after the 1986 People Power Revolution that ousted his father and late strongman Ferdinand Marcos and drove the Marcos family into exile. Despite his electoral win, a petition seeking to disqualify Bongbong Marcos as President has been filed before the Supreme Court.

There is no guarantee that future events will not cause political instability in the Philippines. Such instability may disrupt the country and its economy and could materially and adversely affect the business, prospects, financial condition, and financial results of operations of the Company.

To mitigate this risk, CLI has always remained politically neutral. It has been business as usual for the Company because most, if not all, elected leaders – local or national – have supported housing as a project.

***Terrorist acts, crimes, natural disasters and outbreaks of infectious diseases or fears of such occurrences in the Philippines***

The Philippines has been subject to a number of terrorist attacks in the past several years. The Philippine Army has been in conflict with the Abu Sayyaf organization which has been responsible for kidnapping and terrorist activities in the Philippines and is alleged to have ties to the Al-Qaeda terrorist network. There have also been sporadic bombings and prominent kidnappings and slayings of foreigners in the Philippines, including the hijacking of a tourist bus carrying Hong Kong tourists that resulted in the deaths of several passengers. On September 2, 2016, an explosion rocked a night market in Davao City, leading to the death of at least 14 people and injuries to over 60 people. As a result of the bombing, the former President Duterte declared a state of lawlessness in the country. The most recent terrorist activity occurred on December 28, 2016 where two explosions occurred during a town fiesta in Hilongos, Leyte, leaving at least 34 people injured.

There can be no assurance that the Philippines will not be subject to further acts of terrorism and violence in the future. Terrorist attacks have, in the past, had a material adverse effect on investment and confidence in, and the performance of, the Philippine economy and, in turn, the Company’s business. The Company’s current insurance policies do not cover terrorist attacks. Any terrorist attack or violent acts arising from, and leading to, instability and unrest, could cause interruption to parts of the Company’s businesses and materially and adversely affect the Company’s financial condition, results of operations and prospects.

The Philippines has experienced natural disasters over the years. A number of climate experts believe that climate change is affecting the intensity and severity of these natural calamities. The potential future effects of global climate change may include longer periods of drought in some regions and an increase in the number, duration and intensity of tropical storms in the country. Authorities may not be prepared or equipped to respond to such disasters.

On September 26, 2009, Typhoon Ketsana (Ondoy) resulted in 341.30 millimeters of rainfall in six hours, causing massive flooding that submerged several areas of Metro Manila and adjacent provinces. The



typhoon caused 464 deaths and approximately ₱86.00 billion in property damage. On August 6, 2012, a monsoon hit Metro Manila and other nearby provinces which also caused severe flooding and landslides. Other calamities in recent years include unusually strong earthquakes and outbreaks of infectious diseases such as H1N1 influenza (commonly known as swine flu), as well as the COVID-19 pandemic.

In December 2011, Typhoon Washi (Sendong) caused massive flooding in the southern Philippine city of Cagayan de Oro, claiming thousands of lives and displacing tens of thousands of residents. On December 3, 2012, Typhoon Bopha struck the southern island of Mindanao as a Category 5 typhoon, triggering widespread flash flooding and landslides throughout the region. Typhoon Bopha killed over 1,000 people and caused an estimated ₱42.00 billion in property damage.

In October 2013, an earthquake occurred in Central Visayas, Philippines. The magnitude of the earthquake was recorded at moment magnitude (Mw) 7.2 at the epicenter, which was located six kilometers southwest of Sagbayan town, at a depth of 12 kilometers. The seismic event affected the whole Central Visayas region, particularly Bohol and Cebu. According to official reports by the National Disaster Risk Reduction and Management Council, 198 people were reported dead, 11 were missing, and 651 were injured as a result of the earthquake, making it the deadliest earthquake in the Philippines in 23 years. In all, more than 53,000 structures were damaged or destroyed, including commercial buildings, malls, public edifices, hotels and churches. On February 10, 2017, a magnitude 6.7 earthquake hit Surigao City, Surigao del Norte in Northern Mindanao. Buildings, roads, and bridges near the epicenter area were damaged and six people were reported dead, and over a hundred injured.

In addition, the central Philippines experienced a severe typhoon, Typhoon Haiyan (Yolanda), in November 2013 which caused extensive damage to infrastructure and properties, claimed 6,268 lives and displaced thousands of residents.

In January 2020, Taal Volcano erupted and caused millions of pesos worth of damage and displaced thousands of families.

In December 2021, Super Typhoon Odette brought about heavy rains and landslides in several provinces in the Visayas and Mindanao, causing ₱47.00 billion worth of damage and affecting hundreds of thousands of families.

It is not possible to predict the extent to which the Company's business will be affected by any future occurrences of natural calamities such as those described above or fears that such occurrences will take place, and there can be no assurance that any disruption to its business will not be protracted, that property will not be damaged and that any such damage will be completely covered by insurance or at all. Any such occurrence may disrupt the operations of the Company's business and could materially and adversely affect their business, financial condition, and results of operations. Further, any such occurrences may also destabilize the Philippine economy and business environment, which could also materially and adversely affect the Company's financial position and results of operations.

To mitigate this risk, CLI has a risk and disaster team in place (*i.e.*, fire marshals and dedicated safety officers). CLI's accounting data is already in the cloud. CLI has back-up systems set up in several offices where it may transfer if warranted by the circumstances.

## **RISKS RELATING TO THE OFFER SHARES**

***The Offer Shares may not be a suitable investment for all investors.***

Each potential investor of the Offer Shares must determine the suitability of that investment in light of its/his/her own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Offer Shares, the merits and risks of investing in the Offer Shares and the information contained in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its/his/her particular financial situation, an investment in the Offer Shares and the impact the Offer Shares will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Shares, including where the currency for principal or dividend payments is different from the potential investor's currency;
- understand thoroughly the terms of the Offer Shares and be familiar with the behavior of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, foreign exchange rate, and other factors that may affect its/his/her investment and its/his/her ability to bear the applicable risks.

***The Offer Shares are perpetual securities and investors have no right to require redemption.***

The Offer Shares are perpetual and have no fixed final maturity date. Holders have no right to require the Company to redeem the Offer Shares at any time and they can only be disposed of by sale in the secondary market. Holders who wish to sell their Offer Shares may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Offer Shares. Therefore, holders of the Offer Shares should be aware that they may be required to bear the financial risks of an investment in the Offer Shares for an indefinite period of time.

***The Offer Shares are subordinated obligations.***

The obligations of the Company under the Offer Shares will constitute the unsecured and subordinated obligations of the Company. In the event of the winding-up of the Company, the rights and claims of holders of the Offer Shares will (subject to and to the extent permitted by applicable law) rank senior to the holders of the common shares of the Company and *pari passu* with each other, but junior to the claims of senior creditors.

In the event of a winding-up of the Company, there is a substantial risk that an investor in the Offer Shares will lose all of its investments and will not receive a full return of the principal amount or any unpaid amounts due under the Offer Shares.

There are no terms in the Offer Shares that limit the Company's ability to incur additional indebtedness, including indebtedness that ranks senior to or *pari passu* with the Offer Shares.

***There may be insufficient distributions upon liquidation.***

Under Philippine law, upon any voluntary or involuntary dissolution, liquidation or winding up of the Company, holders of the Offer Shares will be entitled only to the available assets of the Company remaining after the indebtedness of the Company is satisfied. If any such assets are insufficient to pay the amounts due on the Offer Shares, then the holders of the Offer Shares shall share ratably in any such distribution of assets in proportion to the amounts to which they would otherwise be respectively entitled. In the event of liquidation or winding-up, the unsubordinated obligations of the Company shall be preferred over the claims of holders of the Offer Shares in respect of the Offer Shares, which Offer Shares shall rank *pari passu* with each other.

***Holders may not receive dividend payments if the Company elects to defer dividend payments.***

Cash dividends on the Offer Shares may not be paid in full, or at all. Under the terms and conditions governing the Offer Shares, the Company may pay no dividends or less than full dividends on a Dividend Payment Date. Holders of the Offer Shares will not receive dividends on a Dividend Payment Date or for any period during which the Company does not have retained earnings out of which to pay dividends.

If dividends on the Offer Shares are not paid in full, or at all, the Offer Shares may trade at a lower price than they might otherwise have traded if dividends had been paid. The sale of the Offer Shares during such a period by a holder of the Offer Shares may result in such holder receiving lower returns on the investment than a holder who continues to hold the Offer Shares until dividend payments resume. In addition, because of the dividend limitations, the market price for the Offer Shares may be more volatile than that of other securities that do not have these limitations.

***The ability of the Company to make payments under the Offer Shares is limited by the terms of the Company's other indebtedness.***

The Company has and will continue to have a certain amount of outstanding indebtedness. The current terms of the Company's financing agreements contain provisions that could limit the ability of the Company to make payments on the Offer Shares. Also, the Company may, in the future, directly or indirectly through its Subsidiaries, enter into other financing agreements which may restrict or prohibit the ability of the Company to make payments on the Offer Shares. There can be no assurance that existing or future financing arrangements will not adversely affect the Company's ability to make payments on the Offer Shares.

***The market price of the Offer Shares may be volatile, which may result in a decline in the value of investments of the investors.***

The market price of the Offer Shares could be affected by several factors, including: (i) general market, political and economic conditions; (ii) changes in earnings estimates and recommendations by financial analysts; (iii) changes in market valuations of listed stocks in general and other retail stocks in particular; (iv) the market value of our assets; (v) changes to Government policy, legislation or regulations; and (vi) general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of the Offer Shares.

In part as a result of the global economic downturn, the global equity markets have experienced price and volume volatility that has affected the share prices of many companies. Share prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these may adversely affect the market price of the Offer Shares.

***There is no guarantee of the existence of active and liquid market for the Offer Shares.***

The Company cannot guarantee that the market for the Offer Shares will always be active or liquid upon their listing on the PSE, considering the unpredictability and relative lack of stability in the Philippine securities markets. Further, Philippine securities markets are substantially less liquid compared to major securities markets in other jurisdictions.

Moreover, there is no obligation on the part of the Company and the Joint Lead Underwriters to create a trading market for the Offer Shares. Should they opt to create such a trading market, the same will be subject to limits imposed by applicable law and runs the risk of termination without notice. It is also for this reason that the Company cannot guarantee the existence of an active or liquid trading market.

Consequently, a holder of the Offer Shares may be constrained either to hold his Offer Shares for an indefinite period of time or to trade and sell them at a loss (i.e., less than the Offer Price).

***Holders of the Offer Shares may not be able to reinvest at a similar return on investment.***

On any Optional Redemption Date, as applicable, or at any time a Tax Event or an Accounting Event occurs, the Company may redeem the Offer Shares for cash at the redemption price. See "*Terms of the Offer*" and "*Description of the Offer Shares*" sections of this Prospectus. At the time of redemption, prevailing rates may be lower than at the time of the issuance of the Offer Shares and, consequently, the holders of the Offer Shares may not be able to reinvest the proceeds at a comparable yield or purchase securities otherwise comparable to the Offer Shares.

***The Offer Shares have no voting rights.***

Holders of Offer Shares will not be entitled to elect the Directors of the Company. Except as provided by Philippine law, holders of Offer Shares will have no voting rights. See "*Terms of the Offer*" and "*Description of the Offer Shares*" sections of this Prospectus.

## **DETERMINATION OF OFFER PRICE**

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The Offer Price of ₱1,000.00 is at a premium to the Series “A” Preferred Shares’ par value per share of ₱1.00. The Offer Price was arrived at by dividing the desired gross proceeds of approximately ₱3.0 billion (or ₱5.0 billion in the event that the Oversubscription Option is exercised in full) by the target amount of Series “A” Preferred Shares allocated for the Offer.

## **DILUTION**

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The Offer Shares will not have any dilutive effect as these are non-voting, non-convertible, and non-participating.

The Offer Shares shall have no voting rights except as specifically provided by the Revised Corporation Code. Thus, holders of Offer Shares shall not be eligible, for example, to vote for or elect the Issuer's Directors or to vote for or against the issuance of a stock dividend. Shareholders, however, may vote on matters which the Revised Corporation Code considers significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the articles of incorporation.

## PLAN OF DISTRIBUTION

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### The Offer

CLI shall issue the Offer Shares to institutional and retail investors in the Philippines through a public offering to be conducted through the Joint Lead Underwriters and Joint Bookrunners.

The Offer will consist of the primary offer of [up to] 3,000,000 Series “A” Preferred Shares worth an aggregate issue amount of up to ₱3.0 billion with an oversubscription option of up to 2,000,000 Series “A” Preferred Shares worth an aggregate issue amount of up to ₱2.0 billion.

### The Underwriting Commitment

BPI Capital and China Bank Capital, pursuant to an Underwriting Agreement with CLI executed on [●], 2024 have agreed to act as the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners for the Offer, while PNB Capital and RCBC Capital through the same Underwriting Agreement have also agreed to act as Joint Lead Underwriters and Joint Bookrunners for the Offer. The Joint Lead Underwriters have agreed to distribute and sell the Offer Shares at the Offer Price and have also committed to fully underwrite, on a firm commitment basis, the Firm Shares.

The Joint Lead Underwriters have committed jointly, and not solidarily, to underwrite the following amounts on a firm basis:

BPI Capital	[Up to ₱900,000,000]
Chinabank Capital	[Up to ₱900,000,000]
PNB Capital	[Up to ₱600,000,000]
RCBC Capital	[Up to ₱600,000,000]
<b>TOTAL</b>	<b>[Up to ₱3,000,000,000]</b>

In the event of an oversubscription, the Joint Lead Underwriters, in consultation with the Issuer, reserve the right, but do not have the obligation, to increase the Offer size by up to 2,000,000 Offer Shares, subject to the applicable requirements of the SEC. The Oversubscription Option, to the extent exercised during the Offer Period, shall be deemed firmly underwritten by the Joint Lead Underwriters, in addition to the amounts above. Any Offer Shares issued under the Oversubscription Option will be allocated subject to the discretion of the Joint Lead Underwriters, with the consent of the Company.

For the Offer of the Offer Shares, the Joint Lead Underwriters will, receive a fee of 0.45% of the gross proceeds of the Offer, inclusive of the amounts to be paid to the Selling Agents other than the PSE Trading Participants, if applicable, and exclusive of gross receipts tax and the amounts to be paid to the PSE Trading Participants.

After the commencement of the Offer Period, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the (i) inability of the Issuer or the Joint Lead Underwriters to sell or market the Offer Shares, or (ii) the refusal or failure by the Issuer, the Joint Lead Underwriters, or any other entity or person to comply with any undertaking or commitment to take up any Offer Shares remaining after the Offer Period.

There is no arrangement for the Joint Lead Underwriters to return any unsold Offer Shares to CLI. The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to CLI of the net proceeds of the Offer Shares.

For the purpose of complying with their respective commitments under the Underwriting Agreement, the Joint Lead Underwriters may, under such terms and conditions not inconsistent with the provisions of the Underwriting Agreement, particularly the underwriting commitment of the Joint Lead Underwriters, enter into agreements with and may appoint additional selling agents other than the Trading Participants for the sale and distribution to the public of the Offer Shares; provided, that the Joint Lead Underwriters shall remain solely responsible to the Issuer in respect of their obligations under the Underwriting Agreement entered into by them with the Issuer, and except as otherwise provided in the Underwriting Agreement, the Issuer shall not be bound by any of the terms and conditions of any agreements entered

into by the Joint Lead Underwriters with such selling agents.

### **The Joint Lead Underwriters**

The Joint Lead Underwriters identified herein are the underwriters for the Offer.

The Joint Lead Underwriters are duly licensed by the SEC to engage in underwriting or distribution of the Offer Shares. The Joint Lead Underwriters may, from time to time, engage in transactions with and perform services in the ordinary course of its business for the Issuer or any of its Subsidiaries.

BPI Capital, Chinabank Capital, PNB Capital, and RCBC Capital have undertaken the requisite due diligence over CLI as the Joint Lead Underwriters of the Offer Shares.

**BPI Capital** offers investment banking services in the areas of financial advisory, mergers and acquisitions, debt and equity underwriting, private placements, project finance and loan syndication. Founded in December 1994, BPI Capital is duly licensed by the Philippine SEC to engage in the underwriting and distribution of securities. As of December 31, 2022, BPI Capital had total assets of ₱3.86 billion, total liabilities of ₱0.11 billion and total equity of ₱3.75 billion. The firm operates as a wholly owned subsidiary of the Bank of the Philippine Islands.

**Chinabank Capital** is the wholly owned investment banking subsidiary of China Banking Corporation. It was registered and licensed as an investment house on November 27, 2015, with SEC Company Registration No. CS201522558 and SEC Investment House License No. CR 01-2015-00279 (renewed on 18 November 2022), as a result of the spin-off of China Banking Corporation's Investment Banking Group. The firm offers a full suite of investment banking solutions that enable clients to achieve their fundraising objectives and strategic goals. Its services include arranging, managing, and underwriting debt and equity transactions, such as bond offerings, corporate notes issuances, initial public offerings and follow-on offerings of common and preferred shares, private placement of securities, structured loans, project finance, real estate investment trusts, and asset securitizations. Chinabank Capital also provides financial advisory services, such as deal structuring, valuation, and execution of mergers, acquisitions, divestitures, joint ventures, and other corporate transactions. As of December 31, 2022, it has total assets of ₱3.09 billion and a capital base of ₱3.00 billion.

**PNB Capital** is a wholly owned subsidiary of the Philippine National Bank, and offers a spectrum of investment banking services, including loan syndications and project finance, bond offerings, private placements, public offering of shares, securitization, financial advisory and mergers and acquisitions. It was incorporated on July 30, 1997 and commenced operations on October 8, 1997. PNB Capital is licensed by the SEC to operate as an investment house with a non-quasi-banking license. As of December 31, 2022, it had an authorized capital of ₱2.0 billion and paid-up capital of ₱1.5 billion. PNB Capital is authorized to buy and sell, for its own account, securities issued by private corporations and the Philippine Government. As of December 31, 2022, total assets of PNB Capital were at ₱2.49 billion while total capital was at ₱2.05 billion.

**RCBC Capital** is a licensed investment house providing a complete range of capital raising and financial advisory services. Established in 1974, RCBC Capital has over 49 years of experience in the underwriting of equity, quasi-equity and debt securities, as well as in managing and arranging the syndication of loans, and in financial advisory. RCBC Capital is a wholly owned subsidiary of the Rizal Commercial Banking Corporation and a part of YGC, one of the country's largest fully integrated financial services conglomerates. As of December 31, 2022, it had total assets of ₱3.23 billion and a capital base of ₱3.17 billion.

The Joint Lead Underwriters have no direct relations with the Issuer in terms of ownership by either of their respective major stockholder/s and have no right to designate or nominate any member of the Board of Directors of the Issuer.

### **Sale and Distribution**

The distribution and sale of the Offer Shares shall be undertaken by the Joint Lead Underwriters who shall sell and distribute the Offer Shares to third-party buyers/investors. Other than the Joint Lead Underwriters and the Selling Agents, no finders or broker-dealers were engaged by the Issuer or the

Joint Lead Underwriters in connection with the sale of the Offer Shares. Nothing herein shall limit the rights of the Joint Lead Underwriters from purchasing the Offer Shares for their own respective accounts should there be any unsold Offer Shares after the Offer Period.

Of the up to 3,000,000 Series “A” Preferred Shares to be offered, up to [80]% or up to [2,400,000] Series “A” Preferred Shares are being offered through the Joint Lead Underwriters for subscription and sale to Qualified Institutional Buyers and the general public. The Company plans to make available up to [20]% or up to [600,000] Series “A” Preferred Shares (the “**Trading Participants Offer Shares**”) for distribution to the respective clients of the [123] PSE Trading Participants of the PSE, acting as Selling Agents. The Trading Participants Offer Shares will be distributed following the procedures indicated in the implementing guidelines for the Offer Shares to be announced in the PSE EDGe by the PSE. Each Trading Participant shall be allocated [4,870] Preferred Shares (computed by dividing the Trading Participant Offer Shares by [123]), subject to reallocation as may be determined by the Joint Lead Underwriters. Trading Participants may undertake to purchase more than their allocation of [4,870] Offer Shares. Any requests for shares in excess of [4,870] may be satisfied via the reallocation of any Offer Shares not taken up by other Trading Participants. [Nine hundred ninety] residual Offer Shares, and together with any Offer Shares allocated to the PSE Trading Participants but not taken up by them, will be allocated first to the PSE Trading Participants who subscribed to their allotment and indicated additional demand, at the sole discretion of the Joint Lead Underwriters. The PSE Trading Participants who take up the Trading Participants Offer Shares shall be entitled to a selling fee of 0.125% (inclusive of VAT) of the Trading Participants Offer Shares taken up and purchased by the relevant PSE Trading Participant. The selling fee, less a withholding tax of 10% or 15%, as applicable, will be paid to the PSE Trading Participants within [10] Business Days after the Issue Date.

Any Offer Shares not taken up by the Qualified Institutional Buyers, Trading Participants, the general public, and the clients of the Joint Lead Underwriters and Joint Bookrunners shall be purchased by the Joint Lead Underwriters and Joint Bookrunners pursuant to the terms and conditions of the Underwriting Agreement.

The obligations of each of the Joint Lead Underwriters will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Joint Lead Underwriters. Unless otherwise expressly provided in the Underwriting Agreement, the failure by a Joint Lead Underwriter to carry out its obligations thereunder shall neither relieve the other Joint Lead Underwriters of their obligations under the same Underwriting Agreement, nor shall any Joint Lead Underwriter be responsible for the obligation of another Joint Lead Underwriter.

### **Manner of Distribution**

The Joint Lead Underwriters shall, at their discretion, determine the manner by which proposals for subscriptions to, and issuances of, Offer Shares shall be solicited with the primary sale of Offer Shares to be effected only through the Joint Lead Underwriters and the Selling Agents.

### **Trading Participant Allocation Process**

The total number of Series “A” Preferred Shares to be allocated to each participating PSE Trading Participant (each a “**Participating TP**”) in accordance with the following process:

- a) If the total number of Trading Participants Offer Shares requested by a Participating TP, based on its firm undertaking to purchase (the “**Firm Undertaking**”), does not exceed the allocation per Trading Participant, the Joint Lead Underwriters and Joint Bookrunners shall fully satisfy the request of such Participating TP. Each Participating TP is assured of not less than the allocation per Trading Participant. The balance, if any, shall be re-distributed among those who have signified a commitment to purchase more than the allocation per Trading Participant in their Firm Undertaking until all the Trading Participants Offer Shares are fully allocated.
- b) If the total number of Trading Participants Offer Shares requested by a Participating TP exceeds the allocation per Trading Participant, additional shares may be sourced from the Trading Participants Offer Shares not taken up by the other Trading Participants. The Joint Lead Underwriters shall allocate the Trading Participants Offer Shares to Participating TPs by: (i) fully



satisfying the orders of those Participating TPs who have Firm Undertakings that are less than or equal to the allocation per TP; and (ii) distributing equitably the remaining Trading Participants Offer Shares to other Participating TPs with orders for additional shares, but only up to their respective Firm Undertakings.

- c) In no case shall any Participating TP be awarded more than the Trading Participants Offer Shares indicated in its Firm Undertaking.
- d) If the aggregate number of Trading Participants Offer Shares requested by all Participating TPs is less than the total Series A Preferred Shares allotted for the PSE Trading Participants, the balance shall be returned to the Joint Lead Underwriters and Joint Bookrunners.

### **Local Small Investors**

The Company will not allocate any Offer Shares for the Local Small Investors (as such term is defined under the PSE regulations).

### **Offer Period**

The offer period of this Offer shall commence at 9:00 a.m., on [March 19], 2024 and end at 12:00 noon on [April 2], 2024 (the “**Offer Period**”). Applications to Purchase shall be accepted on each Business Day of the Offer Period commencing from 9:00 a.m. to 5:00 p.m., except on the last Business Day of the Offer Period where applications shall be accepted from 9:00 a.m. to 12:00 noon only. The Issuer and the Joint Lead Underwriters reserve the right to extend or terminate the Offer Period with the approval of the SEC and, as applicable, the PSE.

### **Application to Purchase**

Applications to Purchase the Offer Shares may be obtained from any of the Joint Lead Underwriters and the Selling Agents. The Application to Purchase may also be obtained from the website of CLI at <https://ir.cebulandmasters.com/>. All applications shall be evidenced by the Application to Purchase, duly executed in each case by an authorized signatory of the applicant (the “**Applicant**”) and submitted in four (4) copies together with the following supporting documents (collectively referred to as the “**Application**”):

*If the Applicant is a corporation, partnership or trust account:*

- (i) A certified true copy of the Applicant’s latest articles of incorporation, by-laws, general information sheet, and other constitutive documents, each as amended to date, duly certified by the corporate secretary or equivalent officer of the Applicant;
- (ii) The Applicant’s SEC certificate of registration, duly certified by the corporate secretary or equivalent officer of the Applicant;
- (iii) A duly executed and notarized corporate secretary’s certificate of the Applicant certifying to the resolution of the Applicant’s Board of Directors or equivalent body authorizing (a) the purchase of the Offer Shares indicated in the Application and (b) the designated signatories for the purpose, including their respective specimen signatures, and certifying to the percentage of the Applicant’s capital or capital stock held by Philippine citizens and/or corporations, if any;
- (iv) Two (2) duly accomplished signature cards containing the specimen signatures of the Applicant’s authorized signatories, validated by its corporate secretary or by an equivalent officer or officers who is or are authorized signatory or signatories, validated/signed by the relevant Selling Agent’s or Joint Lead Underwriter’s authorized signatory or signatories whose authority and specimen signatures have been submitted to the Stock Transfer Agent;
- (v) Copy of two (2) valid government-issued identification cards of the Applicant’s authorized signatory/ies, certified as a true copy by the relevant Selling Agent or Joint Lead Underwriter forwarding the Application; and

- (vi) Proof of the payment for the Offer Shares covered by the Application (pursuant to the allowable modes of payment as set out in the Application to Purchase) and all other required documents including documents required for registry with the Stock Transfer Agent and Depository Agent.

In addition, the relevant PSE Trading Participants shall submit the documents required under the implementing guidelines referred to above.

Foreign corporate and institutional Applicants shall also submit, in addition to the documents required above, four (4) copies of a representation and warranty statement that the purchase of the Offer Shares will not violate the laws of their jurisdiction of incorporation or organization, and that they are allowed under such laws to acquire, purchase, and hold the Offer Shares.

*If the Applicant is a natural person:*

- (i) Two duly accomplished signature card/s containing the specimen signatures of the Applicant, validated/signed by the relevant Selling Agent's or the relevant Joint Lead Underwriter's authorized signatory/ies, whose authority/ies and specimen signatures have been submitted to the Receiving Agent;
- (ii) Copy of two valid government-issued identification cards of the Applicant, certified as a true copy by the relevant Selling Agent or Joint Lead Underwriter forwarding the Application;
- (iii) Such other documents as may be reasonably required by the relevant Selling Agent or Joint Lead Underwriter forwarding the Applicant in implementation of its internal policies regarding "know your customer" and anti-money laundering; and
- (iv) Proof of the payment for the Offer Shares covered by the Application (pursuant to the allowable modes of payment as set out in the Application to Purchase) and all other required documents including documents required for registry with the Stock Transfer Agent and Depository Agent.

Valid government-issued identification documents ("ID") shall consist of unexpired identification documents bearing the Applicant's (or Applicant's authorized signatory/ies, as the case may be) signature and recent photo: passport, driver's license, company ID issued by private entities or institutions registered with or supervised or regulated either by the BSP, the SEC, the Insurance Commission, Social Security System card, Government Service and Insurance System e-card and/or Senior Citizen's ID or such other IDs enumerated in the Application to Purchase.

An applicant who is exempt from or is not subject to withholding tax or who claims reduced tax treaty rates must indicate such exemption or entitlement in the Application to Purchase and also submit additional documents as may be required by the Issuer, including but not limited to, the documents described under the relevant section in this Prospectus.

Completed Applications to Purchase and corresponding payments (pursuant to the allowable modes of payment as set out in the Application to Purchase) must reach the Receiving Agent or any of the Joint Lead Underwriters prior to the end of the Offer Period, or such earlier date as may be specified by the Joint Lead Underwriters.

An Application, when accepted, shall constitute an agreement between the Applicant and the Issuer for the subscription to the Offer Shares at the time, in the manner and subject to terms and conditions set forth in the Application to Purchase and those described in the Prospectus. Notwithstanding the acceptance of any Application by CLI, the actual subscription by the Applicant for the Offer Shares will become effective only upon listing of the Offer Shares on the PSE and upon the obligations of the Joint Lead Underwriters under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled, on or before the Listing Date, in accordance with the provision of the said agreement. If such conditions have not been fulfilled on or before the periods provided above, all Application payments will be returned to the Applicants without interest.

### **Minimum Subscription to the Offer Shares**

Each Application shall be for a minimum of 50 Offer Shares, and thereafter, in multiples of 10 Offer Shares. No Application for multiples of any other number of Offer Shares will be considered.

### **Rejection and Allotment of Shares**

The actual number of Offer Shares that an Applicant will be allowed to subscribe to is subject to the confirmation of the Joint Lead Underwriters. The Issuer reserves the right to accept or reject, in whole or in part, or to reduce any Application due to any grounds specified in the Underwriting Agreement entered into by the Issuer and the Joint Lead Underwriters. Applications which were unpaid or where payments were insufficient and those that do not comply with the “*Terms of the Offer*” section (and other relevant sections of this Prospectus), the Application to Purchase, and any applicable Offer-related document shall be rejected. Moreover, any payment received pursuant to the Application does not ensure or indicate approval or acceptance by the Issuer of the Application.

### **Refunds**

In the event that the number of Offer Shares to be allotted to an Applicant, as confirmed by a Joint Lead Underwriter or Selling Agent, is less than the number covered by its Application, or if an Application is wholly or partially rejected by the Issuer, then the Issuer shall refund, without interest, within [five] Business Days from the end of the Offer Period, all or a portion of the payment corresponding to the number of Offer Shares wholly or partially rejected. All refunds shall be made through the Joint Lead Underwriter or Selling Agent with whom the Applicant has filed the Application at the risk of the applicant.

### **Termination or Cancellation of Underwriting Commitment**

The Joint Lead Underwriters may, acting upon the vote of the Majority Underwriters, and upon consultation with all of the Joint Lead Underwriters, cancel or terminate the Underwriting Commitment at any time prior to the commencement of the Offer Period, by giving written notice to the Issuer, the SEC and the PSE, if prior to the commencement of the Offer Period, any of the following events occurs:

- (a) The Issuer fails to perform any of its material undertakings, covenants and obligations described in the Underwriting Agreement or in the Enabling Resolutions, or if any representation or warranty made by the Issuer in this Agreement or any information given in the Registration Statement, the Prospectus or the Listing Application is untrue or misleading or has become untrue or misleading in any material respect, as may be reasonably determined by the Joint Lead Underwriters;
- (b) Issuance of an order revoking, canceling, suspending, preventing or terminating the Offer or the listing of the Offer Shares by a competent Philippine Government court or agency or self-regulatory body, having jurisdiction on the matter, such as the SEC and the PSE;
- (c) Cancellation, revocation or termination of the PSE Notice of Approval, the SEC pre-effective clearance, the SEC Order declaring effective the Registration Statement, or the SEC Permit to Sell (“**Approvals**”);
- (d) A change or impending change in any Philippine law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order is issued, made or adopted which (i) materially and adversely affects: (a) the ability of the Issuer to engage in the business as it is presently engaged in; or (b) the capacity and due authorization of the Issuer to offer and issue the Offer Shares and enter into this Agreement, or (ii) would render illegal the performance by any of the Joint Lead Underwriters of any of its underwriting obligations hereunder;
- (e) Cancellation or suspension of trading in the PSE for at least three (3) consecutive trading days, or in such manner or for such period as will render impracticable the Listing Date or such other date as may be approved by the PSE;
- (f) A material change occurs in the securities or other financial or currency markets in the Philippines which in the reasonable determination of the Joint Lead Underwriters would

adversely affect share prices in general, and the Offer in particular, or such changes or developments occur in other countries which, in the reasonable determination of the Joint Lead Underwriters, will have a material adverse effect on the Philippine economy, the securities or other financial or currency markets of the Philippines, or the Offer in particular;

- (g) An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or occurrence of any change in local, national or international financial, political, economic or stock market conditions which renders it impracticable or inadvisable to proceed with the Offer and/or listing of the Offer Shares in the manner contemplated by the Approvals, this Agreement, the Prospectus, or would have a material adverse effect on the Philippine economy, or on the securities or other financial or currency markets of the Philippines; or on the distribution, offer and sale of the Offer Shares in the Philippines, rendering it impracticable or inadvisable to proceed with the Offer in the manner contemplated by the Approvals, this Agreement, the Prospectus, provided that for the avoidance of doubt, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the Issuer's or the Joint Lead Underwriters' inability to sell or market the Offer Shares, or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters, or any other entity/ person to take up any Offer Shares remaining after the Offer Period;
- (h) A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;
- (i) There occurs, or there becomes known to the Joint Lead Underwriters, any significant, adverse, and unforeseeable change or development in the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Shares unsuitable for offering to the public;
- (j) The Issuer decides to or is compelled by any competent court or government authority to stop all or substantially all of its operations which are not remedied within five Business Days from such cessation;
- (k) (i) The Issuer shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or (ii) the Issuer shall apply for or consent to the appointment of any receiver, trustee, or similar officer for it or for all or any substantial part of its property; or (iii) such receiver, trustee or similar officer shall be appointed; or (iv) the Issuer shall initiate or institute (by petition, application or otherwise howsoever), or consent to the institution of, any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation, or similar proceeding relating to it under the laws of any jurisdiction; or (v) any such proceeding shall be instituted against the Issuer; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset or material part thereof, of the Issuer; or (vi) any event occurs which under the laws of the Republic of the Philippines or to other jurisdictions, or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;
- (l) Any court proceeding, litigation, arbitration or other similar proceeding is commenced or threatened against the Joint Lead Underwriters in connection with or with respect to the issuance or sale by the Issuer of the Offer Shares or the Offer in general which renders the performance of the Joint Lead Underwriters' underwriting commitment impossible or impracticable;
- (m) Any event occurs which makes it impossible for the Joint Lead Underwriters to perform their obligations hereunder due to conditions beyond their control, such as issuance by any court, arbitral tribunal, or government agency which has jurisdiction on the matter of an order restraining or prohibiting the Joint Lead Underwriters, or directing them to cease, from

performing their obligations hereunder; or

- (n) Any other event, whether or not similar to any of the foregoing, should occur or be revealed which, in the reasonable determination of the Joint Lead Underwriters, involves a material and adverse change in the circumstances existing when this Agreement was entered into.

The Joint Lead Underwriters may, acting upon the vote of the Majority Underwriters, and upon consultation with all of the Joint Lead Underwriters, cancel or terminate the Underwriting Commitment by giving written notice to the Issuer, the SEC and the PSE if the Offer Period has already commenced and, prior to the Listing Date of the Offer Shares, if there is a supervening force majeure or fortuitous event, such as:

- (a) An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or occurrence of any change in local, national or international financial, political, economic or stock market conditions which renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Shares in the manner contemplated by the Prospectus, or would have a material adverse effect on the Philippine economy, on the securities or other financial or currency markets of the Philippines, or on the distribution, offer and sale of the Offer Shares in the Philippines, rendering it impracticable or inadvisable to proceed with the Offer in the manner contemplated by the Prospectus, provided that for the avoidance of doubt, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the Issuer's or the Joint Lead Underwriters inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters, or any other entity/person to take up any Offer Shares remaining after the Offer Period;
- (b) Issuance of an order revoking, cancelling, suspending, preventing or terminating the offer, sale, distribution or listing of the Offer Shares by any court or governmental agency or authority with jurisdiction on the matter, including the SEC or the PSE;
- (c) Cancellation, revocation or termination of the PSE Notice of Approval, the SEC pre-effective clearance, the SEC Order of Registration, and the SEC Permit to Sell;
- (d) Cancellation or suspension of trading in the PSE for at least three consecutive trading days, or in such manner or for such period as will render impracticable the listing and trading of the Offer Shares on the Listing Date or such other date as may be approved by PSE;
- (e) A change or impending change in the law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order which (i) materially and adversely affects: (a) the ability of the Issuer or any of its Subsidiaries to engage in the business it is presently engaged in; (b) the capacity and due authorization of the Issuer to offer and issue the Offer Shares and enter into the Transaction Documents in connection with the Offer; or (ii) would render illegal the performance by any of the Joint Lead Underwriters of its underwriting obligations thereunder;
- (f) Any significant, adverse, and unforeseeable change or development in the Issuer's or any of its Subsidiaries' long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Shares unsuitable for offering to the public;
- (g) The Issuer or any of its Subsidiaries decides to or is compelled by any competent course or government authority, which is not remedied within five Business Days;
- (h) (i) The Issuer or any of its Subsidiaries shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or assignment with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or (ii) the Issuer or any of its Subsidiaries shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or (iii) such receiver, trustee or similar officer shall be appointed; or (iv) the Issuer or any of its

Subsidiaries shall initiate or institute (by petition, application or otherwise howsoever), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or (v) any such proceeding shall be instituted against the Issuer or any of its Subsidiaries or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part thereof, of the Issuer or any of its Subsidiaries; or (vi) any event occurs which under the laws of the Philippines or to other jurisdictions, or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;

- (i) A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;
- (j) Any court proceeding, litigation, arbitration or other similar proceeding is commenced or threatened against any of the Joint Lead Underwriters or of its underwriting obligations hereunder in connection with or with respect to the issuance or sale by the Issuer of the Offer Shares or the Offer in general which renders the performance of its underwriting commitment impossible or impracticable;
- (k) Any event occurs which makes it impossible for any of the Joint Lead Underwriters to perform its underwriting obligations due to conditions beyond their control, such as issuance by any court, arbitral tribunal, or government agency which has jurisdiction on the matter of an order restraining or prohibiting any of the Joint Lead Underwriters or directing any of the Joint Lead Underwriters to cease, from performing its underwriting obligations;
- (l) Any representation, warranty or statement of the Issuer in the Prospectus shall prove to be untrue or misleading in any material respect or Issuer shall be proven to have omitted a material fact necessary in order to make the statements in the Prospectus not misleading, which untruth or omission: (a) was not known and could not have been known to the Joint Lead Underwriters on or before commencement of the Offer Period despite the exercise of due diligence, and (b) has a material and adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability;
- (m) Unavailability of PDTC's lodgment facilities and PSE's listing facilities used for the Offer and/or listing and such unavailability impacts the ability of the Issuer or the Joint Lead Underwriters to fully comply with the listing requirements of PSE; and
- (n) Any force majeure event, other than the ones enumerated above, that has material and adverse effect on the Issuer's or any of its Subsidiaries' long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

The Joint Lead Underwriters shall not withdraw, cancel, suspend or terminate the Underwriting Commitment solely by reason of (i) the Joint Lead Underwriters' inability to sell or market the Offer Shares or (ii) the refusal or failure of the Joint Lead Underwriters or any other entity or person to comply with any undertaking or commitment to take up any Offer Shares remaining after the Offer Period.

#### **Withdrawal of the Offer**

The Issuer reserves the right to withdraw the offer and sale of the Offer Shares at any time before the commencement of the Offer Period, in which event the Issuer shall make the necessary disclosures to the SEC and PSE.

The Joint Lead Underwriters may also cancel or terminate their underwriting commitments at any time prior to the commencement of the Offer Period, by giving written notice to the Issuer, the SEC and the PSE, if prior to the commencement of the Offer Period, any of the events set out in the Underwriting Agreement occurs.

The Issuer may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the Offer Period and prior to the Listing Date, if there is a supervening force majeure or fortuitous event, such as:

- (a) An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or occurrence of any change in local, national or international financial, political, economic or stock market conditions which renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Shares in the manner contemplated by the Prospectus, or would have a material adverse effect on the Philippine economy, on the securities or other financial or currency markets of the Philippines, or on the distribution, offer and sale of the Offer Shares in the Philippines, rendering it impracticable or inadvisable to proceed with the Offer in the manner contemplated by the Prospectus, provided that for the avoidance of doubt, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the Issuer's or the Joint Lead Underwriters and Joint Bookrunners' inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters and Joint Bookrunners, or any other entity/person to take up any Offer Shares remaining after the Offer Period;
- (b) Issuance of an order revoking, cancelling, suspending, preventing or terminating the offer, sale, distribution or listing of the Offer Shares by any court or governmental agency or authority with jurisdiction on the matter, including the SEC or the PSE;
- (c) Cancellation, revocation or termination of the PSE Notice of Approval, the SEC pre-effective clearance, the SEC Order of Registration, and the SEC Permit to Sell;
- (d) Cancellation or suspension of trading in the PSE for at least three consecutive trading days, or in such manner or for such period as will render impracticable the listing and trading of the Offer Shares on the Listing Date or such other date as may be approved by PSE;
- (e) A change or impending change in the law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order which (i) materially and adversely affects: (a) the ability of the Issuer or any of its Subsidiaries to engage in the business it is presently engaged in; (b) the capacity and due authorization of the Issuer to offer and issue the Offer Shares and enter into the Transaction Documents in connection with the Offer; or (ii) would render illegal the performance by any of the Joint Lead Underwriters and Joint Bookrunners of its underwriting obligations thereunder;
- (f) Any significant, adverse, and unforeseeable change or development in the Issuer's or any of its Subsidiaries' long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Shares unsuitable for offering to the public;
- (g) The Issuer or any of its Subsidiaries decides to or is compelled to stop its operations, which is not remedied within five Business Days;
- (h) (i) The Issuer or any of its Subsidiaries shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or assignment with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or (ii) the Issuer or any of its Subsidiaries shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or (iii) such receiver, trustee or similar officer shall be appointed; or (iv) the Issuer or any of its Subsidiaries shall initiate or institute (by petition, application or otherwise howsoever), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or (v) any such proceeding shall be instituted against the Issuer or any of its Subsidiaries or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part thereof, of the Issuer or any of its Subsidiaries; or (vi) any event occurs which under the laws of the Philippines or to other jurisdictions, or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;

- (i) A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;
- (j) Any court proceeding, litigation, arbitration or other similar proceeding is commenced or threatened against any of the Joint Lead Underwriters and Joint Bookrunners or of its underwriting obligations hereunder in connection with or with respect to the issuance or sale by the Issuer of the Offer Shares or the Offer in general which renders the performance of its underwriting commitment impossible or impracticable;
- (k) Any event occurs which makes it impossible for any of the Joint Lead Underwriters and Joint Bookrunners to perform its underwriting obligations due to conditions beyond their control, such as issuance by any court, arbitral tribunal, or government agency which has jurisdiction on the matter of an order restraining or prohibiting any of the Joint Lead Underwriters and Joint Bookrunners, or directing any of the Joint Lead Underwriters and Joint Bookrunners to cease, from performing its underwriting obligations;
- (l) Any representation, warranty or statement of the Issuer in the Prospectus shall prove to be untrue or misleading in any material respect or Issuer shall be proven to have omitted a material fact necessary in order to make the statements in the Prospectus not misleading, which untruth or omission: (a) was not known and could not have been known to the Joint Lead Underwriters and Joint Bookrunners on or before commencement of the Offer Period despite the exercise of due diligence, and (b) has a material and adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability;
- (m) Unavailability of PDTC's lodgment facilities and PSE's listing facilities used for the Offer and/or listing and such unavailability impacts the ability of the Issuer or the Joint Lead Underwriters and Joint Bookrunners to fully comply with the listing requirements of PSE; and
- (n) Any force majeure event, other than the ones enumerated above, that has material and adverse effect on the Issuer's or any of its Subsidiaries' long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

The withdrawal of the Offer by the Issuer in respect of the relevant Joint Lead Underwriter shall not affect the rights and obligations of the other Joint Lead Underwriters under the Underwriting Agreement which shall survive such termination in respect of the Joint Issue Manager and/or the relevant Joint Lead Underwriter.

Pursuant to the Underwriting Agreement, the Joint Lead Underwriters may cancel or terminate its underwriting commitment thereunder by giving written notice to the Issuer, the SEC and the PSE if the Offer Period has already commenced and, prior to the Listing Date of the Offer Shares, if there is a supervening force majeure or fortuitous event, such as those enumerated above.

The obligations of each of the Joint Lead Underwriters and Joint Bookrunner will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Joint Lead Underwriters. Unless otherwise expressly provided in the Underwriting Agreement, the failure by a Joint Lead Underwriter to carry out its obligations thereunder shall neither relieve the other Joint Lead Underwriters of their obligations under the same Underwriting Agreement, nor shall any Joint Lead Underwriter be responsible for the obligation of another Joint Lead Underwriter.

For the avoidance of doubt, the Offer shall not be withdrawn, cancelled, suspended, or terminated solely by reason of the Issuer's or the Joint Lead Underwriters' inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters, or any other entity/person to take up any shares remaining after the Offer Period.

Notwithstanding the acceptance of any Application, the actual issuance of the Offer Shares to an Applicant shall take place only upon the listing of the Offer Shares on the PSE. Subject to the right of the Issuer or the Joint Lead Underwriters to withdraw or cancel the offer and sale of the Offer Shares prior to Listing Date pursuant to this section and the "*Plan of Distribution - Withdrawal of the Offer*" of



this Prospectus, the Issuer and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Issuer and any of its agents involved in the Offer, to ensure the listing of the Offer Shares on Listing Date.

Notwithstanding the foregoing, the Issuer and the Joint Lead Underwriters recognize and acknowledge that the PSE, in the exercise of its authority as a self-regulatory organization and further to its mandate to maintain a fair and orderly market, may impose appropriate sanctions and penalties on the Issuer and/or the Joint Lead Underwriters for the cancellation of the Offer if subsequently, the PSE determines that the termination or withdrawal of the Offer, the underwriting commitment or the Underwriting Agreement after the commencement of the Offer Period and prior to the Listing Date was not warranted based on the facts gathered and properly evaluated by PSE and after due and proper proceedings initiated by the PSE not later than five Business Days after termination or withdrawal.

### **Secondary Market**

CLI intends to list the Series "A" Preferred Shares on the Main Board of the PSE. CLI may purchase the Preferred Shares at any time without any obligation to make *pro-rata* purchases of Series "A" Preferred Shares from all holders thereof.

### **Registry of Shareholders**

The Offer Shares will be issued in scripless form through the electronic book-entry system of the appointed Stock Transfer Agent and lodged with the PDTC as depository agent on Listing Date through PSE Trading Participants nominated by the Applicants. For this purpose, Applicants shall indicate in the proper space provided for in the Application to Purchase the name of a PSE Trading Participant under whose name their Offer Shares will be registered.

After Listing Date, shareholders may request the Stock Transfer Agent, through their nominated PSE trading participant, to (a) open a scripless registry account and have their holdings of the Offer Shares registered under their name ("name-on-registry account"), or (b) issue stock certificates evidencing their investment in the Offer Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting shareholder.

Legal title to the Offer Shares will be shown in the Registry of Shareholders which shall be maintained by the Stock Transfer Agent. Without prejudice to its procedure as may be agreed with the Issuer, the Stock Transfer Agent shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares that is effected in the Registry of Shareholders (at the cost of the requesting shareholder). The Stock Transfer Agent shall send (at the cost of the Issuer) at least once every year a statement of account to all shareholders named in the Registry of Shareholders, except certificated shareholders and depository participants, confirming the number of shares held by each shareholder on record in the Registry of Shareholders. Such statement of account shall serve as evidence of ownership of the relevant shareholder as of the given date thereof. Any request by shareholders for certifications, reports or other documents from the Stock Transfer Agent, except as provided herein, shall be for the account of the requesting shareholder.

For scripless shares, the maintenance and custody fee payable to the PDTC shall be for the account of the shareholder.

Initial placement of the Offer Shares and subsequent transfers of interests in the Offer Shares shall be subject to normal Philippine selling restrictions for listed securities as may prevail from time to time.

Philippine law does not require transfers of the Offer Shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the stock transfer tax applicable to transfers effected on an exchange, and documentary stamp tax. All transfers of shares on the PSE must be effected through a licensed stockbroker in the Philippines, i.e., PSE Trading Participants.

Legal title to the Offer Shares shall pass by endorsement and delivery to the transferee and registration in the Registry of Shareholders to be maintained by the Stock Transfer Agent. Settlement in respect of such transfer or change of title to the Offer Shares, including the settlement of documentary stamp taxes,

if any, arising from subsequent transfers, shall be similar to the transfer of title and settlement procedures for listed securities in the PSE.

## USE OF PROCEEDS

The Issuer estimates that the net proceeds of the Offer shall amount to approximately [P2,972,289,375] after fees, commissions, and expenses assuming the Oversubscription Option is not exercised. On the other hand, the Issuer estimates that the net proceeds of the Offer shall amount to approximately [P4,963,269,375] after fees, commissions, and expenses assuming the Oversubscription Option is fully exercised.

### Net Proceeds After Deduction of Offer Expenses: No Exercise of Oversubscription Option

Assuming the Oversubscription Option is not exercised, the net proceeds from the Offer are estimated as follows:

Item	Offer (in P)
<b>Estimated Proceeds</b>	<b>P[3,000,000,000]</b>
Less:	
Underwriting and selling fees for the Offer Shares	[13,500,000]
Trading Participants' fees	[750,000]
Documentary stamp taxes to be paid	[30,000]
SEC Registration Fee and Legal Research Fee	[1,830,625]
PSE Listing Application Fee (VAT inclusive)	[5,600,000]
Estimated professional fees (such as fees of auditors, agents, and independent counsel rendering the opinions)	[5,000,000]
Miscellaneous Expenses*	[1,000,000]
<b>Total estimated fees, commissions and expenses</b>	<b>[27,710,625]</b>
<b>Estimated net proceeds</b>	<b>[2,972,289,375]</b>

\* These pertain to projected out-of-pocket expenses related to the Offer and include, but are not limited to, cost of printing materials, communication expenses, courier fees, notarization fees, representation fees, listing ceremony expenses, deal tombstones.

### Net Proceeds After Deduction of Offer Expenses: Full Exercise of Oversubscription Option

Assuming the Oversubscription Option is fully exercised, the net proceeds from the Offer are estimated as follows:

Item	Offer (in P)
<b>Estimated Proceeds</b>	<b>P[5,000,000,000]</b>
Less:	
Underwriting and selling fees for the Offer Shares	[22,500,000]
Trading Participants' fees	[750,000]
Documentary stamp taxes to be paid	[50,000]
SEC Registration Fee and Legal Research Fee	[1,830,625]
PSE Listing Application Fee (VAT inclusive)	[5,600,000]
Estimated professional fees (such as fees of auditors, agents and independent counsel rendering the opinions)	[5,000,000]
Miscellaneous Expenses*	[1,000,000]
<b>Total estimated fees, commissions and expenses</b>	<b>[36,730,625]</b>
<b>Estimated net proceeds</b>	<b>[4,963,269,375]</b>

\* These pertain to projected out-of-pocket expenses related to the Offer and include, but are not limited to, cost of printing materials, communication expenses, courier fees, notarization fees, representation fees, listing ceremony expenses, deal tombstones.

### Use of Net Proceeds: No Exercise of Oversubscription Option

In case the Oversubscription Option is not exercised at all, net proceeds of the Offer shall be used (i) to partially finance project development or capital expenditures of the Issuer's various projects; and (ii) for general corporate purposes, as set out below.

Net proceeds of the Offer shall be used (i) to partially finance project development or capital expenditures of the Issuer's various projects; and (ii) for general corporate purposes, as set out below.

Type	Allocation from the Net Proceeds of the Offer	Percentage of the Gross Proceeds	Schedule of Disbursement
Project development or capital expenditures of the Issuer's various projects	[₱2.10 billion]	[70%]	within 12 months from issuance
General corporate purposes	[₱872,289,375]	[29%]	within 12 months from issuance
<b>Total</b>	<b>[₱2,972,289,375]</b>	<b>99%</b>	

There is no order of priority for the project developments in the use of proceeds. The breakdown of the project development or capital expenditures for the Issuer's various projects are as follows:

No.	PROJECT	LOCATION	TYPE	Allocation from the Net Proceeds of the Offer	% of Gross Proceeds	% of Completion (before usage of proceeds)	Estimated Cost-to-Complete (before usage of proceeds)	Estimated Completion Date
1	Casa Mira Homes Butuan	Butuan, Agusan del Norte	House & Lot	₱750 million	25%	0%	₱900 million	2028
2	Mirani Steps Danao	Danao, Cebu	House & Lot	₱600 million	20%	0%	₱800 million	2028
3	Velmiro Heights Consolacion	Consolacion, Cebu	House & Lot	₱750 million	25%	0%	₱900 million	2028
	<b>TOTAL</b>			<b>₱[2.1] billion</b>	<b>[70%]</b>			

\* Projects still in planning/designing phase, permits in application, but set to launch and start construction within 12 months from date of this document.

The allocation for general corporate purposes will be used by the Issuer for the following:

General Corporate Purposes	Allocation from the Net Proceeds of the Offer	% of Gross Proceeds
Design fees, permits, market studies, marketing and advertisements, proprietary software and applications, establishment of more office locations and branches, among other expenses	[₱872,289,375]	29.06%

#### Use of Net Proceeds: Full Exercise of Oversubscription Option

In case the Oversubscription Option is fully exercised, net proceeds of the Offer shall be used (i) to partially finance project development or capital expenditures of the Issuer's various projects; and (ii) for general corporate purposes, as set out below.

Type	Allocation from the Net Proceeds of the Offer	Percentage of the Gross Proceeds	Schedule of Disbursement
Project development or capital expenditures	[₱4.25 billion]	[85%]	within 12 months from issuance

Type	Allocation from the Net Proceeds of the Offer	Percentage of the Gross Proceeds	Schedule of Disbursement
of the Issuer's various projects			
General corporate purposes	[₱713,269,375]	[14.16%]	within 12 months from issuance
<b>Total</b>	<b>[₱4,963,269,375]</b>	<b>99.16%</b>	

There is no order of priority for the project developments in the use of proceeds. The breakdown of the project development or capital expenditures for the Issuer's various projects are as follows:

No.	PROJECT	LOCATION	TYPE	Allocation from the Net Proceeds of the Offer	% of Gross Proceeds	% of Completion (before usage of proceeds)	Estimated Cost-to-Complete (before usage of proceeds)	Estimated Completion Date
1	Casa Mira Homes Butuan	Butuan, Agusan del Norte	House & Lot	₱750 million	15%	0%	₱900 million	2028
2	Mirani Steps Danao	Danao, Cebu	House & Lot	₱600 million	12%	0%	₱800 million	2028
3	Velmiro Heights Consolacion	Consolacion, Cebu	House & Lot	₱750 million	15%	0%	₱900 million	2028
4	Casa Mira Towers Palawan Expansion	Puerto Princesa, Palawan	Condominium	₱750 million	15%	0%	₱900 million	2028 – 2029
5	Casa Mira Homes Davao	Magtuod, Davao	House & Lot	₱750 million	15%	10%	₱900 million	2027 -- 2028
6	Velmiro Heights Davao	Magtuod, Davao	House & Lot	₱650 million	13%	0%	₱800 million	2028
	<b>TOTAL</b>			<b>₱[4.25] billion</b>	<b>[85]%</b>			

\* Projects still in planning/designing phase, permits in application, but set to launch and start construction within 12 months from date of this document.

The allocation for general corporate purposes will be used by the Issuer for the following:

General Corporate Purposes	Allocation from the Net Proceeds of the Offer	% of Gross Proceeds
Design fees, permits, market studies, marketing and advertisements, proprietary software and applications, establishment of more office locations and branches, among other expenses	[₱713,269,375]	14.16%

### Additional Discussions

Net proceeds from the Offer will be used by the Issuer directly. All of the projects identified in the table for capital expenditures or project developments are projects directly under the Issuer, the parent entity, and hence, funds intended for such purpose will be used by the Issuer. Moreover, funds intended for general corporate purposes will be used by Issuer. Hence, no funds from the Offer will be infused into a Subsidiary.

The proceeds of the Offer will not be used for land acquisition but for capital expenditures or project

developments and for general corporate purposes as indicated above. The parcels of land for the projects identified have been acquired already and are ready for development.

In addition to the net proceeds of this Offer, the Issuer intends to utilize internally generated funds considering that the projected total funding requirement is greater than the net proceeds of the Offer. Internally generated funds may include cash flows generated from operations and/or availments from credit facilities provided or as may be provided to the Issuer by various financial institutions.

Pending the deployment of the proceeds from the Offer, the Issuer intends to invest such net proceeds in short-term liquid investments including, but not limited to, short-term government securities, bank deposits and money market placement which are expected to earn at prevailing market rates. Moreover, one of the aspects of general corporate purposes is the tactical management of the Issuer's liquidity, which includes cash sweeps, allocation into various cash or cash-equivalent instruments such as money market and time deposit products, allocation into revolving capital lines and other liquidity management actions. In the event such investments should incur losses, any shortfall will be financed from the Issuer's internally generated funds.

None of the proceeds will be used to reimburse any officer, director, employee, or shareholder for service rendered, assets previously transferred, money loaned or advance or otherwise. None of the proceeds shall be likewise used to repay any credit facilities procured from any of the Joint Lead Underwriters or their respective parent banks.

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Issuer's current plans and anticipated expenditures. In the event there is any change in the Issuer's current plans, including force majeure, market conditions, and other circumstances, the Issuer will carefully evaluate the situation and may reallocate the proceeds at the discretion of the Issuer's management, and/or hold such funds in investments, whichever is better for the Company's and its shareholders' interest taken as a whole. The Issuer's cost estimates may also change as plans are developed further. For these reasons, timing and actual use of the net proceeds, and estimates, may vary from the foregoing discussion.

#### **Disclosures on the Use of Proceeds**

Any material deviation, reallocation, or adjustment in the planned use of proceeds, as indicated above, will be approved by the Board of Directors of the Issuer and duly disclosed to the SEC and the PSE, in writing, at least 30 days before such deviation, reallocation, or adjustment is implemented. In addition, the Issuer shall submit via the PSE EDGE the following disclosures to ensure transparency in the use of proceeds:

- (a) any disbursement made in connection with the planned use of proceeds from the Offer;
- (b) quarterly progress report on the application of the proceeds from the Offer on or before the first 15 days of the following quarter;
- (c) annual summary of the application of proceeds on or before January 31 of the year following the offering; and
- (d) approval by the Board of Directors of the Issuer of any reallocation of the planned use of proceeds. The actual disbursement or implementation of such reallocation must be disclosed by the Issuer at least 30 days prior to the said actual disbursement or implementation.

The Issuer shall submit a certification by its Treasurer and external auditor on the accuracy of the information reported by the Issuer to the PSE, as well as a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Prospectus, if any, in the Issuer's quarterly and annual reports as required in items (b) and (c) above. Such detailed explanation will state the approval of the Board of Directors as required in item (d) above.

## DESCRIPTION OF THE OFFER SHARES

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*Set forth below is information relating to the Offer Shares or the Series A-1 Preferred Shares and the Series A-2 Preferred Shares. This description does not purport to be a complete listing of all the features, rights, obligations, or privileges of the Offer Shares or the Series A-1 Preferred Shares and the Series A-2 Preferred Shares, and of the other securities of the Issuer. The following discussion should be read together with, and is qualified in its entirety by reference to, the additional information appearing elsewhere in the Prospectus, including, but not limited to, the discussion on the "Terms of the Offer", the Articles of Incorporation and By-Laws of the Issuer (each as amended to date), the Application to Purchase, and applicable laws and regulations. The following discussion is also qualified in its entirety by reference to the Stock Transfer, Receiving and Paying Agency Agreement. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and Shareholders of the Issuer, the information contained in this Prospectus, and the other documents referred to herein.*

### SHARE CAPITAL

On April 25, 2023, the Board of Directors of the Issuer approved the amendment of Article VII of its Articles of Incorporation to create a new class of preferred shares through the reclassification of 1.0 billion unissued common shares with a par value of ₱1.00 per share to 1.0 billion preferred shares with a par value of ₱1.00 per share. The new class of preferred shares, which shall be cumulative, non-voting, and non-participating (with the other salient terms and conditions and commercial terms to be determined by the Issuer's Board of Directors), shall be offered for private and/or public offering, subject to the securing of the necessary approvals from the government regulators.

On June 1, 2023, the stockholders of the Issuer also approved the amendment of its Articles of Incorporation to create a new class of preferred shares through the reclassification of 1.0 billion unissued common shares with a par value of ₱1.00 per share to 1.0 billion preferred shares with a par value of ₱1.00 per share, and also authorized its Board of Directors to determine the commercial terms of such preferred shares and other salient features such as but not limited to redeemability, convertibility or non-convertibility, and dividend rates per issuance thereof.

On December 29, 2023, the SEC approved the foregoing amendment to the Articles of Incorporation of the Issuer.

On January 08, 2024, the Board of Directors of the Issuer authorized the public offering of up to 3,000,000 Series "A" Preferred Shares, with an oversubscription option of up to 2,000,000 Series "A" Preferred Shares, to be issued from its unissued Series "A" Preferred Shares, and the offer size of up to ₱3,000,000,000 with an oversubscription option of up to ₱2,000,000,000. The Board of Directors of the Issuer also authorized certain officers to approve such other terms and conditions of the Offer Shares, including the timing, volume and manner of the Offer and the determination of the final offer size (whether in terms of number of Offer Shares or price) and the final offer price to be indicated in the final prospectus.

Pursuant to the Company's Amended Articles of Incorporation, the Company has an authorized capital stock of ₱10,100,000,000.00, Philippine currency, divided into:

- (a) 9.0 billion common shares with a par value of ₱1.00 per share;
- (b) 1.0 billion Series "A" Preferred Shares with a par value of ₱1.00 per share; and
- (c) 1.0 billion Series "B" Preferred Shares with a par value of ₱0.10 per share.

The preferred shares may be issued from time to time as the Board of Directors through a resolution may determine.

As of the date of this Prospectus, the Issuer's issued and outstanding capital stock is as follows:

- (a) 3,465,201,467 outstanding common shares with par value of ₱1.00 per share or aggregate par value of ₱3,465,201,467; and
- (b) 158,250,530 common shares in treasury with par value of ₱1.00 per share or aggregate par value of ₱158,250,530.

As of the date of this Prospectus, the aggregate par value of the outstanding shares is ₱3,623,451,997 in total subscribed capital stock, while the total paid-up capital, inclusive of additional paid-in capital, is ₱5,232,369,971.

After the Offer, the Issuer's issued and outstanding capital stock will be as follows:

- (a) 3,465,201,467 outstanding common shares with par value of ₱1.00 per share or aggregate par value of ₱3,465,201,467;
- (b) 158,250,530 common shares in treasury with par value of ₱1.00 per share or aggregate par value of ₱158,250,530; and
- (c) If the Oversubscription Option is not exercised, 3,000,000 Series "A" preferred shares with par value of ₱1.00 per share or aggregate par value of ₱3,000,000; or, if the Oversubscription Option is fully exercised, 5,000,000 Series "A" preferred shares with par value of ₱1.00 per share or aggregate par value of ₱5,000,000.

On [●], 2024, the SEC issued a Certificate of Enabling Resolution in respect of the Offer Shares pursuant to the Revised Corporation Code of the Philippines.

The Issuer is subject to foreign ownership restrictions on account of its (and certain Subsidiaries') ownership of land. Consequently, foreign ownership in the Issuer is limited to a maximum of 40% of both the total issued and outstanding capital stock entitled to vote for directors of the Issuer and the total number of issued and outstanding capital stock, whether or not entitled to vote for directors of the Issuer.

## **SERIES "A" PREFERRED SHARES**

### **SERIES "A" PREFERRED SHARES: GENERAL FEATURES**

Pursuant to the Amended Articles of Incorporation of the Company, which was approved by the SEC on December 29, 2023, the Series "A" preferred shares shall have the following features, rights, and privileges:

1. Redeemable, in whole or in part, at the sole option of the Corporation under such terms and conditions which shall be determined and approved by the Board of Directors. In case of redemption, the Series "A" preferred shares shall not be considered retired and may be re-issued by the Corporation on such terms and conditions as may be determined and approved by the Board of Directors;
2. Cumulative in payment of current dividends and undeclared dividends, if any. The timeline and other payment terms of undeclared dividends shall be determined and approved by the Board of Directors;
3. Non-voting except in fundamental matters required under law;
4. Non-participating in excess distribution and any other or further dividends beyond the current dividends and undeclared dividends, if any, which are payable to the Series "A" preferred shares;
5. The Series "A" preferred shares may be convertible to common shares of the Corporation subject to mutually acceptable terms as determined and agreed by the Board of Directors of the Corporation and the Series "A" preferred shareholders; and



6. Dividend rate shall be determined and approved by the Board of Directors.

Said Amended Articles of Incorporation also provide that the Board of Directors is expressly authorized to determine, fix, and approve all other features, salient and commercial terms, issuance and redemption features, and all other terms and conditions of the Series “A” preferred shares, including any tranche or sub-series thereof.

The Offer Shares will be issued from the unissued Series “A” preferred shares. Please refer below to the specific terms applying to the Series A-1 Preferred Shares and the Series A-2 Preferred Shares (or the Offer Shares)

#### **SERIES A-1 PREFERRED SHARES AND SERIES A-2 PREFERRED SHARES (OR THE OFFER SHARES): SPECIFIC FEATURES**

Please refer to the discussion under “*Terms of the Offer*” section of this Prospectus for the terms and conditions covering the Series A-1 Preferred Shares and the Series A-2 Preferred Shares (or the Offer Shares).

As set out in the “*Terms of the Offer*”, the following are certain features that are specific to the Offer Shares, which are to be issued from the unissued Series “A” Preferred Shares of the authorized capital stock of the Issuer and to be denominated as Series A-1 Preferred Shares and the Series A-2 Preferred Shares.

#### **Offer Size**

The Issuer will sell to the public up to 3,000,000 Series “A” Preferred Shares (“**Firm Shares**”) worth an aggregate issue amount of up to ₱3.0 billion (“**Base Offer**”) with an oversubscription option of up to 2,000,000 Series “A” Preferred Shares (“**Oversubscription Option Shares**”) worth an aggregate issue amount of up to ₱2.0 billion (“**Oversubscription Option**”, and together with the Base Offer, the “**Offer**”) to be offered in up to two (2) subseries:

- (a) Series A-1 Preferred Shares (“**Series A-1 Preferred Shares**”), and
- (b) Series A-2 Preferred Shares (“**Series A-2 Preferred Shares**”),

(collectively, the “**Offer Shares**” or, for purposes of this Offer and unless the context otherwise provides, the “**Series A Preferred Shares**”).

The Issuer, in consultation with the Joint Lead Underwriters and Joint Bookrunners, shall have the discretion to allocate the Offer between the two subseries at the end of the Offer Period based on the results of bookbuilding.

#### **Offer Price**

The Offer Shares will be sold at the offer price of ₱1,000.00 per share (the “**Offer Price**”).

#### **Registration and Listing**

The Offer Shares are to be registered with the SEC and intended to be listed on the Main Board of the PSE, subject to compliance with applicable SEC regulations and PSE listing rules.

The Offer Shares will be listed and traded under the following trading symbols:

- (a) [●] for the Series A-1 Preferred Shares; and
- (b) [●] for the Series A-2 Preferred Shares.

#### **In General: No Voting Rights**

The Offer Shares shall have no voting rights except as specifically provided by the Revised Corporation

Code. Thus, holders of Offer Shares shall not be eligible, for example, to vote for or elect the Issuer's Directors or to vote for or against the issuance of a stock dividend. Shareholders, however, may vote on matters which the Revised Corporation Code considers significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the articles of incorporation.

Pursuant to Section 6 of the Revised Corporation Code, holders of non-voting shares shall nevertheless be entitled to vote on the following matters:

- (a) Amendment of the articles of incorporation;
- (b) Adoption and amendment of by-laws;
- (c) Sale, lease, exchange, mortgage, pledge, or other disposition of all or substantially all of the corporate property;
- (d) Incurring, creating, or increasing bonded indebtedness;
- (e) Increase or decrease of authorized capital stock;
- (f) Merger or consolidation of the corporation with another corporation or other corporations;
- (g) Investment of corporate funds in another corporation or business in accordance with the Revised Corporation Code; and
- (h) Dissolution of the corporation.

Section 6 further provides that, except as provided in the immediately preceding paragraph, the vote required under the Revised Corporation Code to approve a particular corporate act shall be deemed to refer only to stocks with voting rights.

### **Dividend Policy in Respect of the Offer Shares**

#### *Dividend Payment Dates and Dividend Payment Computation*

The Offer Shares will, subject to the Dividend Payment Conditions (see below), bear cash dividends based on the Offer Price, payable quarterly in arrears on each Dividend Payment Date (as defined below).

As and if declared by the Issuer in accordance with the terms and conditions of the Offer Shares, dividends will be payable on [July 12], [October 12], [January 12] and [April 12] of each year (each a "**Dividend Payment Date**"), being the last day of each three-month dividend period (a "**Dividend Period**").

If the Dividend Payment Date is not a Business Day, dividends will be paid on the succeeding Business Day, without adjustment as to the amount of dividends to be paid; provided that if the Issue Date is set at a date other than [April 12, 2024], then the Dividend Payment Dates will be automatically adjusted to the numerically corresponding dates at every three months following the actual Issue Date.

Dividends will be calculated on a 30/360-day basis.

#### *Initial Dividend Rate*

As and if cash dividends are declared by the Board of Directors, cash dividends on the Series A-1 Preferred Shares and Series A-2 Preferred Shares shall be at the fixed rates of:

- Series A-1 Preferred Shares: [●]%
- Series A-2 Preferred Shares: [●]%

The initial dividend rate (the "**Initial Dividend Rate**") for each subseries will be computed based on the sum of the three-day simple average of the relevant PHP BVAL reference rate plus a credit spread. The credit spread will be determined via a bookbuilding process.

The PHP BVAL reference rates for each subseries shall be as follows:

- Series A-1 Preferred Shares: Four (4)-year PHP BVAL

- Series A-2 Preferred Shares: Seven (7)-year PHP BVAL

“**BVAL**” means the Bloomberg Valuation Service.

Dividend Rate Step-Up

Unless the Offer Shares are redeemed by the Issuer on these dates pursuant to the applicable optional redemption provisions, the Initial Dividend Rate shall be adjusted:

- (i) in respect of the Series A-1 Preferred Shares, on the 4<sup>th</sup> anniversary of the Listing Date (the “**Series A-1 Step-Up Date**”), and
- (ii) in respect of the Series A-2 Preferred Shares, on the 7<sup>th</sup> anniversary of the Listing Date (the “**Series A-2 Step-Up Date**”) (each of the Series A-1 Step-Up Date and Series A-2 Step-Up Date, a “**Step-Up Date**”),

respectively as follows:

- (a) for the Series A-1 Preferred Shares, the higher of the (i) Series A-1 Initial Dividend Rate; or (ii) the Series A-1 Step-Up Benchmark Rate (as hereinafter defined) plus 300 basis points; and
- (b) for the Series A-2 Preferred Shares, the higher of the (i) Series A-2 Initial Dividend Rate; or (ii) the Series A-2 Step-Up Benchmark Rate (as hereinafter defined) plus 300 basis points.

Step-Up Benchmark Rate

The “**Step-Up Benchmark Rate**” will be equivalent to as follows:

- (a) for the Series A-1 Preferred Shares, the simple average of the 7-year PHP BVAL reference rate as published on the website of the Philippine Dealing System, or if unavailable, the Philippine Dealing & Exchange Corp. or PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for each of the three Business Days immediately preceding and inclusive of the Series A-1 Step-Up Date (the “**Series A-1 Step-Up Benchmark Rate**”); and
- (b) for the Series A-2 Preferred Shares, the simple average of the 15-year PHP BVAL reference rate as published on the website of the Philippine Dealing System, or if unavailable, the Philippine Dealing & Exchange Corp. or PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for each of the three Business Days immediately preceding and inclusive of the Series A-2 Step-Up Date (the “**Series A-2 Step-Up Benchmark Rate**”).

In the event that the BVAL reference rate is replaced by a new benchmark rate as determined by the Bankers Association of the Philippines (“**BAP**”) or the BSP, such new benchmark rate shall be adopted for purposes of determining the Dividend Rate (the “**New Benchmark Rate**”). In the absence of such New Benchmark Rate as determined by the BAP or the BSP and there is a mandatory directive by the BAP or the BSP to no longer use or apply BVAL, the Issuer and the Joint Lead Underwriters and Joint Bookrunners shall exert their best efforts to negotiate and adopt an alternative rate that will serve as the New Benchmark Rate.

Conditions on the Declaration and Payment of Cash Dividends

The Board of Directors of the Issuer has full discretion over the declaration and payment of dividends on the Offer Shares, to the extent permitted by law.

The Board of Directors of the Issuer will not declare and pay dividends on any Dividend Payment Date where, in its opinion:

- (a) payment of the dividend would cause the Issuer to breach any of its financial covenants; or

- (b) the unrestricted retained earnings available to the Issuer for distribution as dividends are not sufficient to enable the Issuer to pay the dividends in full on all other classes of the Issuer's outstanding shares that are scheduled to be paid on or before any Dividend Payment Date and that have an equal right and priority to dividends as the Offer Shares.

If the unrestricted retained earnings available to distribute as dividends are, in the Board of Directors' opinion, not sufficient to enable the Issuer to pay both dividends on the Offer Shares and the dividends on other shares that have an equal right and priority to dividends as the Offer Shares, in full and on the same date, then the Issuer may:

- (1) *first*, pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that dividend payment date on any shares with a right to dividends ranking higher in priority to that of the Offer Shares; and
- (2) *second*, to pay dividends on the Offer Shares and any other shares ranking equally with the Offer Shares as to participation in such retained earnings *pro rata* to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividend payable on that date and any arrears on any past cumulative dividends on any shares ranking equal in priority with the Offer Shares to receive dividends.

The retained earnings available for distribution are, in general and with some adjustments, equal to the Issuer's accumulated realized profits less accumulated, realized losses, and in general, are subject to the regulations of the SEC.

The Issuer covenants that, in the event:

- (a) any cash dividends due with respect to any Offer Shares then outstanding for any period are not declared and paid in full when due;
- (b) where there remain outstanding arrears of dividends on any of the Offer Shares; or
- (c) any other amounts payable under the terms and conditions of the Offer Shares are not paid in full when due for any reason,

then it will not declare or pay any dividends or other distributions in respect of, or repurchase or redeem, securities ranking *pari passu* with, or junior to, the Offer Shares (or contribute any money to a sinking fund for the redemption of any securities ranking *pari passu* with, or junior to, the Offer Shares) until any and all arrears of dividends and accrued but unpaid cash dividends have been paid to the holders of the Offer Shares (unless such declaration or payment of dividends or distributions in respect of *pari passu* securities shall be in accordance with the paragraph numbered (2) of this section in respect of *pro rata* payment between the Offer Shares and any other shares ranking equally with the Offer Shares as to participation in the retained earnings).

### **Cumulative and Non-Participating**

Dividends on the Offer Shares will be cumulative. If for any reason the Issuer's Board of Directors does not declare a dividend on the Offer Shares for a Dividend Period, the Issuer will not pay a dividend on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Offer Shares must receive the dividends due them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Offer Shares prior to such Dividend Payment Date.

Holders of the Offer Shares shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Offer Shares.

### **Payment on the Shares**

All payments of dividends and any other amounts under the Offer Shares shall be paid by the Issuer in Philippine Pesos. On the relevant payment dates, the Paying Agent shall make available to holders of the Offer Shares, checks drawn against the Payment Settlement Account in the amount due to each

holder of the Offer Shares of record as of the relevant Record Date, either:

- (a) for pick-up by the holder of the Offer Shares or its duly authorized representative at the office of the Paying Agent, or
- (b) delivery via courier or, if courier service is unavailable for deliveries to the address of the relevant holder of the Offer Shares,
  - (i) via mail, at the holder's risk, to the address of the holder of the Offer Shares appearing in the Register of Shareholders, or
  - (ii) deposit and pay the amount due to each shareholder as of the relevant record date to the bank account nominated by the holder of the Offer Shares; provided that such holder has complied with the credit-to-account requirements of the Paying Agent and such holder's nominated bank account has qualified for the credit-to-account facility of the Paying Agent.

### **In General: Perpetual or No Fixed Maturity**

The Offer Shares are equity securities in the capital stock of the Issuer and thus have no fixed maturity or mandatory redemption date.

However, the Offer Shares may be redeemed by the Issuer pursuant to the applicable provisions on redemption (see below sections on "*Optional Redemption and Purchase*" and "*Early Redemption Due to Occurrence of a Tax Event or Accounting Event*"). Based on these provisions, the Offer Shares are not repayable in cash unless the Board of Directors of the Issuer should approve resolutions providing for the optional redemption of the Offer Shares for the cash redemption amount set out in the terms and conditions of the Offer Shares, at the sole discretion of the Board of Directors. Furthermore, holders of the Offer Shares have no right to require the Issuer to redeem the Offer Shares.

### **Redeemable**

#### *Optional Redemption and Purchase*

The Issuer has the option, but not the obligation, to redeem in whole (but not in part) any subseries of the outstanding Offer Shares (having given not less than 30 days' prior notice by publication in two national newspapers):

- (a) in respect of the Series A-1 Preferred Shares, on the payment date of the 16<sup>th</sup> Dividend Period, which indicatively will be on the 4<sup>th</sup> anniversary of the Issue Date, or on any Dividend Payment Date thereafter, and
- (b) in respect of the Series A-2 Preferred Shares, on the payment date of the 28<sup>th</sup> Dividend Period, which indicatively will be on the 7<sup>th</sup> anniversary of the Issue Date, or on any Dividend Payment Date thereafter

(each, an "**Optional Redemption Date**" for each of the Series A-1 Preferred Shares and Series A-2 Preferred Shares).

Exercise of the Issuer's redemption option shall be completed by payment of the redemption price equal to the Offer Price plus any accrued and unpaid dividends after deduction for any tax and customary transfer costs to effect the redemption (the "**Redemption Payment**"). Administrative costs and expenses, including the cost of checks used, supplies, paying agent services, courier and mailing costs in relation to effecting the redemption shall be for the account of the Issuer. The Redemption Payment shall be made to the holders of the Offer Shares as of the Record Date set by the Issuer for such redemption.

In the event the Optional Redemption Date which the Issuer has chosen as the date to redeem any or both of the subseries of the Offer Shares falls on a day that is not a Business Day, the redemption shall be made on the next succeeding day that is a Business Day, without adjustment as to the Redemption Payment, and the amount of dividends to be paid.

Subject to compliance with applicable law, the Issuer may purchase the Offer Shares at any time at any price either through the PSE, by public tender or through negotiated transactions.

Unless the Articles of Incorporation of the Issuer are amended to state that the Offer Shares are not re-issuable, any Offer Shares redeemed or purchased by the Issuer shall be recorded as treasury stock of the Issuer and may be re-issued in the future at such terms and at such time as the Issuer may determine.

#### Early Redemption Due to Occurrence of a Tax Event or Accounting Event

If a Tax Event or Accounting Event occurs, the Issuer may redeem in whole, but not in part, any subseries of the outstanding Offer Shares at any time (having given not more than 60 nor less than 30 days' prior notice) at the Redemption Payment; provided that if the Tax Event or Accounting Event is specific to a particular subseries, then the foregoing optional redemption may be exercised only with respect to such subseries.

A "**Tax Event**" shall occur if payments on the Offer Shares become subject to additional or higher withholding tax or any new tax for the account of the Issuer (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer.

An "**Accounting Event**" shall occur if an opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to the Issuer stating that the Offer Shares may no longer be recorded as equity in the audited consolidated financial statements of the Issuer prepared in accordance with Philippine Financial Reporting Standard ("**PFRS**"), or such other accounting standards which succeed PFRS as adopted by the Issuer for the preparation of its audited consolidated financial statements for the relevant financial year, and such event cannot be avoided by use of reasonable measures available to the Issuer.

Exercise of the Issuer's redemption option based on a Tax Event or Accounting Event shall be completed by payment of the Redemption Payment. Administrative costs and expenses, including the cost of checks used, supplies, paying agent services, courier and mailing costs in relation to effecting the redemption shall be for the account of the Issuer. The Redemption Payment shall be made to the holders of the Offer Shares as of the Record Date set by the Issuer for such redemption.

#### **No Sinking Fund**

The Issuer is not legally required, has not established, and currently does not intend to establish a sinking fund for the redemption of the Offer Shares.

#### **Philippine Taxation**

All payments in respect of the Offer Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including but not limited to, documentary stamp, issue, registration, value-added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that holders of the Offer Shares will receive the full amount of the relevant payment which otherwise would have been due and payable; provided, however, that the Issuer shall not be liable for, and the foregoing payment undertaking of the Issuer shall not apply to:

- (a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Offer Shares prescribed under the Tax Code including any additional tax on such dividends imposed by changes in law, rule, or regulation;
- (b) any income tax (whether or not subject to withholding), percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Offer Shares or any liquidating distributions as may be received by a holder of the Offer Shares;

- (c) any expanded value-added tax which may be payable by any holder of the Offer Shares on any amount to be received from the Issuer under the Offer;
- (d) any withholding tax, including any additional tax imposed by change in law, rules, or regulation, on any dividend or amount payable to any holder of Offer Shares or any entity which is a non-resident foreign corporation; and
- (e) any applicable taxes on any subsequent sale or transfer of the Offer Shares by any holder of the Offer Shares which shall be for the account of such holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

All sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments or governmental charges provided said entities present proof of such tax-exempt status from the tax authorities and other documents as may be required by the Issuer in its discretion.

Any documentary stamp tax for the recording of the Offer Shares in the name of a holder of the Offer Shares shall be for the account of and paid for by the Issuer. After the Issue Date, taxes generally applicable to a subsequent sale of the Offer Shares by any holder of such Offer Shares, including receipt by said holder of a Redemption Payment, shall be for the account of the said holder.

### **Liquidation Rights**

In the event of a return of capital in respect of the Issuer's winding up or otherwise (whether voluntarily or involuntarily) (but not on a redemption or purchase by the Issuer of any of its share capital), the holders of the Offer Shares at the time outstanding will be entitled to receive, in Philippine Pesos out of the Issuer's assets available for distribution to shareholders (after payment of debts and liabilities to creditors), together with the holders of any other of the Issuer's shares ranking, as regards repayment of capital, *pari passu* with the Offer Shares and before any distribution of assets is made to holders of any class of the Issuer's shares ranking junior to the Offer Shares as regards repayment of capital, liquidating distributions equal to the Offer Price plus an amount equal to any dividends declared but unpaid in respect of the previous Dividend Period and any accrued and unpaid dividends for the then-current Dividend Period to (and including) the date of commencement of the Issuer's winding up or the date of any such other return of capital, as the case may be. If, upon any return of capital in the Issuer's winding up, the amount payable with respect to the Offer Shares and any other of the Issuer's shares ranking as to any such distribution *pari passu* with the Offer Shares are not paid in full, the holders of the Offer Shares and of such other shares will share ratably in any such distribution of the Issuer's assets in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Offer Shares will have no right or claim to any of the Issuer's remaining assets and will not be entitled to any further participation or return of capital in a winding up.

### **Non-Convertible**

Holders of the Offer Shares shall have no right to convert the Offer Shares to any other shares or securities of the Issuer.

For the avoidance of doubt, the Board of Directors of the Issuer has determined that the Offer Shares (which are Series "A" Preferred Shares) **shall not be convertible** to common shares, and accordingly, the reference to "mutually acceptable terms" on convertibility as set out in Article Seven of the Articles of Incorporation of the Issuer, as amended to date, **does not apply** to the Offer Shares.

### **No Pre-Emptive Rights**

Holders of the Offer Shares shall have no pre-emptive rights to subscribe to or purchase any shares (including, without limitation, treasury shares) that may be issued or sold by the Issuer.

### **Reissuability**

Under the Amended Articles of Incorporation of the Issuer, as amended to date, the Series "A" Preferred

Shares are reissuable such that in case of redemption, the Series "A" Preferred Shares shall not be considered retired and may be re-issued by the Issuer on such terms and conditions as may be determined and approved by the Board of Directors.

Nonetheless, the Issuer may subsequently amend its Articles of Incorporation to provide that all the Series "A" Preferred Shares in its authorized capital stock (or only the Offer Shares) shall, upon redemption, be cancellable and retired, in case the Issuer determines that it is more beneficial to it and/or the holders thereof.

### **Status of the Offer Shares**

The Offer Shares will constitute the direct and unsecured subordinated obligations of the Issuer ranking at least *pari passu* in all respects and ratably without preference or priority among themselves and with all other preferred shares issued by the Issuer.

The Issuer is at liberty from time to time without the consent of the holders of the Offer Shares to create and issue additional preferred shares or securities either (a) ranking at least *pari passu* in all respects with the Offer Shares, or (b) upon such terms as to ranking, distributions, conversion, redemption and otherwise as the Issuer may determine at the time of the issue.

### **Form, Title and Registration of the Offer Shares**

The Offer Shares will be issued in scripless form through the electronic book-entry system of the appointed Stock Transfer Agent and lodged with the Philippine Depository Trust Corporation ("**PDTC**") as depository agent on Listing Date through PSE trading participants nominated by the applicants. For this purpose, applicants shall indicate in the proper space provided for in the Application to Purchase (as defined below) the name of a PSE trading participant under whose name their Offer Shares will be registered.

After Listing Date, shareholders may request the Stock Transfer Agent, through their nominated PSE trading participant, to (a) open a scripless registry account and have their holdings of the Offer Shares registered under their name ("name-on-registry account"), or (b) issue stock certificates evidencing their investment in the Offer Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting shareholder.

Legal title to the Offer Shares will be shown in the Registry of Shareholders which shall be maintained by the Stock Transfer Agent. Without prejudice to its procedure as may be agreed with the Issuer, the Stock Transfer Agent shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares that is effected in the Registry of Shareholders (at the cost of the requesting shareholder). The Stock Transfer Agent shall send (at the cost of the Issuer) at least once every year a statement of account to all shareholders named in the Registry of Shareholders, except certificated shareholders and depository participants, confirming the number of shares held by each shareholder on record in the Registry of Shareholders. Such statement of account shall serve as evidence of ownership of the relevant shareholder as of the given date thereof. Any request by shareholders for certifications, reports or other documents from the Stock Transfer Agent, except as provided herein, shall be for the account of the requesting shareholder.

For scripless shares, the maintenance and custody fee payable to the PDTC shall be for the account of the shareholder.

Initial placement of the Offer Shares and subsequent transfers of interests in the Offer Shares shall be subject to normal Philippine selling restrictions for listed securities as may prevail from time to time.

Philippine law does not require transfers of the Offer Shares to be effected on the PSE, but any off-exchange transfers may subject the transferor to a capital gains tax, which may be significantly greater than the stock transfer tax applicable to transfers effected on an exchange, and documentary stamp tax. All transfers of shares on the PSE must be effected through a licensed stock broker in the Philippines.



## **Title and Transfer**

Legal title to the Offer Shares shall pass by endorsement and delivery to the transferee and registration in the Registry of Shareholders to be maintained by the Stock Transfer Agent. Settlement in respect of such transfer or change of title to the Offer Shares, including the settlement of documentary stamp taxes, if any, arising from subsequent transfers, shall be similar to the transfer of title and settlement procedures for listed securities in the PSE.

## **Governing Law**

The Offer Shares will be issued pursuant to, and the terms and conditions of the Offer Shares will be governed by, the laws of the Republic of the Philippines.

## **Other Rights and Incidents Relating to the Offer Shares**

The Revised Corporation Code, other laws and regulations, and the constitutive documents of the Issuer provide for other rights and incidents relating to the Offer Shares.

For example, the Board has the authority to fix in advance the record date for shareholders entitled: (a) to notice of, to vote at, or to have their votes voted at, any shareholders' meeting; (b) to receive payment of dividends or other distributions or allotment of any rights; or (c) for any lawful action or for making any other proper determination of shareholders' rights. Under the By-laws, for the purpose of determining the stockholders who are entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof, or to receive payment of any dividend, or of making a determination of stockholders for any other proper purpose, the Board of Directors of the Issuer may provide that the stock and transfer book be closed for a stated period, but not to exceed, in any case, twenty (20) days.

Moreover, the 2015 Implementing Rules and Regulations of the Securities Regulation Code has rules on disclosure obligations of any person who acquires in any manner the beneficial ownership of 5% of any class of equity securities of a listed company and any person who is, directly or indirectly, the beneficial owner of 10% or more of any class of any security of a listed company (among other companies).

In addition, under the Revised Corporation Code, for legitimate purposes, any provision or matter stated in the articles of incorporation of a domestic corporation may be amended by a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least 2/3 of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of the said code.

Prospective purchasers of the Offer Shares are urged to consult their own advisors as to the rights and incidents relating to their holding of the Offer Shares, as set out in this Prospectus, the Issuer's constitutive documents, applicable laws and regulations, and the Transaction Documents.

## **OTHER SHARES**

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and the by-laws of the corporation.

The Issuer is at liberty from time to time without the consent of the holders of the Offer Shares to create and issue common shares. Holders of common shares are entitled to vote at all stockholders' meetings, including in respect of the election of directors.

The Issuer is also at liberty from time to time without the consent of the holders of the Offer Shares to create and issue additional preferred shares or securities either (a) ranking at least *pari passu* in all respects with the Offer Shares, or (b) upon such terms as to ranking, distributions, conversion, redemption and otherwise as the Issuer may determine at the time of the issue.

Apart from the Series "A" Preferred Shares of the Issuer of which the Offer Shares are a part, its authorized capital stock as set out in its Articles of Incorporation, as amended to date, also comprises

partly of the Series "B" preferred shares which shall have the following features, rights, and privileges:

1. Full voting rights, one vote for each share in the holder's name on the books of the Issuer;  
and
2. Non-cumulative cash dividends based on the rate of its par value.

For the avoidance of doubt, the features above which pertain to the Series "B" Preferred Shares do not apply to the Offer Shares (or the Series A-1 Preferred Shares and the Series A-2 Preferred Shares).

As mentioned above, holders of the Offer Shares shall have no pre-emptive rights to subscribe to or purchase any shares (including, without limitation, treasury shares) that may be issued or sold by the Issuer.

## DESCRIPTION OF BUSINESS

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### Business Development

CLI is the leading residential developer in Visayas and Mindanao. The Company's story commenced with a vision to provide quality homes for everyday Filipinos. Jose R. Soberano III founded CLI and incorporated the Company on September 26, 2003. On June 2, 2017, the Company was listed on the PSE with "CLI" as its ticker symbol. A total of 430,000,000 shares were issued and fully subscribed at ₱5.00 per share. CLI's initial public offering was instrumental in this growth, as it raised ₱2.15 billion worth of fresh capital from investors – boosting its expansion in new locations and fueling its various projects.

As of September 30, 2023, CLI has a total of 117 projects in different development stages and established a diverse portfolio of residences, offices, hotels, mixed-use properties, and townships across 16 key cities in the VisMin region.

CLI's unyielding dedication to excellence has been acknowledged through prestigious accolades, including Best Developer of the Philippines in 2019, Best Developer in Visayas and Mindanao in 2021 and 2022, and Best Developer in Mindanao in 2023. These recognitions, earned at the PPA and Asia Property Awards, testify to the company's unwavering commitment to quality and innovation, winning against other well-established players in the industry.

In 2023, an independent study by Colliers International reaffirmed CLI's unrivaled position in the VisMin real estate market. The study identified CLI as the top residential developer in the region, boasting the largest market share among real estate firms. Holding a commanding 23% overall residential share in net take-up value, CLI continues to dominate key VisMin cities, a testament to its market presence and consumer confidence.

CLI's vision extends beyond the present achievements. The Company remains steadfast in its pursuit of expansion and innovation. Its robust growth strategies aim to further solidify its market dominance, foster strategic partnerships, and explore new avenues for sustainable development and community enhancement.

The year 2023 is a testament to CLI's commitment to pioneering excellence, innovation, and sustainable growth. With a firm foundation, industry recognition, and a strategic vision, CLI stands poised to lead the real estate landscape, offering quality living spaces that resonate with the aspirations of everyday Filipinos.

### Business of the Issuer

The Company's operating segments are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets:

- Real Estate Segment – covers the development and sale of residential and office units to individual and corporate buyers.
- Rental Segment – includes leasing of office and commercial spaces to corporate organizations.
- Management Services Segment – focuses on the management of real estate projects and upkeep services to condominium corporations and housing associations.
- Hotel Operations Segment – related to the management of hotel business operations that caters hotel guest.

The following table sets forth each segment's contribution to the Company's total revenues for the period ended September 30, 2023 and the years ended December 31, 2022, 2021, and 2020:

Business Segment	For the years ended December 31							
	9M 2023		2022		2021		2020	
	In ₱	%	In ₱	%	In ₱	%	In ₱	%
Real Estate	12,704,382,963	98.28%	15,439,136,362	98.61%	10,996,247,695	98.51%	8,146,432,329	98.16%
Hotel Operations	98,169,696	0.76%	83,418,279	0.53%	48,683,577	0.44%	54,558,131	0.66%
Rental	77,320,899	0.60%	79,277,559	0.51%	74,272,000	0.67%	55,237,972	0.67%
Management Services	46,478,655	0.36%	55,465,803	0.35%	42,967,412	0.38%	42,591,886	0.51%
<b>Total</b>	<b>12,926,352,213</b>	<b>100.00%</b>	<b>15,657,298,003</b>	<b>100.00%</b>	<b>11,162,170,684</b>	<b>100.00%</b>	<b>8,298,820,318</b>	<b>100.00%</b>

As of the first nine months of 2023, residential projects make up the majority of the Company's operations and project portfolio. Real estate sales recorded a significant 17% y-o-y increase in revenue to ₱12.70 billion from ₱10.80 billion. Higher construction progress and more units that qualified for revenue recognition were the causes of the reported improvement.

The Company's fastest growing and most popular brand is Casa Mira Series (economic market) which had reported a stable revenue of ₱5.00 billion, driven by Casa Mira South Ph3A2, Casa Mira Towers LPU Davao, Casa Mira Iloilo, Casa Mira Towers CDO, and Casa Mira Towers Mandaue.

Another potent brand of CLI that targets the mid-market is the Garden Series (mid-market). Subdivisions under this brand are called Velmiro, while condominium projects are known as Garden Residences. Revenue from the said segment grew 10% y-o-y from ₱3.30 billion to ₱3.63 billion. The increase was steered by The East Village, the first residential project of CLI's Davao Global Township ("DGT") and Mandra Residences in Cebu.

On the other hand, Premier Masters (premier market) are high-end residential buildings which are in prestigious urban areas, offering a luxurious lifestyle and world-class living, with recorded revenue of ₱3.94 billion, an increase of 63% y-o-y from ₱2.40 billion mainly driven by the new revenue qualifications from Costa Mira Beachtown Mactan and Panglao, Calle 104, Citadines Paragon, and One Paragon Place.

The Company's joint ventures ("JVs") and subsidiaries has contributed the following to the Company's performance:

In ₱	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	December 31, 2021 (Audited)	December 31, 2020 (Audited)	December 31, 2019 (Audited)
Revenues					
Real estate sales	5,209,118,112	3,814,664,849	1,512,855,249	1,659,854,296	2,789,551,117
Rental	19,375,206	10,078,163	8,889,821	-	-
Management services	46,175,576	57,782,593	45,202,717	35,272,748	27,057,205
Hotel operations	98,169,696	83,418,282	48,683,577	54,558,131	8,524,756
<b>Total Revenue</b>	<b>5,372,838,590</b>	<b>3,965,943,886</b>	<b>1,615,631,364</b>	<b>1,749,685,175</b>	<b>2,825,133,078</b>
<b>Cost</b>	<b>2,817,348,744</b>	<b>2,068,831,801</b>	<b>1,077,018,460</b>	<b>955,410,970</b>	<b>1,508,491,559</b>
<b>Gross Margin</b>	<b>2,555,489,846</b>	<b>1,897,112,085</b>	<b>538,612,904</b>	<b>794,274,205</b>	<b>1,316,641,519</b>
<b>Net Income</b>	<b>1,505,968,884</b>	<b>878,982,429</b>	<b>87,247,991</b>	<b>379,848,982</b>	<b>742,002,187</b>

The Company also caters to foreign customers and has the following approximate sales mix per nationality:

<b>Nationality</b>	<b>%</b>
Filipino	95%
American	2.64%
Australian	0.07%
British	0.41%
Canadian	0.07%
Chinese	0.07%
Colombian	0.14%
French	0.07%
Hong Kong	0.07%
Japanese	0.14%
Korean	0.20%
Moldovan	0.07%
New Zealand	0.20%
Panamanian	0.07%
Singaporean	0.34%
Swiss	0.20%
Arab	0.20%
Italian	0.07%
<b>Total</b>	<b>100%</b>

*Strengthening leadership in the Visayas and Mindanao Region*

CLI has rapidly grown from its humble beginnings on a single three-ha. land in Balamban. The Company has evolved into a fully integrated real estate developer with a growing, highly varied portfolio of residences, offices, retail spaces, hotels, mixed-use developments, and townships spanning Visayas and Mindanao.

The Company has successfully expanded its residential offerings into the high-end segment with the Premier Masters selections. Its lineup of premium projects includes high-rises such as Base Line Premier, 38 Park Avenue, Astra Center, and Paragon Center, that are designed for world-class living in prime urban locations. Garden Series, which promises open spaces and well-designed homes like Mivela Garden and Velmiro Greens Bohol cater to the middle market. Casa Mira remains to be the Company's flagship business as it caters to the affordable and economic housing sector and the Villa Casita line serves the socialized housing market. In 2023, CLI introduced its newest market segment called "Mirani". This brand is designed to cater to the affordable housing demand of the market spectrum with a price around ₱1.90 to ₱2.90 million. In June 2023, CLI launched Mirani Steps in Danao, its pioneer project under the newest brand. The project sold out 48.37% as of September 2023, while no revenue has been recognized to date.



Venturing into township developments

In 2018, CLI started venturing into bigger ventures with the establishment of DGT, a 22-ha estate in Matina, Davao. CLI immediately started land development in 2019 and is currently nearly completed, allowing for the start of Phase 1 operations which includes the City Center, and Cultural Center, Pavilion, the launch and start of pre-selling for East Village condominiums, and lot sales.



To further expand on townships, CLI has also ventured into a reclamation project with the government of Minglanilla, Cebu to reclaim and develop 100 has. of land into a business park that integrates residential, commercial, and light industrial through the Company’s JV project named Ming-Mori Development Corporation (“**MMDC**”). In 2021, CLI increased its stake in MMDC from 20% to 78%. This is expected to streamline CLI’s operations as the developer and project manager of the Minglanilla Techno Business Park (Ming-Mori). In June 2021, MMDC obtained project approval from the Philippine Reclamation Authority (“**PRA**”), which coordinates and administers reclamation projects nationwide. The approval was the culmination of a comprehensive and stringent five-year review. This included the issuance of an Environmental Compliance Certificate (“**ECC**”) by the Department of Environment and Natural Resources (“**DENR**”), which required consultations with a wide range of stakeholders and the submission of development objectives showing its responsiveness to the environment. In October 2021, PRA issued its Notice to Proceed with the reclamation.



In 2021, CLI signed a Memorandum of Agreement (“MOA”) to acquire 14.3 has. of Xavier University – Ateneo de Cagayan’s Manresa Property in uptown CDO. Proceeds of which will be used by Xavier to develop the new Xavier University Masterson Campus. CLI plans to build developments as an essential part of the master plan, integrated into this university community. The new 21-ha. Xavier University Masterson Campus is envisioned to catalyze further development of CDO as Northern Mindanao’s education hub with a sustainable and New Normal-ready Campus Master Plan. In 2023, CLI obtained the ECC from the DENR to proceed with the development. Immediately, bidding for the land development is currently underway, while construction is forecasted to start in the middle of 2024.



Furthermore, the Company is actively engaged in ongoing negotiations with landowners in Cebu, Iloilo and Bacolod, underscoring its commitment to fortify its presence in estate developments. This proactive approach reflects the Company’s strategic vision for expansion and signifies its dedication to identifying and securing potential land for future estate development projects. CLI maintains a continuous lookout for opportunities that align with its growth strategies, ensuring a dynamic and forward-thinking approach in the real estate sector.

**Distribution methods of the products or services**

Residential products from the Company are offered to a broad variety of customers by several sales teams.

CLI has one of the industry-leading sales support teams. With over 73 sales support personnel, this team collaborates, coordinates, and supports the over 11,000-strong accredited broker/agent network of CLI. This is CLI’s strategy in working harmoniously with the seller community by assisting the brokers 24/7 from sales origination to closing. CLI works alongside brokers in addressing the client inquiries until closing.

## Completed Projects

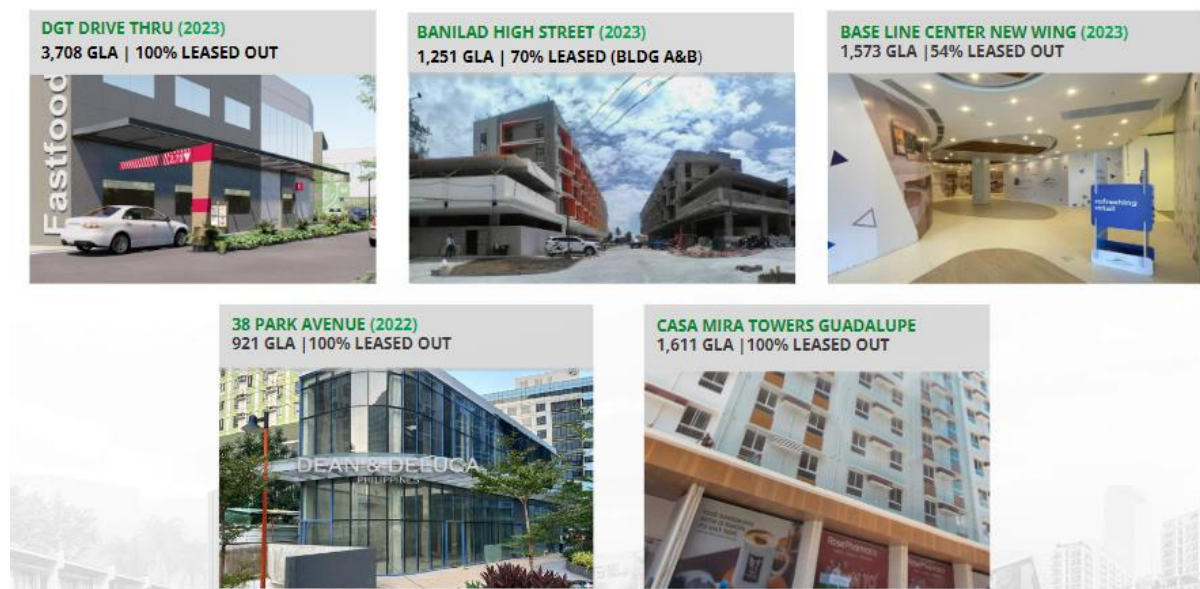
Vertical and horizontal residential, mixed-use, office, hotel, and retail projects make up the 37 completed developments of the Company.

The Company has successfully completed 32 residential projects in Cebu, Bacolod, CDO, and Davao. One of these projects, the three-tower MesaVerte Garden Residences, marked its first expansion outside of its native Cebu, and it was turned over, completing in 2020. Other projects, such as MesaTierra Garden Residences in Davao, MesaVirre Garden Residences A & B in Bacolod, and 38 Park Avenue in Cebu, among others, were finalized in 2021 and 2022. Throughout the year, CLI has been turning over projects in Cebu, including Casa Mira Towers Guadalupe, Baseline Prestige, and Mivela Tower 1. As of September 30, 2023, its completed residential developments were 98% sold out.

In addition to its residential developments, CLI owns three operational office buildings and various leasable spaces. The primary office building for the Company and the place where CLI's headquarters are situated is Park Centrale in IT Park, Cebu. Since it was completed, the development has remained 100% full occupancy and was awarded as the Best Commercial Development in Cebu by the Philippine Property Awards in 2014.

Latitude Corporate Center which was turned over in 2020 stands 24-storeys high at the heart of Cebu's business district. CLI expects sectors like IT-BPO to gradually return to office spaces as the economy has been reopening. Latitude Corporate Center is a 5-Star BERDE-certified green building, which puts the Company in a good position to meet this demand.

During the first nine months of 2023, the Company completed construction of many of its retail spaces increasing substantially its GLA to 35,772 sq.m. from 30,006 sq.m. of GLA as of the year-end 2022. This surge is attributed to the successful turnover of Banilad Highstreet, 38 Park Avenue tail, Baseline Center phase 2, and Drive-Thru spaces in Davao Global Township, currently boasting impressive lease rates of 70% and 100%, respectively.



In 2019, CLI opened its first hotel project with Citadines Cebu City in partnership with The Ascott Limited. Citadines Cebu City is a 180-room serviced residence strategically located within CLI's mixed-use lifestyle hub in midtown Cebu, the Base Line Center.

As of September 30, 2023, CLI's completed projects are 98% sold with remaining inventory value of only ₱998.5 million. CLI has more in store for the VisMin real estate market, as it aims to introduce more projects in key locations, expand to new areas in the region, and tap into diverse markets.



No.	Project	Location	Construction	Type	Use	No. of Units	Sold Units	Completion
1.	San Jose Maria Village – Balamban	Balamban, Cebu	Horizontal	Residential	Mid-Market	231	223	2006
2.	San Jose Maria Village – Minglanilla	Minglanilla, Cebu	Horizontal	Residential	Mid-Market	145	145	2008
3.	San Jose Maria Village – Talisay	Talisay City, Cebu	Horizontal	Residential	Mid-Market	96	96	2012
4.	San Jose Maria Village – Toledo	Toledo City, Cebu	Horizontal	Residential	Mid-Market	144	106	2010
5.	Villa Casita Balamban	Balamban, Cebu	Horizontal	Residential	Socialized	101	98	2015
6.	Midori Plains	Minglanilla, Cebu	Horizontal	Residential	Mid-Market	370	370	2014
7.	Asia Premier Residences	Cebu City	Vertical	Residential	High-End	88	88	2012
8.	Base Line Residences	Cebu City	Vertical	Residential	High-End	201	201	2013
9.	Midori Residences	Mandaue City, Cebu	Vertical	Residential	Mid-Market	396	396	2014
10.	Park Centrale Tower	Cebu City	Vertical	Office	Office	55	55	2015
11.	Mivesa Garden Residences (Phase 1)	Cebu City	Vertical	Residential	Mid-Market	479	473	2016
12.	Mivesa Garden Residences (Phase 2)	Cebu City	Vertical	Residential	Mid-Market	458	451	2016
13.	Velmiro Heights (Phase 1)	Minglanilla, Cebu	Horizontal	Residential	Mid-Market	348	347	2016
14.	Casa Mira Linao (Phase 1 and 2)	Minglanilla, Cebu	Horizontal	Residential	Economic	725	725	2016
15.	Casa Mira Towers Labangon Tower 1	Cebu City	Vertical	Residential	Economic	272	270	2018
16.	Casa Mira Towers Labangon Tower 2	Cebu City	Vertical	Residential	Economic	414	411	2019
17.	Casa Mira South Phase 1A	Naga, Cebu	Horizontal	Residential	Economic	342	342	2018
18.	Casa Mira South Phase 1B	Naga, Cebu	Horizontal	Residential	Economic	667	667	2018
19.	Casa Mira South Phase 2A	Naga, Cebu	Horizontal	Residential	Economic	494	494	2019

No.	Project	Location	Construction	Type	Use	No. of Units	Sold Units	Completion
20.	Casa Mira South Phase 2B	Naga, Cebu	Horizontal	Residential	Economic	250	249	2019
21.	MesaVerte Residences Tower 1	CDO City, Misamis Oriental	Vertical	Residential	Mid-Market	252	250	2019
22.	MesaVerte Residences Tower 2	CDO City, Misamis Oriental	Vertical	Residential	Mid-Market	252	248	2019
23.	Base Line Retail	Cebu City	Vertical	Mixed-Use	MixedRetail	-	-	-
24.	Citadines Cebu City (leasable)	Cebu City	Vertical	RetailHospitality	Hotel	5,918 sq.m.	-	2019
25.	Citadines Cebu City (sold)	Cebu City	Vertical	HotelResidential	Mid-market	92	74	2019
26.	Base Line HQ	Cebu City	Vertical	Office	Office	64	59	2019
27.	Base Line Premier	Cebu City	Vertical	Residential	High-end	379	378	2019
28.	MesaVerte Residences Tower 3	CDO City, Misamis Oriental	Vertical	Residential	Mid-Market	294	292	2019
29.	Guadalupe Pinamalayan	Mindoro	Horizontal	Residential	Socialized	338	289	2019
30.	Latitude Corporate Center	Cebu City	Vertical	Office	Office	58	57	2020
31.	Villa Casita North	Bogo City, Cebu	Horizontal	Residential	Socialized	686	658	2020
32.	Mivesa Garden Residences (Phase 3)	Cebu City	Vertical	Residential	Mid-market	576	569	2020
33.	MesaTierra Garden Residences	Davao City	Vertical	Residential	Mid-market	677	661	2021
34.	Casa Mira Coast	Dumaguete City	Horizontal	Residential	Economic	543	542	2021
35.	MesaVirre Building A	Bacolod City, Negros Occidental	Vertical	Residential	Mid-market	294	291	2021
36.	MesaVirre Building B	Bacolod City, Negros Occidental	Vertical	Residential	Mid-market	442	420	2021
37.	Davao Global Township	Davao City	Horizontal	Estates	Estates	-	-	2023

### Ongoing Projects (under construction)

CLI has 72 ongoing projects in various stages of construction as of the third quarter of 2023. These

projects are spread out over 16 key regions in Visayas and Mindanao.

Forty-eight residential projects totaling a project value of ₱82.40 billion are among the projects that are currently being developed. These projects have 22,425 units of which 95% were already sold and the aggregate value of remaining inventory amounts to ₱7.95 billion. CLI prides itself on selling projects at higher velocity, quick turn-over on its developments, and swift movement from pre-selling to construction and delivery. Continuing sales efforts are being made to sell out the projects as they get closer to completion. The Company believes that its optimal market acceptance is known to the 1,795 real estate brokers and 11,000 sales agents across the VisMin region who continuously support CLI.

Investing in capital to support recurring revenue from both hospitality and leasing businesses is one of the strategies CLI foresees to be the region's future growth. CLI's long-term strategy is to build up its office, retail, and hospitality portfolio's GLA to 200,000 sq.m. – eventually contributing to 10% of the Company's growing top line within the next five years.

The Company is currently constructing nine hospitality projects with 1,543 room keys and various office and commercial projects totaling over a 75,000 sq.m. More projects are in the pipeline at the planning and design stage to meet CLI's strategy to continue its build-up of its recurring income portfolio.

No.	Project	Location	Construction	Type	Use	No. of Units	Sold Units	% of completion	Completion Date
1	Velmiro Uptown CDO	CDO City, Misamis Oriental	Horizontal	Residential	Mid-Market	395	391	99%	2024
2	Base Line Prestige	Cebu City	Vertical	Residential	High-end	351	351	99%	2024
3	Base Line Lyf Hotel	Cebu City	Vertical	Hospitality	Hotel	159	-	74%	2024
4	Astra Lifestyle Mall	Mandaue City, Cebu	Vertical	Mixed-Use	Retail	13,464 sq.m.	-	73%	2024
5	Radisson Red	Mandaue City, Cebu	Vertical	Hospitality	Hotel	144	-	65%	2024
6	One Astra Place Residences 1	Mandaue City, Cebu	Vertical	Residential	High-end	478	477	95%	2024
7	One Astra Place Residences 2	Mandaue City, Cebu	Vertical	Residential	High-end	533	529	90%	2025
8	MesaVirre Building C	Bacolod City, Negros Occidental	Vertical	Residential	Mid-market	336	297	99%	2024
9	38 Park Avenue	Cebu City	Vertical	Residential	High-end	764	726	99%	2024
10	The Park @ 38 Park Avenue	Cebu City	Vertical	Mixed-Use	Retail	1,899 sq.m.	-	99%	2024
11	Citadines Paragon	Davao City	Vertical	Hospitality	Hotel	263	-	58%	2024
12	Velmiro Plains Bacolod	Bacolod City, Negros Occidental	Horizontal	Residential	Mid-Market	342	309	99%	2024
13	Casa Mira Bacolod	Bacolod City, Negros Occidental	Horizontal	Residential	Economic	431	317	99%	2024
14	DGT Pavilion & Retail pods	Davao City	Vertical	Mixed-Use	Commercial	4,398 sq.m	-	51%	2024
15	One Paragon Convention Center	Davao City	Vertical	Mixed-Use	Retail	2,252 sq.m	-	52%	2024
16	Citadines Paragon	Davao City	Vertical	Residential	High-end	188	163	95%	2024
17	One Paragon Place	Davao City	Vertical	Residential	High-end	554	542	95%	2024

No.	Project	Location	Construction	Type	Use	No. of Units	Sold Units	% of completion	Completion Date
18	Casa Mira Towers CDO Tower 1	CDO City, Misamis Oriental	Vertical	Residential	Economic	444	443	95%	2024
19	Casa Mira Towers CDO Tower 2	CDO City, Misamis Oriental	Vertical	Residential	Economic	542	540	95%	2024
20	Casa Mira Towers Mandaue (Phase 1)	Mandaue City, Cebu	Vertical	Residential	Economic	821	709	99%	2024
21	Patria Plaza	Cebu City	Vertical	Mixed-Use	Commercial	1,772 sq.m	-	44%	2024
22	Patria de Cebu Office	Cebu City	Vertical	Office	Office	3,002. sq.m	-	56%	2025
23	Patria de Cebu Hotel	Cebu City	Vertical	Hospitality	Hotel	167	-	30%	2024
24	Citadines Bacolod	Bacolod City, Negros Occidental	Vertical	Hospitality	Hotel	200	-	85%	2024
25	Mivela Garden Residences	Cebu City	Vertical	Residential	Mid-Market	1,585	1,452	99%	2024
26	Velmiro Greens Bohol (Phase 1)	Dausi, Bohol	Horizontal	Residential	Mid-Market	204	195	99%	2024
27	Casa Mira Iloilo	Iloilo City, Panay	Horizontal	Residential	Economic	1,109	1,009	99%	2024
28	Casa Mira Towers Mandaue Tower 2	Mandaue City, Cebu	Vertical	Residential	Economic	407	330	82%	2024
29	Casa Mira South (Phase 3B)	Naga, Cebu	Horizontal	Residential	Economic	454	454	99%	2024
30	Casa Mira Towers Guadalupe T1	Cebu City	Vertical	Residential	Economic	544	533	99%	2024
31	Casa Mira Towers Guadalupe T2	Cebu City	Vertical	Residential	Economic	234	232	95%	2024
32	Casa Mira Dumaguete (Phase 1)	Dumaguete City, Negros Oriental	Horizontal	Residential	Economic	517	517	99%	2024
33	Casa Mira Towers LPU	Davao City	Vertical	Residential	Economic	930	927	97%	2024
34	LPU Town Davao	Davao City	Vertical	Mixed-Use	Commercial	-	-		2025
35	Casa Mira Linao (Phase 3)	Minglanilla, Cebu	Horizontal	Residential	Economic	126	126	82%	2024
36	Casa Mira South (Phase 3A)	Naga, Cebu	Horizontal	Residential	Economic	162	161	99%	2024
37	Velmiro Heights CDO	CDO City, Misamis Oriental	Horizontal	Residential	Mid-market	518	486	75%	2024
38	Casa Mira Towers Guadalupe T3	Cebu City	Vertical	Residential	Economic	453	452	90%	2025
39	Mandtra Residences T1	Mandaue City, Cebu	Vertical	Residential	High-end	595	546	74%	2025
40	Terranza Residences	Iloilo City	Vertical	Residential	High-end	600	596	77%	2025
41	Casa Mira Ormoc	Ormoc	Horizontal	Residential	Economic	685	684	90%	2024
42	Casa Mira South Phase 4A	Naga, Cebu	Horizontal	Residential	Economic	666	665	95%	2024

No.	Project	Location	Construction	Type	Use	No. of Units	Sold Units	% of completion	Completion Date
43	Casa Mira South Phase 4B.1	Naga, Cebu	Horizontal	Residential	Economic	198	196	70%	2024
44	Mandtra Residences T3	Mandaue City, Cebu	Vertical	Residential	High-end	599	489	74%	2025
45	Casa Mira Towers - Bacolod	Bacolod City, Negros Occidental	Vertical	Residential	Economic	706	700	72%	2024
46	Costa Mira Beachtown Mactan	Mactan, Cebu	Vertical	Residential	High-end	659	659	70%	2026
47	Masters' Tower	CBP Cebu	Vertical	Office	Office	4,886 sq.m	-	34%	2026
48	Masters' Tower Retail	CBP Cebu	Vertical	Mixed-Use	Commercial	300 sq.m	-	34%	2026
49	Sofitel Cebu	CBP Cebu	Vertical	Hospitality	Hotel	195	-	15%	2026
50	The Pad	Banilad, Cebu	Vertical	Hospitality	Dorm	258	-	85%	2024
51	Banilad High Street Retail	Banilad, Cebu	Vertical	Mixed-Use	Commercial	1,033 sq.m	-	84%	2024
52	Abaca Resort	Mactan, Cebu	Vertical	Hospitality	Resort	125	-	34%	2025
53	Magspeak Mountain Resort	Cebu	Horizontal	Hospitality	Resort	32	-	5%	2025
54	Astra Corporate Center	Mandaue City, Cebu	Vertical	Office	Office	66	10	95%	2027
55	Casa Mira Dumaguete Ph2	Dumaguete City, Negros Oriental	Horizontal	Residential	Economic	87	87	72%	2027
56	East Village T1	Davao City	Vertical	Residential	Mid-Market	414	408	70%	2027
57	East Village T2	Davao City	Vertical	Residential	Mid-Market	314	310	70%	2027
58	East Village T3	Davao City	Vertical	Residential	Mid-Market	359	359	70%	2027
59	Velmiro Bohol Expansion Ph2	Dausi, Bohol	Horizontal	Residential	Mid-Market	52	43	72%	2027
60	East Village T4	Davao City	Vertical	Residential	Mid-Market	387	385	70%	2027
61	Casa Mira Towers Palawan T1	Puerto Princesa, Palawan	Vertical	Residential	Economic	227	226	31%	2025
62	Casa Mira Towers Palawan T2	Puerto Princesa, Palawan	Vertical	Residential	Economic	253	250	31%	2025
63	Calle 104 T1 (Ramos)	Cebu City	Vertical	Residential	Mid-Market	325	324	35%	2027
64	Calle 104 T2 (Ranudo)	Cebu City	Vertical	Residential	High-end	192	185	35%	2027
65	Calle 104 Retail	Cebu City	Vertical	Mixed-Use	Commercial	4,784 sq.m	-		2027
66	Casa Mira South Phase 4B.2	Naga, Cebu	Horizontal	Residential	Economic	159	159	90%	2024
67	Casa Mira Homes Danao	Danao, Cebu	Horizontal	Residential	Economic	595	592	35%	2027
68	Costa Mira Beachtown Panglao T1-T2	Bohol	Vertical	Residential	High-end	692	580	25%	2027

No.	Project	Location	Construction	Type	Use	No. of Units	Sold Units	% of completion	Completion Date
69	Casa Mira Towers Bacolod T3	Bacolod City, Negros Occidental	Vertical	Residential	Economic	327	325	32%	2027
70	Casa Mira Towers Palawan T3	Puerto Princesa, Palawan	Vertical	Residential	Economic	241	236	0%	2027
71	Ming-Mori	Cebu City	Estate	Townships	Estate	-	-		-
72	Manresa Town	Davao City	Estate	Townships	Estate	-	-		-

*Notes:*

\* *Citadines Cebu City has a total of 180 condotel units with 74 units in inventory for sale.*

\*\* *Mixed-use – individual components already describe its respective number of units, hotel keys and gross leasable area*

\*\*\* *Not applicable as the project relates to pure hotel operations*

### Newly launched and Pipeline projects for 2023

During the first nine months of 2023, CLI launched a total of eight projects valued at ₱15.00 billion. Part of the launch is the introduction of the Mirani brand addressing the needs of the low-income segment, offering residences priced at around ₱1.90 million to ₱2.90 million. Another notable project launch is Mindara Residences which experienced an exceptional market response, with almost 546 of its units being sold out, amassing ₱2.50 billion in sales within the first week of its launch. CLI also introduced its first house and lot project in Davao, Casa Mira Davao, which has achieved an impressive 95% sales milestone. Other project launches include Casa Mira Towers Mandaue T1, Mandra T2, CMT Palawan T4, CMT Bacolod T4, Casa Mira Homes Davao, and Costa Mira Panglao T3, which further diversified CLI's offerings. This substantial fresh inventory, coupled with the continued high demand for the acclaimed Casa Mira brand, propelled CLI to achieve its highest nine-month reservation sales figure, surging by 25% to reach ₱17.00 billion during this period.

As of September 30, 2023, CLI has successfully sold out 59% of its inventory from newly launched projects, showcasing a robust market response. Confident in its strategies, CLI aims to substantially sell the remaining units by the end of 2023, reinforcing its optimistic outlook for the remainder of the year.

Looking ahead to the coming months, CLI plans to launch more developments from its 11 pipeline projects, collectively valued at ₱23.00 billion.

CLI remains proactive in acquiring high value landbank to drive sustained revenue growth in the future. During the nine months of 2023, the Company recorded 112.5 has of land for development across VisMin locations. During the year, CLI further expanded in Mindanao with its most recent purchase of 21 has. in General Santos City, increasing its landbank to a value of ₱9.80 billion. With this acquisition, CLI is serving the region's robust and consistent housing demand, being present in 16 key VisMin cities.

### Residential Developments

Residential developments constitute the cornerstone of the Company's operations and project portfolio. CLI's overarching goal is to meet the burgeoning demand for quality-built, cost-effective housing, and meticulously planned communities that align with the needs of the new normal. In response to the housing backlog and the heightened desire for safe and secure homes, the Company consistently launches new housing projects.

To effectively address diverse market segments, the Company categorizes its housing developments into distinct brands. A standout among these is Casa Mira, which has rapidly emerged as the fastest growing and most popular brand. Typically priced at ₱120,000.00 per sq.m. or ₱2.00 million per housing unit, Casa Mira caters specifically to the economic market. Over time, the Casa Mira series has become a pivotal asset, securing the largest residential market share in Visayas and Mindanao. Its success can be attributed to its outstanding value proposition, providing residents with reasonably priced homes in aesthetically pleasing communities, complete with several amenities typically associated with higher-

priced developments. These include a clubhouse with multi-purpose halls, a chapel, swimming pool, basketball court, and children's playground.

In a strategic move to address the evolving market demands, CLI introduced the "Mirani" brand last July 2023. Designed to cater to the affordable housing demand across the market spectrum with a price point around ₱1.90 million, the Mirani brand debuted with Mirani Steps in Danao in June 2023. The project achieved a remarkable 48.37% sell-out as of September, although no revenue has been recognized to date.

The Garden Series, targeting the mid-market segment, boasts selling prices starting at ₱140,000.00 per sq.m., with housing unit pricing ranging from ₱2.50 million to ₱3.20 million. Subdivisions under this brand are known as Velmiro, while condominium projects go by the name Garden Residences. The Garden Series distinguishes itself by offering an impressive array of amenities, including a swimming pool, multi-level clubhouse with function rooms, fitness gym, basketball court, and playgrounds situated in an expansive landscaped park.

For those seeking an elevated lifestyle, CLI offers Premier Masters, high-end residential buildings with prices starting at ₱180,000.00 per sq.m. These luxurious developments, located in prestigious urban areas, include Terranza Residences in Iloilo, Costa Mira Mactan, and 38 Park in I.T. Park Cebu.

Lastly, Villa Casita represents CLI's commitment to socialized housing, offering units at a price of ₱580,000.00. Through these socialized housing projects, the Company endeavors to provide decent and affordable housing to the least-served market segment, reflecting its dedication to inclusive and sustainable development. The list below categorizes the projects according to market segments:

*Horizontal (Subdivision) Projects:*

Socialized:	Villa Casita North and Villa Casita Balamban in Cebu; Guadalupe Pinamalayan Socialized Housing Project
Mirani	Mirani Steps Danao
Economic:	Casa Mira Linao and Casa Mira South in Cebu; Casa Mira Coast and Casa Mira Homes Dumaguete in Negros Oriental; Casa Mira Bacolod in Negros Occidental; Casa Mira Iloilo in Panay , Casa Mira Danao in Cebu and Casa Mira Davao
Mid-Market:	San Jose Maria Villages, Midori Plains and Velmiro homes in Cebu, CDO, Bacolod and Bohol.

*Vertical (Condominium) Projects:*

Economic:	Casa Mira Towers in Labangon Cebu, CDO, Mandaue Cebu, Guadalupe Cebu, LPU in Davao, Bacolod and Palawan
Mid-Market:	Midori Residences, Mivesa Garden Residences and Mivela Garden Residences in Cebu; MesaVerte Garden Residences CDO; MesaTierra Garden Residences in Davao; MesaVirre Garden Residences in Bacolod, Mandtra Residences in Cebu, The East Village towers in DGT Davao, Calle 104(Ramos Tower) in Cebu and Mindara Residences in Davao
High-End:	Asia Premier Residences, Base Line Residences, Base Line Premier, Base Line Prestige, 38 Park Avenue, and One Astra Place in Cebu; and One Paragon Place in Davao, Calle 104 (Ranudo Tower) in Cebu, Costa Mira Beachtown in Cebu and Panglao Bohol.

Horizontal (Subdivision) Projects

*Villa Casita Balamban*

Launched in 2014, CLI's first socialized housing development is located at Buanoy, Balamban, Cebu.

With a land area of 8,128 sq.m., it consists of 101 row house units with a lot area of 36 sq.m. and a floor area of 22.65 sq.m. Pre-sold units were priced at about ₱400,000.00. It is fully developed, completed, and sold out.

#### *Villa Casita North*

The second project of the Company's Villa Casita brand offers its homeowners well-designed homes, well-planned site development, and sizable green spaces for parks and community facilities traditionally found only in mid-market or upscale developments. The development is designed to provide over 686 homes to families in the North of Cebu with a selling price of ₱480,000.00 per unit.

#### *Guadalupe Pinamalayan Socialized Housing Project*

This socialized housing project in Pinamalayan, Oriental Mindoro, was started in 2015 in collaboration with Habitat for Humanity. The 3.9-hectare initiative includes 338 single-story and detached units, with 77 of them going to Habitat for Humanity recipients.

#### *Mirani Steps Danao*

Mirani Steps Danao, launched in June 2023, stands as the pioneer project under the newest Mirani brand by CLI. Specifically designed to meet the demand for affordable housing, these well-built homes provide functional living spaces, quality finishes, and community amenities for the hardworking Filipino, with a price point around ₱1.90 million to ₱2.90 million. CLI unveiled Mirani Steps Danao, marking the inaugural venture of this brand. As of September, the project has sold out 48.37%, demonstrating a robust market response. It is noteworthy that, to date, no revenue has been recognized, highlighting the anticipation and momentum surrounding this pioneering endeavor in Danao City. The project is expected to turnover by the last quarter of 2026.

#### *Casa Mira Linao*

Launched in 2015, Casa Mira Linao is CLI's first foray into economic housing development. The project is located in the hills of Linao-Lipata, Minglanilla, Cebu on a 12-hectare property. Phases 1 and 2 comprises 725 townhouse units with floor areas ranging from 37 to 62 sq.m. and average selling price starting from ₱0.90 million to ₱1.40 million. It is fully developed, completed, and sold out.

In 2020, CLI launched Casa Mira Linao Phase 3, which composed of 126 single-detached townhouse units with 59 sq.m. in floor areas at an average selling price of ₱3.50 million.

#### *Casa Mira South*

Launched in 2016, this economic housing development is located in the Naga City and the Municipality of San Fernando, both in Cebu. This 32-ha community built on a rolling terrain that allows for expansive views and generous open spaces and amenities is divided into four phases consisting of over 3,000 townhouse units, with each unit having floor areas ranging from 36 to 59 sq.m. Average pre-selling price ranges from ₱1.10 million to ₱1.60 million. Phases 1 and 2 are completed and turnover to unit owners is almost complete. In 2018, it was awarded as the Best Housing Development in Cebu at the Philippine Property Awards.

In 2020, CLI launched Casa Mira South Phase 3A and Phase 3B with 618 units at an average pre-selling price of ₱1.20 million to ₱2.60 million. Due to the robust demand for the project, CLI launched Phase 4 in 2022 with a total of 1,023 units and sales value of ₱2.40 billion. As of the end 2022, these projects are fully sold.

#### *Casa Mira Coast*

Casa Mira Coast, a residential economic subdivision located in Barangay Maslong, Sibulan, Negros Oriental, is a 5.3-ha project that consists of 543 townhouses selling at ₱1.60 million to ₱2.20 million. It offers amenities that are not only top of the line but also affordable. Apart from this, the project has a breathtaking view of the nearby coast and is only 2 kilometers away from the Dumaguete Airport.



### *Casa Mira Dumaguete*

Launched in 2020, the second Casa Mira project in Negros Oriental is located in a 7-ha land in Junob, Dumaguete City. Its modern architecture and design were inspired by the classic American country home. This development is split into two phases with a total of 586 house-and-lot units. Average floor range is 60 to 135 sq.m.

### *Casa Mira Bacolod*

Casa Mira Bacolod is the seventh Casa Mira project of CLI with 431 house-and-lot units. With its accessible location, homeowners enjoy more of the conveniences brought by business establishments, malls, schools, churches, and major institutions. The development offers generous open spaces and well-planned amenities at an affordable price ranging from ₱1.70 million to ₱2.20 million. The well-designed houses range from 40 to 46 sq.m. in floor area.

### *Casa Mira Homes Iloilo*

This 14-ha community features a contemporary mix of townhouses and single detached units inspired by the cultural evidence of the Spanish colonial era that has been part of our Philippine history. Its design and architecture mimic that of the Bahay na Bato that is one of the most iconic historical places in Iloilo. In 2020, CLI launched its first project in Iloilo City, Panay comprising 1,109 house and lots with a typical floor area of 48 sq.m. and average pre-selling price of ₱1.80 million to ₱2.70 million.

### *Casa Mira Homes Ormoc*

Casa Mira Ormoc is the first Casa Mira brand in Leyte. It has a very strategic location, and it offers affordable townhouse units with very generous payment schemes. Casa Mira continues to expand to major key cities in Visayas and Mindanao and is launching its first project in Eastern Visayas. Casa Mira Homes Ormoc is a 9.13-ha residential subdivision in Brgy. Luna Ormoc City.

### *Casa Mira Danao*

Strategically located in Danao City Cebu, this vibrant community in the north provides a home that allows buyers to relish peacefulness while maintaining close proximity to essential establishments. CLI launched 595 units of this project in Q4 2022 with a sales value of ₱1.97 Billion. Site development works are being implemented while full completion is expected to be in 2026.

### *Casa Mira Davao*

Casa Mira Danao is located in Brgy. Magtuod with 837 thoughtfully designed house and lot units on a sprawling 135,842 sqm of land. Launched in June 2023, this residential project by CLI promises a harmonious blend of modern living and natural surroundings. Anticipated for completion in Q1 of 2026, Casa Mira Davao reflects the developer's commitment to delivering quality homes, offering residents a vibrant and comfortable living experience in the heart of Davao.

### *San Jose Maria Villages ("SJMV")*

This series of villages located in the south and southwest of Cebu City paved the way for CLI in providing affordable mid-cost quality homes to the middle market segment. SJMV offered a mix of single-detached, semi-attached townhouses and lot-only choices to the buyers. SJMV-Balamban is a 3.0-ha development with 231 units launched in 2013. SJMV-Minglanilla is a 2.9-ha development with 145 units launched in 2007. SJMV-Toledo is a 3.0-ha development with 144 units launched in 2009. SJMV-Talisay is a 1.9-ha development with 96 units launched in 2010. Lots were pre-sold at ₱7,000.00 per sq.m., while house and lot units averaged at ₱1.40 million to ₱3.60 million. All SJMV projects are fully developed and completed, with both SJMV-Minglanilla and SJMV-Talisay sold out.

### *Midori Plains*

Launched in 2011, this mid-market development is located in the Municipality of Minglanilla, Cebu. This 7.0-ha Asian-inspired subdivision south of Cebu City has 370 residential units ranging from

townhouse units with 40-sq.m. floor areas to single-detached units with an area of 77 sq.m. each. It is fully developed, completed, and sold-out.

#### *Velmiro Heights Cebu*

This mid-market development was launched in 2013 and is located on an 8.80-ha property in Tunghaan, Minglanilla, Cebu. This 348-unit development offers 11 different house models, ranging from townhouses to single-detached, two-storey units. Townhouses have 60-sq.m. floor areas, while the largest unit contained 131 sq.m. of living space. Townhouses were pre-sold at an average price of ₱1.70 million while the largest single-detached unit is about ₱5.30 million. Phase 1 is now fully developed, completed, and sold, while Phase 2's 81 units are still on the market.

#### *Velmiro Uptown CDO*

Launched in 2017, Velmiro Uptown is located in Upper Canituan, CDO City, providing easy access to various establishments in the city. This 14-hectare mid-market residential subdivision has a total of 395 house-and-lot units nestled at a prime spot in CDO City. The project offers a mix of units from townhouses to single detached houses with floor areas 60 to 106 sq.m., respectively. The average selling price ranges from ₱2.40 million to ₱5.00 million. The project has started turnover to new homeowners in 2022.

#### *Velmiro Plains Bacolod*

Bringing new heights to the City of Smiles in 2019 is Velmiro Plains Bacolod. This 8.3-ha development is a modern mid-market residential community comprising 342 house and lot units with floor area ranging from 60 sq.m. to 106 sq.m. Located strategically at Granada, Bacolod City, the average selling price ranges from ₱2.60 million to ₱4.20 million per house and lot.

#### *Velmiro Greens Bohol*

CLI's first development in this 3.6-ha property in Daus Panglao, Bohol is accessible to schools, places of worship, tourist spots, malls, beach resorts, and other major establishments. The project offers a mix of units from townhouses to single detached houses with average floor area ranging from 48 sq.m. to 67 sq.m. Average prices range from ₱2.30 million to ₱3.60 million per house and lot.

### Vertical (Condominium) Project

#### *Casa Mira Towers Labangon*

Launched in 2016, this is CLI's primary venture in the economic segment of residential condominiums. The project is located in Labangon, Cebu City on a 3,681-sq.m. property that used to be the location of the old CLI headquarters. This two-tower development on top of a commercial podium has a total of 686 residential units. It offers 20-sq.m. studio units and 1-bedroom units averaging 37 sq.m. units pre-sold at ₱1.25 million to ₱1.43 million. Construction for the development started in 2016 and was completed in 2018.

#### *Casa Mira Towers Guadalupe*

Located across the Fooda intersection of V. Ramos St., and V. Rama, is a beautifully designed three-towered residential condominium that offers quality living and an upgraded lifestyle. This three-tower residential condominium has a total of 1,231 condominium units and retail components. A studio room currently costs around ₱2.60 million from its pre-selling price at ₱1.58 million. Tower 1, with 544 condo units, is fully sold and unit turnovers are expected to begin in 2022. Tower 2, with 234 units, was launched in 2020 while Tower 3 was launched in 2021 with development now ongoing.

#### *Casa Mira Towers Mandaue*

Launched in 2019, Casa Mira Towers Mandaue, a four-tower mid-rise condominium located in Marciano Quizon, St, Mandaue City, Cebu, is the 8<sup>th</sup> development of CLI's Casa Mira flagship housing community. The project offers a mix of studio and one-bedroom units with prices ranging from

₱75,000.00 to ₱80,000.00 per sq.m. Phase 1 and Phase 2 development has 659 units and 736 units, respectively. This includes Tower 1 which was launched in Q1 of 2023. The project is expected to be delivered and turned over by 2024.

#### *Casa Mira Towers CDO*

Located within the progressive city of CDO, Casa Mira towers CDO is a two-tower residential condominium with 986 units offering an upgraded lifestyle for the Filipino family. Launched in 2019, the development also has its own retail spaces on the ground floor area providing utmost convenience to its residents. With more space and more amenities, Casa Mira Towers CDO prides itself in giving its residents more value for their homes. The project had sold out in 2020, despite the nationwide community quarantines and the global pandemic.

#### *Casa Mira Towers LPU*

Located within minutes from Davao's Francisco Bangoy International Airport, Casa Mira Towers LPU is composed of two residential towers and retail at the podium with 930 condominium units. The project will have a retail component at the ground floor for retail and food outlets to cater students from Lyceum of the Philippines – Davao. This two-tower project is to support LPU Davao as a globally competitive university township – a one-stop development with not just a standalone university, but including supplementing components such as residential, hospitality, retail, and meetings, incentives, conventions, and exhibitions needs; and to position Davao as one of the country's up-and-coming bustling and vibrant destinations.

#### *Casa Mira Towers Bacolod*

CLI launched its fifth development in Bacolod City, ₱1.80 billion Casa Mira Towers Bacolod. Casa Mira Towers Bacolod, a four-tower residential project that's part of a masterplanned CLI complex along Lacson Avenue in Bacolod City where a branded hotel, commercial complex, and another three-tower residential condominium of CLI garden series brand situate. Designed to give more to its residents, the development is perfect for families looking for an active lifestyle.

Casa Mira Towers Bacolod Towers 1 and 2 is now 100% sold, generating a sales value of ₱1.60 billion for 706 units. This is a testament of the robust demand for housing and Bacolod market's strong acceptance of the project.

#### *Casa Mira Towers Palawan*

CLI positioned its fastest selling brand in Palawan as it launched its first development in the city. The first four buildings of Casa Mira Towers Palawan have 1,105 units and were able to generate ₱2.90 billion reservation sales from the expected ₱3.40 billion sales. The Palawan project has projected gross revenues of ₱6.00 billion from the seven towers with Phase 1 set for completion in the last quarter of 2027.

#### *Midori Residences*

This zen-inspired twin-vertical mid-market residential condominium development is located in Mandaue City, Cebu. Its 22-sq.m. studio and 40-sq.m. 1-bedroom units were pre-sold at an average of ₱1.30 million to ₱2.60 million. It is fully developed, completed, and fully sold out, with a total of 396 units having been sold.

#### *Mivesa Garden Residences*

Located in Lahug, Cebu City and launched in 2013, this 1.8-ha development is a home to seven mid-rise, mid-market residential buildings, and is designed as a garden-inspired community which has 60% open spaces within the prime property. This is a three-phase project with the first two phases covering the first five buildings. The first two phases offer 937 units consisting of studio, 1-bedroom and 2-bedroom units. Pre-selling started at ₱1.20 million for a 20-sq.m. studio unit, and up to ₱2.90 million for a 2-bedroom 48-sq.m. unit. Phases 1 and 2 are completed and delivered. Phase 3, which has a total of 576 units, is completed and its turn-over started in 2020.

### *Mivela Garden Residences*

Mivela Garden Residences is a ₱5.30 billion project, located in Banilad, Cebu City, with four-towers and 1,585 condo units. The Best-Selling Garden Series development has generated overwhelming buyer interest as it is 80% sold out after three weeks of selling. The project is close to major establishments providing urban comforts within near distance while maintaining its serene and refreshing ambiance. Construction immediately started and will be completed by the first half of 2025.

### *MesaVerte Residences*

Launched in 2015, this is CLI's initial entry into the Mindanao market. It is located on an 8,740-sq.m. property in downtown CDO, Misamis Oriental, and 60% of the property is dedicated to open spaces. The project offers 20-sq.m. studio and 39-sq.m. 1-bedroom units which were pre-sold at ₱1.47 million and ₱2.88 million, respectively. The development is fully sold and is completed.

### *MesaTierra Garden Residences*

Located in Emilio Jacinto Extension, the heart of Davao City, this 5,094 sq.m. mid-market condominium has a total of 677 residential units priced between ₱1.60 million to ₱3.40 million. This development has various amenities like swimming pools, sky garden, playground, and workspace. This condo project is now completed and turned over.

### *MesaVirre Garden Residences*

Launched in the first quarter of 2018, MesaVirre Garden Residences, a three-tower mid-market condominium with 1,072 condo units, is CLI's first project in Bacolod. The project is only 17 minutes away from the airport, 3 kilometers from the Riverside hospital and situated near a number of malls.

### *Mandtra Residences*

Mandtra Residences, located along P. Basubas Street, Tipolo, Mandaue City, offers industrial, modern, and elegant living spaces and amenities. A lush tropical enclave where homeowners can enjoy a well-balanced life within the city. It sets the standard for Cebuano living at the heart of its industrial heritage. A JV project between CLI and Cebu Homegrown Developers, Inc., Mandtra Residences offers elegant living spaces from studio units and 1-bedroom units with balcony and terraces. This ₱3.00-billion project has a total land area of 12,405 square meters, 3 residential towers and a retail component.

### *The East Village @ DGT*

The East Village at DGT is the first residential development in the township with over 2,000 residential unit offerings spread across the six-tower vertical village. The newly launched and sold-out four towers with a total of 1,474 units generating a sales value of ₱5.80 billion. The project immediately broke ground in the second quarter of 2022 and are scheduled for completion in the third quarter of 2026. The East Village is a project of YHEST Realty Development Corp., CLI's JV with the Yuson, Huang, and Tan families belonging to the Villa-Abrille clan of Davao.

### *Asia Premier Residences*

Launched in 2010, CLI's first vertical high-end residential condominium project is located at the Cebu IT Park, Cebu City. The development is also the first residential development in the area. The units ranged from studio units sized at 28 sq.m. and 3-bedroom units measuring 109 sq.m. It is fully developed and completed and has since sold out its 88 units.

### *Base Line Residences*

This 201-unit residential condominium project is located in uptown Cebu City on Juan Osmeña Street. The project offered 23-sq.m. studio units at a pre-selling price of ₱1.59 million, while its 41-sq.m. 1-bedroom unit pre-sold at ₱3.15 million. The project was launched in 2011, and is fully developed and

completed, with its 201 units having been sold out.

#### *Base Line Premier*

This development was launched in 2015 as the residential component of Base Line Center, a one-ha mixed-use development located along Juan Osmeña Street, Cebu City and right beside another CLI project, Base Line Residences. It has 379 units consisting of 24-sq.m. studio and 45-sq.m. 1-bedroom units. Studio units pre-sold at ₱2.22 million, while 1-bedroom units pre-sold at ₱4.16 million. Construction started in March 2016 and was completed in 2018.

#### *Base Line Prestige*

Located in Juana Osmeña St., Kamputhaw Cebu City, this high-end residential condominium is the final tower to rise in the Base Line Center. With 351 units, each unit is designed to be spacious and accessible to various establishments. This tower has a wide range of amenities, from retail podiums, fitness gyms, pools, and playgrounds. Units for this project are being sold for ₱2.00 million to ₱10.00 million. The project is currently in its turnover phase to buyers.

#### *38 Park Avenue*

38 Park Avenue was launched last 2017 with a total of 764 units. This 38-floor New York inspired condominium is designed to be the highest building in Cebu I.T. Park offering an exclusive and breathtaking 360 view of the city. 38 Park Avenue presents five types of condo residences: studio (24 sq.m.), one-bedroom (54 to 56 sq.m.), two-bedroom (80 sq.m.), three-bedroom (111 to 137 sq.m.), and penthouse (320 to 420 sq.m.). Turn over of the units to buyers is currently on-going.

#### *One Astra Place Residences*

Situated in the heart of A.S. Fortuna Street, the lifestyle avenue of Mandaue City, One Astra Place is the residential component of Astra Centre, a mixed-use development that carries astounding design of residential towers, upscale lifestyle mall, world-class hotel, and modern office spaces. One Astra place is a 15-storey condominium that comes with a wide range of world-class amenities and features. Both the first and second residential towers were launched and fully sold out to date. The project is scheduled to be completed by 2024.

#### *One Paragon Place*

It is a prime residential tower integrated within The Paragon Davao, a master-planned development designed to be a lifestyle destination in Davao City. Standing 26 storey-high, it has full range of amenities that residents can enjoy and well-designed units that showcase the astounding panoramic views of the city. One Paragon Davao is currently 99% sold, with 547 units selling for ₱2.00 billion.

#### *Terranza Residences*

Terranza Residences is a partnership with International Builders Corp. under a JV called GGTT Reality. The 33-storey Terranza Residences is CLI's second Iloilo City project. It is expected to be completed by 2025, bringing in as much as ₱2.40 billion in revenues. It will be home to 600 units on a 2,539-sq.m. property. The residential segment will offer one-bedroom units spanning 24 sq.m. to 174 sq.m., which may be combined, as well as penthouse units with 117 sq.m. of space to as much as 174 sq.m. The project will feature a sky lounge, a rooftop garden, a play area, fitness gym, and a helipad.

#### *Costa Mira Beachtown Mactan*

The first CLI resort living project, Costa Mira Beachtown, is located in Mactan, Cebu. The development consists of three towers, the first two of which were launched in 2021 and are nearly sold out. Because of the tremendous demand, the two more towers will be launched in the latter part of 2024 and are scheduled to be completed by 2027.

#### *Calle 104*

Calle 104 is a JV project of CLI and Borromeo Brothers Estate, Inc. under Cebu BL-Ramos Ventures, Inc. It is located in Cebu City's Ramos and Ranudo streets. The 5,530-square meter (sq.m.) property has two towers: Ramos Tower has 20 floors while Ranudo Tower has 18 floors. Ramos Tower has 325 studio- and one-bedroom units, while Ranudo Tower has 192 studios and three-bedroom penthouse units. Prices of the units range from ₱3.5 million to P23.7 million. Calle 104, which was immediately sold out during launch, will be completed by the fourth quarter of 2026 and is projected to bring ₱3 billion in gross revenues.

#### *Costa Mira Beachtown Panglao*

Costa Mira Panglao is CLI's second resort living condominium. The development is under the JV company CLI-LITE Panglao, inc. and is designed to have three towers beside the famous Panglao beach. In November of 2022, the JV launched two towers with a total project value of ₱3.50 billion. The last tower opened for pre-selling in Q2 2023 while the whole development is set to complete by 2027.

#### Office Projects

In 2013, CLI opened its first office property, Park Centrale at I.T. Park Cebu, taking advantage of the growing BPO sector in Cebu. CLI's current strategy is to significantly expand its recurring revenue projects in order to deliver 200,000 sq.m. over the next five years in terms of GLA.

In 2020, the Company turned over Latitude Corporate Center, a Grade A office tower at the Cebu Business Park with a Gross Floor Area ("GFA") of 21,000 sq.m. Building development for Astra Corporate Center (18,823 sq.m. GFA) and Patria de Cebu Office (4,562 sq.m. GFA) are currently ongoing.

Office buildings include Park Centrale Tower, Base Line HQ, Latitude Corporate Center, Astra Corporate Center, Patria de Cebu Office, and Masters Tower Cebu Office.

#### *Park Centrale Tower*

Park Centrale Tower is CLI's first office development. Located at the Cebu IT Park, the 19-storey Grade B office tower was launched in 2013 with a total GFA of 11,920 sq.m. and was completed in only two years of construction. The project was positioned to cater to both BPOs and executive offices. 60% of the office spaces were offered for lease, while the rest were fully sold as office condo units. In 2014, the project was awarded as the Best Commercial Development (Cebu) during the 2014 Philippines Property Awards.

#### *Base Line HQ*

This project is the office component of the Base Line Center, a major mixed-used development of CLI. Similar to the Company's successful Park Centrale, the said project also caters to both BPOs and executive offices. CLI offers for sale 77% of the 74 office units, while the remaining was retained for the Company's growing leasing business. The strategic location attracted customers in the medical, legal, government, and outsourcing services.

#### *Latitude Corporate Center*

Latitude is a green building project registered with BERDE, the nationally accepted green building rating system used to measure, verify, and monitor the environmental performance of buildings that exceed existing mandatory regulations and standards in the Philippines. This 21,000-sq.m. (in GFA) development is a project of BL CBP Ventures, Inc., a JV company of CLI and Borromeo Bros, Inc. With 24 storeys, Latitude will be the tallest office development at the Cebu Business Park. As the project developer and manager, CLI uniquely positioned this project as a three-product office development with BPO, enterprise and executive office offerings. With its iconic design and green building features, the project is aiming for a 3-star BERDE certification. The BERDE project was completed in 2020.

### *Astra Corporate Center*

Part of the mixed-use project in AS Fortuna is Astra Corporate Center, the office leasing component of Astra Centre. The Office building is 15-storey high with a total of 18,823 sq.m. of GFA. The project is expected to be completed and be a source of leasing income for the Company by 2025.

### *Patria de Cebu Office*

In 2018, CLI announced its partnership through a 40-year lease with the Archdiocese of Cebu to develop and operate a mixed-use project on the 6,670 sq.m. property. The project will be a redevelopment of the existing Patria de Cebu, an old Spanish establishment to accommodate hotel, retail, and offices. It will have approximately 21,000 sq.m. of GFA, with 4,562 sq.m. (GFA) of office spaces. The project is expected to be completed and fully operational by the year 2024.

### *Masters Tower Cebu Office*

On February 19, 2021, the Company unveiled its ₱4.00 billion skyscraper that is set to open in 2025. This mixed-use tower located on a 2,840 sq.m. area in the Cebu Business Park will have an iconic office component in anticipation of a robust economic recovery in the next few years.

The tower's office spaces from the eighth to the 12<sup>th</sup> floor anticipate the needs of locators who value efficiency and sustainability and keenly follow global trends. The spaces will highlight horizontal louvers to reduce solar heat by almost 70% and to create a comfortable work environment. In addition to the louvers that reflect Cebuano craftsmanship, sky gardens in every floor and throughout the LEED-registered building will enhance the well-being of its occupants.

### *Hotel and recreational development*

In addition to its residential and office developments, CLI has recently entered the hospitality business starting with the completion of its first hotel, Citadines Cebu City in September 2019.

In 2021, CLI signed a ₱360.00 million JV for a mixed-use development with co-living spaces and transient housing in Cebu near the IT Park. The Pad, with over 258 dormitory rooms, is currently turning over and was completed in 2023.

The following are the projects under the hospitality business of CLI, its Subsidiaries and its associate Magspeak:

Hotel:	Citadines Cebu City, Radisson Red, Base Line Lyf Hotel, Citadines Paragon Davao, Citadines Bacolod, Mercure Hotel, Abaca Resort Mactan Cebu, and Sofitel Cebu City
Co-living:	The Pad
Resort:	Abaca Resort Mactan Cebu and Magspeak

### *Citadines Cebu City*

Starting operations in September 2019, the project is an international serviced residence with 180 rooms of which 92 units were offered for sale and 88 units were retained by the Company for recurring revenue. Citadines Cebu City is part of the mixed-use Base Line Center located in Juana Osmeña St, Cebu City, Cebu. It complies with international hospitality standards as it operates under the management of The Ascott Limited, the world's largest international serviced residence owner-operator.

### *Radisson Red*

CLI expanded partnership with international hotel brands by signing a management contract with Radisson Hotel Group, one of the world's largest and most dynamic hotel groups, for the first Radisson RED in the Philippines. Radisson RED will be part of the Astra Centre, a major mixed-use

development of CLI, along A.S. Fortuna St. in Mandaue City, Cebu. Radisson RED is intended to have 146 guest rooms with its unique designs and upscale select service offering, injects life into the hotel through informal services. The development is scheduled for completion and operations by 2025.

#### *lyf Cebu*

Portion of the third tower in Base Line Center project is lyf Cebu. This 153-room serviced residence project targets the booming local and foreign millennial market in Cebu City. The hotel will be managed by Ascott Limited, one of the world's leading international serviced residences. This project is scheduled to be operational by 2024.

#### *Citadines Paragon Davao*

Located at General Douglas MacArthur Highway, Bucana Tolomo, Davao City, Citadines Riverside is an apartment hotel which will be managed by Ascott. The hotel is designed to provide guests its world class amenities, such as a fully equipped kitchen, home entertainment, dining, and retail outlets. Citadines Paragon is set to open by 2025.

#### *Citadines Bacolod*

Citadines Bacolod will be the first internationally branded hotel of Bacolod managed by Ascott Limited. The international hotel / serviced residences will provide 200 hotel units, an events hall, function rooms, meeting rooms, restaurants, bar and various hotel amenities within a 4,502 sq.m. property. The project is scheduled to open and start contributing to our hotel revenues by 2024.

#### *Mercure Hotel*

In 2018, CLI announced its partnership through a 40-year lease with the Archdiocese of Cebu to develop and operate a mixed-use project on the 5,186 sq.m. property. The project will be a redevelopment of the existing Patria de Cebu to accommodate hotel, retail, and offices. This Filipino-Spanish inspired hotel development will cater to 167 guest rooms and is expected to be completed and fully operational by year 2025.

#### *Abaca Resort Mactan Cebu*

The all-suite Abaca Resort Mactan is a luxury resort in the Punta Engaño area of Mactan island that has received the highest ratings from global travel experts. With a footprint of 4,328 sq.m., the property is one of the few remaining prime properties in the area with an attractive oceanfront and just a short drive from the Mactan Cebu International Airport. CLI envisions the Abaca Resort Mactan to expand to a 125-room all-suite luxury development from its current nine rooms, to be completed in 2025.

In 2020, Abaca Boutique Resort in Cebu was nominated as Asia's Leading Boutique Beach Resort 2020 and Asia's Leading Boutique Resort 2020 in the 27<sup>th</sup> World Travel Awards.

#### *Sofitel Cebu City*

The first five-star luxury hotel in the Queen City of the South will rise on a 2,840 sq.m. property considered to be the remaining prime corner lot in the Cebu Business Park, Cebu City's prestigious central business district. Sofitel Cebu City will be operated by multinational chain Accor, a world leading hospitality group headquartered in France. The sustainability of this LEED-registered building will be reflected in the design of the 14<sup>th</sup> to the 32<sup>nd</sup> floors which will house the luxury hotel with 195 guest rooms, a grand ballroom, two restaurants, executive lounge, meeting rooms, roof deck, swimming pool, gym, and spa.

#### *The Pad*

The Pad is the first entry of CLI on co-living spaces. The dormitory will have 358 semi-furnished rooms that can occupy three to four transients. The project is located along Banilad road, Cebu City which



is strategically located near schools and BPOs. The Pad is integrated in the mixed-use development, Banilad Highstreet with retail spaces and storage facilities.

### *MagSpeak Resort and Villas*

The 21-ha mountain estate in Magsaysay Peak in Balamban, Cebu, with an elevation of 800 meters is a JV between CLI and MagsPeak Nature Park Inc. composed of Cebuano businessmen and fellow Caminoans, Bob Gothong, Segundino Selma Jr., Richard Ray King, and Douglas Gacasan.

MagsPeak will be one of the starting points of the Camino de Cebu trail favored by pilgrims expressing their religious devotion. The MagsPeak to Compostela pilgrim trail is a 42-kilometer route traversing the mountainside of Manunggal Balamban down to the Municipality of Compostela, whose patron, St. James the Apostle, is also a featured saint in the MagsPeak chapel. The Camino de Cebu is based on the traditional Camino of Spain which is composed of several trails that converge on the city of Santiago de Compostela in northwestern Spain.

MagsPeak devotees can further immerse in a spiritual retreat inside the beautiful Our Lady of the Pillar Chapel which overlooks the mountains, or contemplate the 20 stations along the 800 meter-long Rosary Walk, or meditation quietly the Pieta in a garden inspired by Michelangelo or do penance by climbing the 14 stations of the Way of the Cross from the entrance to the top of MagsPeak.

MagsPeak's offers a unique hospitality experience managed by CLI's Hospitality arm, CLI Hotels & Resorts. Opening in 2025, the resort comprises 13 exclusive mountain villas and 20 hotel rooms highlighting views of the Balamban mountain landscape and the western Cebu seascape.

### *Mixed-use developments and Townships*

With its growing brand, experience, and portfolio, CLI pursued larger scale developments in prime urban locations.

Mixed-Use and Township:	Base Line Center, 38 Park Avenue, Astra Center, Paragon Center, Patria de Cebu, Banilad Highstreet, Masters Tower, Cebu; Manresa Town, Ming-mori Reclamation Project and Davao Global Township
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#### *Base Line Center*

CLI's first major mixed-use development is the Base Line Center, a 1.6-ha modern redevelopment in the heart of midtown Cebu. The Company removed the existing structures in the old Base Line, a well-known favorite gathering place of Cebuano families, and built a mixed-use development. The project was completed in 2019.

#### *38 Park Avenue*

CLI, through its JV, El Camino, also acquired a 1.18-ha property inside the Cebu IT Park, the largest remaining private property inside the prestigious address. This property, called 38 Park Avenue at the Cebu IT Park, will be transformed into a mixed-use urban park with a 38-storey residential tower, BPO office, hotel, and retail boulevard.

#### *Astra Center*

In 2017, CLI launched another major mixed-used development, the Astra Center, in the bustling AS Fortuna Mandaue area, a growing commercial district and the major thoroughfare that connects Cebu and Mandaue. This medium-density project will house a hotel, residential, office, and boutique mall.

#### *Paragon Center*

Another mixed-use development by CLI is the Paragon Center, a JV project in Davao that was launched in 2018. The development comprises the premier condominium, One Paragon Place, Citadines Davao Hotel, a convention center, and a lifestyle retail strip.

### *Patria de Cebu*

In 2018, CLI announced its partnership through a 40-year lease with the Archdiocese of Cebu to develop and operate a mixed-use project on the 6,670 sq.m. property. The project will be a redevelopment of the existing Patria de Cebu, an old Spanish establishment to accommodate hotel, retail, and offices. It will have approximately 21,000 sq.m. of GFA and is expected to be completed and fully operational by the year 2025.

### *Banilad Highstreet*

CLI has inked a ₱360.00 million JV for a mixed-use development with co-living spaces and transient housing in Cebu nearby the IT Park. Sugbo Prime Estate, the JV project, is a 7,500-sq.m. property along Banilad and nearby Cebu IT Park which houses several business process outsourcing firms. The JV is with the Farrarons family who owns two hotels and a strip mall in Cebu City. Banilad Highstreet will have commercial spaces, over 300 dormitory rooms, and a self-storage facility.

### *Masters Tower Cebu*

Set to be completed in 2025, it will offer prime office and retail spaces and the first five-star luxury hotel in the Queen City of the South. Sofitel Cebu City will be operated by multinational chain Accor, a world leading hospitality group headquartered in France. The tower is CLI's most iconic architectural structure to date, building a towering crown-like structure to represent the "Queen City of the South". The architectural masterpiece will top-off at 192 meters above sea level and will be among the top three tallest structures in the metropolis. It will have a structural height of 172 meters high, with an architectural design inspired by the best of Cebuano creativity and craftsmanship, and with sustainability as one of its cornerstones having been conceptualized to use energy and resources efficiently and responsibly. The groundbreaking of the LEED-registered Masters Tower Cebu took place in September 2021. CLI is aiming for the building's LEED Gold certification.

### *Manresa Town*

Manresa Town is a 14.3-hectare mixed-use development that's envisioned to be a vibrant university town to pair with the Xavier University Masterson Campus of the Future. The campus and the adjacent university town is a collaboration between CLI and Xavier University-Ateneo de Cagayan. Manresa Town is complete with retail, offices, and, most importantly, student and teacher friendly residential offerings creating a secure, vibrant, and dynamic development with strong synergies that will benefit both Xavier University and Uptown CDO – creating an academically stronger university and transforming the Uptown CDO area serving as a key catalyst for the economy of the region.

### *Davao Global Township*

CLI also entered into another JV to develop a central business district in Matina, Davao. The 22-ha estate, called Davao Global Township, will be developed into a large-scale self-contained community with office, residential, mall and institutional uses.

### *Ming-mori Reclamation Project*

CLI is currently working on the Ming-mori Reclamation Project in its pipeline projects. This master planned reclamation development covering 100 ha was issued an ECC by the DENR on July 22, 2020, following a comprehensive two-year review. This project is a JV among the local government of Minglanilla and private consortium partners Ming-Mori Development Corp. The techno business hub will be a township project to house light industrial facilities with residential, commercial areas and an integrated port facility and to generate over 75,000 jobs in the municipality while meeting sound environmental guidelines.

CLI'S STATEMENT OF COMMITMENT AND 5-PILLAR SUSTAINABILITY STRATEGY

CREATING LASTING IMPACT

We are committed to creating long-term value for our business and stakeholders by driving innovation and improving the quality of life of our people, customers and communities while we strive to manage our environmental impacts responsibly, ethically and with transparency.



Competitive strengths

Leading property developer in VisMin with a distinguished brand and reliable track record of project execution proven during the pandemic

In 2023, an independent study by Colliers International reaffirmed CLI's unrivaled position in the VisMin real estate market. The study identified CLI as the top residential developer in the region, boasting the largest market share among real estate firms. Holding a commanding 23% overall residential share in net take-up value, CLI continues to dominate key VisMin cities, a testament to our market presence and consumer confidence.

CLI has responded well to the increasing market demands of VisMin, outpacing other developers in finishing construction and delivering completed units to its customers. On the average, CLI can convert raw land to a turned-over project in less than two to three years, depending on the project size. CLI's condominium developments BaseLine Residences, Park Centrale Tower, Mivesa Garden Residences, Midori Residences, and Casa Mira Labangon were delivered to the buyers in two years, as committed by the Company in its marketing materials.

The Company adopted a rigorous project management team approach, wherein key personnel from each business unit are given a regular platform to monitor project milestones and discuss important synergies and shared deliverables among business units.



CLI has shown its capacity to execute project delivery during the height of the COVID-19 pandemic. Construction activity at the Company's 24 locations continues to advance at a modest pace while following local health protocols and required permitting to continue its site operations. This effort is motivated by the Company's dedication to deliver quality real estate developments on schedule to its customers.

By the end of 2021, the economy had gradually reopened, allowing CLI to resume full swing in construction, with catch-up measures being implemented to make up for any delays brought about by the pandemic lockdowns.

*Strategic location selection to provide value-for-money proposition to customers*

The criteria for choosing a location for CLI are very rigid. The Company continues to be on the lookout for properties of high value appreciation potential. CLI's site quality has always been a catalyst for its excellent sales success, whether for a high-end condominium project or an affordable housing project. CLI has projects in the region's most valuable real estate major key areas in Cebu, Iloilo, Bacolod, CDO, and Davao. The Company looks at locations within a two-kilometer radius of the closest highway for its mid-market and affordable housing developments. The Company has enhanced the facilities in the neighborhoods where its housing developments are located. This has always proved to be a win-win for the residents as well as the local neighborhood.

CLI's experience with the city and its communities, as a native developer, allows the Company to choose the best locations for its projects and to cater to the market's needs and tastes. San Jose Maria Village, Balamban, CLI's first project, was established when CLI's founder, Mr. Jose R. Soberano III, recognized that there was a ready demand for affordable housing among employees of Balamban's manufacturing companies.

Because of CLI's proven track record, landowners who wish to sell or develop their properties jointly find it easier to approach and work together with the Company. This is evidenced by the number of proposals from landowners regularly received by CLI to buy or develop their properties.

CLI gives its clients more value for their investments. Its properties are distinguished by the quality of its locations, award-winning planning and design, generous amenities, timely and quality construction, and industry-best customer service, after-sales, and property management support at very competitive prices. The Company has a strong pipeline in various affordability levels and will strive to continuously improve its products' value proposition. As a success criterion and as practiced, CLI has always projected its initial pre-selling prices to appreciate by at least 20-25% by the time the construction is completed. As an indication of the positive market response, a number of its projects have set selling records in the markets where they are launched, and 98% of the inventory from its completed projects has been sold out.

*Highly diversified and expanding project portfolio and socio-economic markets*

CLI is a fully integrated real estate developer with a highly diversified expanding portfolio of residences, offices, retail spaces, hotels, mixed-use developments, and a township across 10 major locations in VisMin – Greater Cebu, Bohol, Dumaguete, CDO, Davao, Iloilo, Bacolod, Ormoc, Butuan, Palawan, and Gensan.

During the pandemic, the Company was able to maintain earnings stability because of its wide portfolio of projects that addressed the demands of consumers from various socioeconomic strata. In 2020, CLI expanded its affordable housing offerings to address the rising need for high-quality housing where everyone can feel safe and comfortable in their residence, which serves as a hub for work, school, and recreation.

With the market's growing need for safe and secure homes, CLI launched the "Embrace Home" campaign to emphasize the value of homes and to offer our CLI homes where people can embrace comfort, embrace a sense of security, and embrace life. CLI also quickly made available online platforms where buyers can purchase quality homes under flexible and comfortable payment terms and enticing promos. Continued from 2020, a year to reflect and adapt, and as for CLI—the Company took prompt action to continue its excellent services to its stakeholders, homeowners, and surrounding

communities—through technology. CLI quickly adapted to change to strengthen the Company’s digital presence, to attend to the stakeholders’ concerns despite all the limits COVID-19 has given.

#### *Experienced management team and organizational culture*

The Company aims to grow its workforce in line with high standards of professionalism, as it has over the last 20 years. The Group has grown from two employees to a dynamic team of 867 executives, managers, officers, and staff, with an average age 46 and over 250 years combined cumulative professional experience in their respective fields, who have contributed to the Company’s culture of excellence and strong corporate governance. CLI’s customer-first attitude and family-oriented team enables it to achieve high stakeholder satisfaction and establish strong brand equity.

CLI is led by a family of real estate professionals. Its founder, Chairman of the Board of Directors, President and CEO, Jose R. Soberano III, was a former executive at Ayala Land, where he played an integral role in the development of Cebu Business Park and Cebu IT Park, the two most valuable commercial districts in Cebu City up to this day. CLI has grown its talent pool with the addition of knowledgeable accounting and finance, business development, engineering, legal, marketing, and sales professionals with extensive experience and success in their respective professional careers. CLI’s key executives have had prior experience in reputable companies from related industries such as real estate development, construction, power, banking, business process outsourcing, consulting, and others.

#### *Corporate Social Responsibility*

CLI’s corporate social responsibility agenda is pursued through the Cebu Landmasters Foundation, Inc. (“**CLFI**”), the CSR arm of the company, with focus on 1) Socialized Housing and Integrated Social Development, 2) Environment, 3) Education, and 4) Livelihood/Enterprise Development.

#### *Socialized Housing Development and Integrated Development*

CLI, through its socialized housing projects, provides decent and affordable housing to hundreds of homeless and informal settler families. Currently, CLI’s completed projects include Villa Casita Balamban, Pinamalayan Housing, and Villa Casita North. The Company has also contributed public infrastructures such as access roads, drainage systems, public markets, and transport terminals.

To better tackle every growing housing backlog in the country and to incorporate more sustainable socialized housing projects within the city, in 2021, CLFI team created a three-way collaboration among the Company, the Cebu City local government, and the Philippine National Government through the DHSUD in developing a five-storey, 100-unit housing project for informal settlers, called Sugbo Walk up One. located in Lorega San Miguel, Cebu City. Each dwelling unit has an area of 23.75 sq.m. Beneficiaries are informal settlers who live along rivers, creeks, coastal areas, and other danger zones.

Going beyond construction, CLI assisted partner LGU with the beneficiary selection, social preparation, and provided training in property management to prepare them for turnover and better integrate social development. The Company continues to assist the LGU in the pre-settlement process, providing guidance as the beneficiary community transitions from horizontal to vertical living. As of 2023, CLI has developed and turned over one mid-rise building to Cebu City LGU and has started constructing the next building with 90 units that will benefit informal settler families hit by a major fire incident in 2019 in Brgy. Tipolo, Mandaue City. CLI plans to develop more socialized housing projects in the Visayas-Mindanao region.

#### *Education: Leap Scholarship Program*

In the area of education, the Company through its corporate foundation, CLFI, launched the Leadership and Educational Assistance Program (LEAP) targeting CLI employee dependents. At present, CLI has 13 scholars taking up Architecture, IT, Engineering and Business courses at the University of San Carlos. CLI continues to expand its education program to include a community-based skills training for livelihood and employment for identified beneficiaries.

### *Environment: Ecosystems Protection*

On the aspect of biodiversity management, CLI through its partnership with LGU and a Civil Society Organizations (CSO), has planted 242,335 trees, as of end of 2023. The tree-growing program serves to enhance local forest and mangrove sites and supports the livelihood of farmers and fisherfolks in various locations. In addition, CLI assisted coastal barangays in the Municipality of Minglanilla to fabricate and deploy trash trap systems in the area's major riverway, which has helped prevent waste from reaching the coastal waters. CLI continues to engage and support farmers and fisherfolks organizations through its tree growing and other environmental initiatives under the Green Resources and Opportunities for Work (GROW) program.

### *Enterprise Development / Livelihood*

CLI, through the foundation's program known as Livelihood Assistance for Multi-sectoral Beneficiary Organizations (LAMBO), provides assistance to local start-up small businesses in some of the Company's neighbouring communities. In 2022, the foundation assisted one of the homeowners' associations in a relocation site in Brgy. Paknaan, Mandaue City through the formation of a consumer's cooperative. CLI provided guidance on the coop formation requirements and livelihood training sessions to prepare the coop for its small business. In 2023, CLI assisted a vegetable farmers' cooperative BUKID-Mutli-purpose Cooperative in Brgy Sunog, Balamban, Cebu by providing resources and by promoting and patronizing their farm-fresh produce. The coop has benefited from the monthly '*Tabo sa CLI*' events that cater to the needs of CLI employees, customers, and homeowners. This farm-to-market program benefited the farmers with higher income and is expected to expand with more residential communities to be served. Brgy. Punta Engano is also among the communities assisted by the foundation by organizing the womenfolk into a barangay-registered organization which will be the Company's beneficiary for livelihood programs in Lapu-Lapu City, Cebu. CLI provided seed funds for livelihood through its Community Entrepreneurial Challenge benefiting two communities in Mandaue City and one in Punta Engano, Lapu-Lapu City.

CLI continues to create value for its communities as it strengthens its relationship with 21 key cities and municipalities, particularly in 48 barangays across the Visayas and Mindanao regions.

### *Strategic JV partnerships*

CLI takes pride in its ability to collaborate with and deliver great value to its JV partners. CLI is the project manager and developer in all its JVs. These JVs enable the Company to position itself in strategic locations such as Cebu Business Park through BL CBP Ventures, Inc., and Cebu IT Park through El Camino Developers Cebu, Inc.

CLI's JV partnerships are typically of a closer and more collaborative nature than the norm, where it treats its JV partners as true and equal business partners. Its collaboration results in better-suited products in the markets they are launched in, while benefiting from the market intelligence of its partners. Product execution and delivery are also improved by leveraging the professional and regulatory networks of its partners.

Collaborating with a JV partner also facilitated the Company's forays into new markets such as Davao, Bacolod, and Iloilo. After the success of MesaTierra, the Company entered into new partnerships with YHES to develop Paragon Center and with YHEST to develop Davao Global Township, both in Davao.

Another JV company, Cebu Homegrown Developers, Inc. with Ixidor holdings as our partner, is set to develop a mid-market, mixed-use, multi-tower condominium project in Mandaue City, Cebu as its first project. It is called Mandtra Residences. It has also acquired a strategic landbank in Talamban, Cebu, just outside the prestigious Prisinta North subdivision, from Aboitiz Land. The plan is for a high-end mid-rise mixed-use development that is in planning and design stages.

After the success of Latitude Corporate Center, CLI and Borromeo Bros. partnered afresh to develop another project in another prime location within Cebu City. Cebu BL-Ramos Ventures, Inc. was incorporated in 2020 to develop a mixed-use multi-tower residential condominium in Ramos Cebu City.

Additionally, CLI recently signed a JV agreement with prominent Iloilo businessman Alfonso Tan,

chairman of International Builders Corporation, for a high-rise residential tower on a prime corner lot in Iloilo City's downtown area. The tower will be the first condominium offering in the highly accessible location.

CLI created two JV partnerships in 2021. Sugbo Prime Estate, Inc. was formed to build the 7,500-sq.m. property. A great location along Banilad Cebu City will be transformed into a mixed-use development with retail spaces and a 300-room dormitory. In addition, the Company formed CLI-LITE Panglao Inc., a JV with Jun Lim of Lite Shipping Corp., to develop 4 has of property in Panglao, Bohol, into a residential condominium project launched in 2022 and 2023.

In October 2023, CLI entered into a partnership with NTTUDA, an international developer known for commercial properties, including office buildings, residences, and mixed-use developments in Southeast Asia. This JV is geared towards the development of premium-grade residential towers in the heart of Cebu City.

The Company's successful JV partnerships in its past and present projects underscores CLI's prominence as a preferred JV partner because of the priority it gives to its partners, its transparency in terms of project planning and accountability, and its quick execution and delivery of projects. The fast business development cycle it implements makes the Company attractive to its current and future JV partners.

*Financial strength: Strong profitability, prudent financial management and a healthy balance sheet*

CLI's net income to its shareholders has increased at a compound annual growth rate of 26% from its first public offering in 2017 to the recent full year 2022. The Company has continually proven great profitability and prudent financial management throughout its expansion. CLI's gross profit and net income increased steadily while maintaining good margins and debt management discipline.

CLI ended the pandemic year 2020 with a Consolidated Net Income of ₱2.08 billion and Net Income attributable to equity shareholders of ₱1.85 billion, a slight decline of 8% year-on-year from ₱2.01 billion in 2019, based on its audited financial statements. The modest earnings results were due to the reduced construction operations caused by the lockdown measures imposed by the government during the enhanced community quarantine period. In 2020, CLI was able to benefit from the attractive interest rate environment as it raised a total of ₱8.00 billion in March, which was completely subscribed by several financial institutions at an average fixed rate of 4.15%.

For the year ended 2021, CLI recorded ₱2.61 billion net income attributable to CLI shareholders in 2021, an increase of 42% from ₱1.85 billion year-on-year. CLI's topline grew by 35% to ₱11.16 billion from 2020's ₱8.30 billion driven by significant construction accomplishments and robust sales, which have further resulted in a ₱25.00 billion or 23% increase in unrecognized revenue for future recognition, based on its audited financial statements. The Company also maintained prudent debt management during the year. Net Debt to equity ratio remained at modest levels standing at 1.72x while lowering down cost of borrowing to 4.75% from 4.96% in 2020.

In 2022, CLI recorded Normalized Net income to parent shareholders of ₱3.17 billion, an increase of 21% from ₱2.61 billion in 2021, the remainder after tax adjustments for the year were factored out.

As of September 30, 2023, the Company's consolidated net income increased to ₱3.00 billion, a y-o-y 28% increase from ₱2.37 billion. While net income to parent posted a solid 9% increase to reach ₱2.40 billion from ₱2.20 billion. Earnings grew as a result of strong performance across all revenue streams, which led to CLI's consolidated revenue to increase by 18% to ₱12.93 billion from ₱10.96 billion the previous year. This is supported by higher construction progress and take-up of new launches that also led to record-breaking nine-month reservation sales, which also grew 25% y-o-y.

The Company also prides itself in its cost discipline. While CLI utilizes contractors for its projects, it purchases its own raw materials and employs a dedicated project management team to ensure that quality and costs meet the Company's requirements.

CLI also has one of the most organized and responsive accounts receivable and customer support departments in the industry. The delinquency rate improved to 1.15% in September 2023 from 3.82%

in 2022, and 5.21% in 2021.

CLI also has a dedicated accounts management team who facilitates the take-out process, whether through a bank mortgage or a cash payout for the contract balance.

In respect of its debt management, CLI endeavors to match its debt maturity profile with that of the cashflow it is generating from the very projects being funded. CLI's cash cycle is typically four to five years depending on the project type. So especially in a rising interest rate environment, the proceeds to be raised from the Bonds are intended to be a means to carry out CLI's ongoing strategy of moving its debt maturity profile towards the longer end of the curve and at the same time mitigating the impact of higher borrowing costs since the Bonds involve fixed interest rates.

#### *Operational excellence*

CLI has a fully integrated real estate set-up encompassing different areas, namely, acquisitions, business development, technical planning, engineering and project management, sales and marketing, documentation and licensing, legal services, customer service, and property management. The Company prides itself on its hands-on and personalized approach, which allows itself to respond effectively to its clients and industry partners.

#### Construction

For each horizontal and vertical development, CLI engages various general and specialty contractors with both local and national experience. With over 170 engineers in its roster, CLI handles the project and construction management aspect of every project and manages the various contractors and sub-contractors that are utilized. As the project manager, CLI controls the delivery of its projects with priority on promptness, quality, and professionalism. CLI does not have any in-house construction or any affiliated general contracting business.

#### Sales

CLI has one of the industry-leading sales support teams. With over 73 sales support personnel, this team collaborates, coordinates, and supports the over 11,000-strong accredited broker/agent network of CLI. This is CLI's strategy in working harmoniously with the seller community by assisting the brokers 24/7 from sales origination to closing. CLI works alongside brokers in addressing the client inquiries until closing.

#### **Key Strategies**

*Expansion to key cities in the Visayas and Mindanao*

#### **Regional Developments:**

Bohol	: Velmiro Plains Bohol Ph1-2
Dumaguete	: Casa Mira Coast, Casa Mira Dumaguete Ph1-2
Bacolod	: MesaVirre Garden Residences A-C, Casa Mira Granada, Velmiro Plains, Casa Mira Towers Bacolod T1-T4
Iloilo	: Casa Mira Iloilo, Terranza residences
Palawan	: Casa Mira Towers Palawan T1-T4
Ormoc	: Casa Mira Ormoc
CDO	: MesaVerte Garden Residences, Velmiro Uptown CDO, Casa Mira Towers, Velmiro Heights CDO
Davao City	: MesaTierra Garden Residences, The Paragon Center, Davao Global



Township, Casa Mira Towers LPU, The East Village T1-T4, Casa Mira Homes Davao, Mindara residences

In 2015, CLI embarked on its regional expansion when it launched MesaVerte Residences in CDO. This is the mid-market condominium offering of CLI with three 15-storey residential towers having a total of 798 units which almost sold out in less than a year of pre-selling. In 2018, the Company then introduced its mid-market horizontal project in the same city – Velmiro Uptown CDO. The subdivision's master plan shows an inventory of 396 units intended to meet the housing demand in the area.

In CDO, the Company set up its first satellite sales, administrative, and engineering offices. The Company found a unique advantage in being homegrown, as it can distinguish itself further in these new regional markets with similar local dynamics as that of Cebu's.

In 2016, CLI successfully set its foothold in Davao by launching MesaTierra Garden Residences, a 22-storey residential condominium.

In 2017, CLI strengthened its market presence in Davao by entering into two new JVs to develop the Paragon Center and Davao Global Township, a 22-hectare estate project. The Company then launched Casa Mira Coast, a five-hectare property in Sibulan, Negros Oriental. After the successful launch of its first Casa Mira brand outside Cebu, CLI expanded its footprint from Negros Oriental to Negros Occidental by introducing MesaVirre Garden Residences, a three-tower residential condominium project in Bacolod City.

In 2018, the Company launched Astra Center, its first mixed-used building in Mandaue, Cebu. The Astra Centre is composed of Astra Centre Mall, Radisson RED, One Astra Place and Astra Corporate Centre.

In 2019, the Company acquired Abaca Resorts Mactan and Lowaii Marine Cebu Resort in Mactan, Cebu to increase revenues from its hotel segment. CLI entered into a JV with an Aboitiz Company, to develop Mandtra Residences, a mid-market, mixed-use, multi-tower condominium project in Mandaue City, Cebu.

In 2020, CLI sets footprint in Bohol and Iloilo with the successful launching of Velmiro Greens Bohol, a 3.6-hectare modern mid-market horizontal development in Jaro Daus, Panglao, Bohol, and Casa Mira Iloilo, 14.4-hectare economic subdivision project in Jaro, Iloilo City with 1,188 housing units. With the fully take-up Casa Mira Coast in Sibulan, Negros Oriental, the Company launched Casa Mira Dumaguete, a 6.1-hectare project to develop 586 economic horizontal housing units. CLI also launched Casa Mira Towers LPU, a 930-unit economic condominium project, as a housing option for students in Lyceum of the Philippines University.

In 2021, CLI launched its first project in Ormoc, Casa Mira Ormoc is the first Casa Mira brand in Leyte. It has a very strategic location, and it offers affordable townhouse units with very generous payment schemes. Casa Mira continues to expand to major key cities in Visayas and Mindanao and is launching its first project in Eastern Visayas. Casa Mira Homes Ormoc is a 9.13-ha residential subdivision in Brgy. Luna Ormoc City.

In 2022, CLI purchased 17.2 has of land in Butuan City to be developed into Casa Mira Butuan by Q1 2024. During 2023, the company also expanded to General Santos City by purchasing 21 hectares of land. The company envisions launching both its Casa Mira and Velmiro brands as entry points to the Gensan market. To date, planning and permitting is ongoing for the said project.

CLI has several strategic land acquisitions lined up in greater Cebu, Bacolod, CDO, and Davao. CLI continues to pursue its aggressive plans to establish and deliver quality developments across the VisMin region. Further, CLI is actively engaged in negotiations with landowners in Naga City, Luzon, as part of its strategic expansion. These discussions aim to pave the way for the launch of CLI's inaugural Casa Mira project in Luzon, marking a significant milestone in the company's regional expansion.

#### *Building recurring income developments*

As CLI sets its sight on a long-term growth trajectory, the Company is committed to growing its recurring income portfolio. In 2013, CLI launched its first office building in Cebu IT Park. The project, Park

Centrale Tower, was designed to host both BPO and executive offices (office condominium units). With its Grade A design and features, Park Centrale Tower was awarded as the Best Commercial Development in Cebu in the 2014 Philippines Property Awards.

In 2015, CLI made another significant step in growing its recurring income portfolio when it launched its Phase 1 of Base Line Center, a redevelopment of one of the largest remaining properties in the prime midtown Cebu area. The project is a mix of retail, office, hotel, and residential project.

In 2016, CLI launched Latitude Corporate Center, a JV development under BL CBP Ventures Inc. This is a 24-storey Grade A office building offering future-ready spaces for businesses with a 13,000 sq.m. GLA.

In 2017, the Company launched 38 Park Avenue, a residential high-rise project with 3,000 sq.m of retail space located in the last 1.18-hectare patch of green in Cebu I.T. Park, one of the Philippines' top 20 prime real estate properties.

In 2018, the Company launched Astra Center, a mixed-use development located in Mandaue City designed to have a boutique mall, hotel, office, and residential tower adding over 30,000 sq.m. GLA.

The first hotel business of the Company started operations in September 2019 allowing CLI to recognize a new stream of revenue from the segment. Citadines Cebu City, the 180-room condotel, is operated and managed by Ascott International Management Pte Ltd., the world's largest international serviced residence owner-operator.

In 2021, CLI launched Masters Tower, the project is a 31-storey hotel and office tower that will establish a destination within Cebu Business Park and bolster Cebu's status as an international city. It will be the tallest tower in the district, with over 7,000 sq.m. of Class A office space and the first 5-star hotel in Cebu, Sofitel Cebu City. The property is located on a 2,840-sq.m. area in the Cebu Business Park and will be among the top three tallest structures in the metropolis, which would top off at 192 meters above sea level.

CLI's current recurring income assets include BPO floor space, executive office space, residential units, and various commercial and retail units in its condominium projects. These assets are now delivering a lease income to CLI of ₱77.30 million as of September 2023 with their combined GLA of 35,772 sq.m. At present, the Company's rental leased rate is at 71% after the newly delivered spaces from Latitude Corporate Center, DGT Drive thru, Banilad High street, Baseline Center new wing, 38 Park Avenue, Casa Mira Towers Guadalupe were substantially leased out. Several under construction commercial developments that will further boost its recurring income includes Astra Center, Patria de Cebu, DGT Commercial Center, Masters Tower among others. These new developments are designed to boost the recurring income of the Company by 2025 by integrating a hotel, commercial center, office, and residential tower into one development.

#### *Vertical integration – property management*

On April 20, 2017, Cebu Landmasters Property Management, Inc. ("**CLPM**"), a wholly owned subsidiary of the Company, was incorporated to provide property management services to housing, condominium and office projects developed by the Company. With the goal of making CLPM a self-sustaining and revenue generating business unit, CLPM is envisioned to eventually offer and expand its services to outside clients. Currently, CLPM is managing 30 projects with revenue for the period ending December 31, 2021, 2020, and 2019 are ₱42.90 million, ₱42.60 million, and ₱36.80 million respectively. During the first nine months of 2023, property management fees increased by 14% to ₱46.48 million, from ₱40.86 million in the same period last year, reflecting an increase in managed projects by CLPM.

#### *Growth of economic housing brand (Casa Mira)*

The Casa Mira brand of CLI is designed to answer the underserved demand in the affordable housing sector. And even after the pandemic, Casa Mira remained CLI's fastest selling and most sought-after brand. Unit prices range from ₱1.80 million to ₱3.00 million. Correspondingly, the monthly amortizations range from as low as ₱6,000.00 to as high as ₱15,000.00. This caters to households with monthly incomes of ₱15,000.00 to ₱30,000.00.

Despite the pandemic, strong housing demand in VisMin enabled CLI to sell a number of housing units from Casa Mira which accounted for 69% of the Company's reservation sales in 2020 amounting ₱14.23 billion. In 2021, as the economy reopens, demand for the Casa Mira brand remains resilient, accounting for 41% of the ₱16.52 billion reservation sales that the Company recorded during the year. In 2022, Casa Mira accounted for 32% or ₱5.88 billion of the total reservations sales for the year. With the new launches in 2023, Casa Mira segment led the sales with 52% of total sales during the nine months of the year, primarily from Casa Mira Davao, Casa Mira Danao, and Casa Mira Towers in Palawan and Bacolod.

Currently, there are 15 Casa Mira communities and a total of 16,879 housing units in VisMin namely: (1) Casa Mira Linao, (2) Casa Mira South, (3) Casa Mira Towers Guadalupe, (4) Casa Mira Towers Labangon, (5) Casa Mira Towers Mandaue, (6) Casa Mira Coast, (7) Casa Mira Bacolod, (8) Casa Mira Towers CDO, (9) Casa Mira Iloilo, (10) Casa Mira Dumaguete, (11) Casa Mira Towers LPU, (12) Casa Mira Ormoc, (13) Casa Mira Towers Bacolod, (14) Casa Mira Towers Palawan, and (15) Casa Mira Davao.

By 2024 onwards, CLI will roll out this brand in its newly acquired expansion sites in Butuan and Gensan. The Company sees this as a great opportunity to tap into the classes B, C, and D markets where most of the working population belongs to. With the Philippines' young and growing workforce, the need for affordable permanent housing options will continue to escalate.

#### *Capitalizing on pipeline projects*

CLI continues to position for growth with a robust pipeline of over 11 projects valued at ₱27.6 billion slated for the upcoming year. In the initial nine months of 2023, CLI strategically secured a total landbank of 112.5 has across key VisMin locations, laying the groundwork for future development initiatives. Notably, a portion of this land comprises gestating township projects, offering a potential source of landbank for up to five years. Underlining its commitment to expansion, CLI continues its proactive search for high-potential landbank across VisMin, ensuring a continuous and strategic approach to securing opportunities for future development. This foresighted land acquisition approach solidifies CLI's position for sustained growth and innovation in the real estate sector.

#### *Establish and leverage strategic partnerships, alliances, JVs, and cooperation*

CLI will also continue to pursue local partnerships that will serve to enhance its expansion plans. The Company has proven that strategic alliances can provide a winning formula for securing strategic locations and entering new markets for as long as the JVs are executed with best practices. Its existing JVs are BL CBP Ventures, Inc., CCLI Premier Hotels, Inc., Cebu BL-Ramos Ventures Inc., Cebu Homegrown Developers, Inc., CLI Premier Hotels Int'l. Inc., El Camino Developers Cebu, Inc., GGTT Realty Corporation, Mivesa Garden Residences, Inc., YHES Premier Hotel Inc., YHEST Realty and Development Corporation, Yuson Excellence Soberano, Inc., and Yuson Huang Excellence Soberano, Inc.

Sugbo Prime Estates, Inc. and CLI-LITE, Inc. are CLI's new JV agreements for 2021. In addition, the business expanded its stake in Ming-Mori Development Corporation from 20% to 78%, making it the JV's project manager and principal developer.

In October 2023, CLI initiated a strategic partnership with NTTUDA, a Japanese entity recognized for its expertise in developing commercial properties such as office buildings, residences, and mixed-use developments across Southeast Asia. This collaborative venture is specifically designed for the development of premium-grade residential towers situated in the heart of Cebu City. The partnership between CLI and NTTUDA signifies a shared commitment to delivering high-quality real estate solutions and marks a significant milestone in elevating the standards of residential developments in the region.

### **Corporate Organization**

CLI is presently engaged in real estate-related activities such as real estate development, sales, leasing, and property management. Its real estate portfolios include residential condominium units, subdivision house and lots, and townhouses as well as hotels, office projects, retail spaces, and

townships.

In 2016, AB Soberano (“**ABS**”), formerly AB Soberano International Corporation, one of CLI’s stockholders, assumed control of CLI by acquiring an additional 400,000,000 shares of CLI and became the parent company of CLI. ABS is a holding company and is incorporated and domiciled in the Philippines. The registered office and principal place of business of ABS is located at 2<sup>nd</sup> Street Villa San Lorenzo, Quijada Street, Barangay Guadalupe, Cebu City.

On January 6, 2017, the board of directors approved CLI’s application for the registration of 1,714 million of its common shares with the SEC and application for the listing thereof in the PSE. The board of directors’ approval also covered the planned initial public offering of 430 million unissued common shares of CLI. CLI’s shares were listed in the PSE on June 2, 2017.

On February 26, 2021, the Company increased its authorized capital stock to ₱10.00 billion common shares and ₱100.00 million voting preferred shares.

On July 14, 2021, CLI distributed stock dividends of 123% per share. This resulted in an increase in total outstanding shares after the stock dividends to 3,461,851,997. This is net of the total shares held under treasury as of the end of December 31, 2021, amounting to 161,600,000 shares.

On January 4, 2024, the SEC issued and released the Certificates of Filing of Amended Articles of Incorporation, both dated December 29, 2023, which approved CLI’s applications for amendment of its Articles of Incorporation to create a new class of preferred shares through the reclassification of 1.0 billion unissued common shares with a par value of ₱1.00 per share to 1.0 billion Series “A” preferred shares with a par value of ₱1.00 per share. The SEC applications are in line with the approval of the Board of Directors during the special board meeting held on April 25, 2023, and approval of the Stockholders during the Annual Stockholders’ meeting held on June 1, 2023 on the amendment of Article VII of CLI’s Articles of Incorporation, including the creation of the new class of preferred shares. As a result of the reclassification and amendment of the Articles of Incorporation, CLI’s authorized capital stock now comprises ₱9.00 billion common shares, ₱1.00 billion Series “A” Preferred Shares, and ₱100.00 million Series “B” Preferred Shares.

Article VII of CLI’s latest Amended Articles of Incorporation grants to its Board of Directors the express authority to determine, fix, and approve all other features, salient and commercial terms, issuance and redemption features, and all other terms and conditions of the Series “A” preferred shares, including any tranche or sub-series thereof.

In relation thereto, and during its special board meeting held on January 08, 2024, the CLI Board of Directors approved and authorized the Company’s public offering of up to 3,000,000 Series “A” Preferred Shares with an oversubscription option of up to 2,000,000 Series “A” Preferred Shares at an offer price of ₱1,000.00 per share. The CLI Board of Directors also approved the terms and conditions of the Offer Shares during the same board meeting.

CLI and its Subsidiaries are not involved in any bankruptcy, receivership, or similar proceedings, and have no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

## Subsidiaries and Affiliates

### Corporate structure

The Company holds ownership interests in the following Subsidiaries and associates as of September 30, 2023:

Entity	Effective Percentage of Ownership	
	2023	2022
<i>Subsidiaries</i>		
(1) A.S. Fortuna Property Ventures, Inc. (“ <b>ASF</b> ”)	100	100
(2) CLI Hotels and Resorts, Inc. (“ <b>CHR</b> ”)	100	100

Entity	Effective Percentage of Ownership	
	2023	2022
(3) CLI Premier Hotels Intl. Inc. (“CPH”)	100	100
(4) Cebu Landmasters Property Management, Inc. (“CLPM”)	100	100
(5) CLI-LITE Panglao Inc. (“CLI-LITE”)	88	88
(6) BL CBP Ventures, Inc. (“BL Ventures”)	50	50
(7) Yuson Excellence Soberano, Inc. (“YES”)	50	50
(8) Yuson Huang Excellence Soberano, Inc. (“YHES”)	50	50
(9) YHEST Realty and Development Corporation (“YHEST”)	50	50
(10) CCLI Premier Hotels, Inc. (“CCLI”)	50	50
(11) YHES Premier Hotel Inc. (“YHESPH”)	50	50
(12) Mivesa Garden Residences, Inc. (“MGR”)	45	45
(13) El Camino Developers Cebu, Inc. (“El Camino”)	35	35
(14) Cebu Homegrown Developers, Inc. (“CHDI”)	50	50
(15) Cebu BL-Ramos Ventures, Inc. (“CBLRV”)	50	50
(16) Ming-Mori Development Corporation (“MMDC”)	78	78
(17) GGTT Realty Corporation (“GGTT”)	50	50
(18) Sugbo Prime Estate, Inc. (“SPE”)	64	64
(19) Iloilo Global City Corporation (“IGCC”)	43	-
<i>Associates</i>		
(20) Magspeak Nature Park, Inc. (“Magspeak”)	25	25
(21) Icom Air Corporation (“ICOM”)	33	33

- (1) ASF was incorporated as a JV on March 9, 2017 to facilitate the acquisition of a 9,989-sq.m. property along AS Fortuna Avenue for the development of the Astra Center Mandaue, a mixed-use development in the AS Fortuna Mandaue area that will house a hotel, residential, and office development and a boutique mall. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly owned subsidiary as of December 31, 2017. Its principal office is located on the 10<sup>th</sup> Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.
- (2) CHR was incorporated on August 4, 2022 as a wholly-owned subsidiary of CLI and is engaged to run and manage the Group’s various hotel projects. Its principal place of business is located in Cebu City. As of December 31, 2022, CHR has yet to start commercial operations.
- (3) CPH, a wholly owned subsidiary of the Company, was incorporated on August 26, 2016 to take charge of Citadines Cebu City and the Company’s future hotel developments. The commercial operations started on September 14, 2019. Its principal office address is at 10<sup>th</sup> Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.
- (4) CLPM, a wholly owned subsidiary of the Company, was incorporated on April 20, 2017, to provide property management services initially to housing and condominium projects developed by the Company. It is envisioned to eventually offer and expand its services to outside clients. CLPM started commercial operations on September 1, 2017. Its principal office address is at 10<sup>th</sup> Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.
- (5) CLI-LITE was incorporated on July 19, 2021, as an undertaking by CLI and two other corporations for the development of a mixed-use project with residential condominiums and a possible hotel component in Panglao Island, Bohol. The principal place of business of CLI-LITE is located in Cebu City.
- (6) BL Ventures was incorporated on February 3, 2016, to develop Latitude Corporate Center, a 24-storey office development at the Cebu Business Park. BL CBP Ventures, Inc. was a JV of the Company and Borromeo Bros, Inc. Its principal office address is at AB Soberano Bldg., Salvador Ext., Labangon, Cebu City.
- (7) YES was incorporated on December 15, 2016 to mark the Company’s entry into the Davao

market. It is a JV between the Company and Yuson Comm. Investments Inc. to undertake the development of MesaTierra Garden Residences, a 21-storey residential condominium, and two other mixed-use projects in Davao City. It will also engage in real estate brokering to facilitate the marketing and sale of the JV developments in Davao. Its principal office address is at Suite A, 204 Plaza De Luisa Complex, 140 R. Magsaysay Ave., Davao City.

- (8) YHES was incorporated on November 10, 2017, to develop the Paragon Davao, a 1.9-ha property in Riverside Davao. The development will become a mixed-use real estate which will include a residential, retail, hotel, and convention center. YHES Inc., is a JV of CLI, Yuson Strategic Holdings Inc., and Davao Filandia Realty Corp. Its principal office is located at MesaTierra Garden Residences Showroom, E. Quirino Avenue, Davao City.
- (9) YHEST was incorporated on August 10, 2018 to develop the Davao Global Township. It is a JV between CLI, Yuson Strategic Holdings Inc., Davao Filandia Realty Corp., Plaza De Luisa Development Inc., Yuson Newtown Corp., and Davao Primeland Properties Corp. Its principal address is at MesaTierra Garden Residences Showroom, E. Quirino Avenue, Davao City.
- (10) CCLI was incorporated on November 12, 2018, as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City. The Citadines hotel is planned to be managed by Ascott. The principal place of business of CCLI is located at 2<sup>nd</sup> floor MesaVirre showroom in Bacolod City.
- (11) YHESPH was incorporated on October 28, 2019, as a wholly owned subsidiary of YHES that will engage in hotel business. Its ultimate parent is CLI which owns 50% of YHES. YHESPH has not yet started its commercial operations.
- (12) MGR was incorporated on March 13, 2017 to develop Towers 6 and 7 (Phase 3) of Mivesa Garden Residences, a real property development project located on a 3,000-sq.m. property to be registered in the Company's name. Its principal office is located on the 10<sup>th</sup> Floor, Park Centrale Tower, J.M. del Mar St., Cebu IT Park, Brgy. Apas, Cebu City. CLI holds a 45% stake in MGR.
- (13) EL Camino was incorporated on August 15, 2016, to develop a 1.17-hectare property inside the Cebu IT Park, and to construct (1) 38 Park Avenue at the Cebu IT Park, a 38-storey high-end residential condominium, and (2) Park Avenue Corporate Center, a Grade A office building with over 20,000 sq.m. of leasable area. Its principal office address is at Base Line Center, Juana Osmeña St., Brgy. Kamputhaw, Cebu City. The Company has a 35% stake in El Camino.
- (14) CHDI, a JV of Aboitizland and CLI, was recently incorporated on December 5, 2019 to develop a high-rise mixed-use condominium complex, with sellable and leasable units, in a 12,405 sq.m. lot area in Mandaue City, Cebu. The Company has a 50% stake in Aboitiz CLI Cebu Developers, Inc.
- (15) CBLRV was incorporated on February 21, 2020, as an undertaking between CLI and BBEI and is engaged in the development of a mixed-use condominium tower in Cebu City. Its principal place of business is located in Cebu City.
- (16) MMDC was incorporated on August 1, 2013, to undertake and execute land reclamation projects, submit bids, and accept awards for reclamation projects, and manage, hold, and sell reclaimed land and other real property. MMDC is the private consortium that has proposed to undertake the Ming-Mori Reclamation Project of the Municipality of Minglanilla, which involves the development of the Minglanilla TechnoBusiness Hub, a 100-hectare techno-business park in the progressive town of Minglanilla, a mere 30 minutes away from Cebu City. The Company has increased its stake to 78% from 20% in Ming-Mori Development Corporation in 2021. This transaction enabled CLI to become the project manager and principal developer of the reclamation project.
- (17) GGTT was incorporated on March 26, 2003 and is engaged to construct a residential condominium project in its principal place of business in Iloilo City. On June 16, 2020, CLI acquired 50% ownership in GGTT to obtain a controlling interest in the company, however, the transaction was accounted for by the Group as an asset acquisition as discussed in Note 7 in the

Audited Financial Statements. During the first quarter of 2021, GGTT started commercial operations, and is now considered as a subsidiary of CLI.

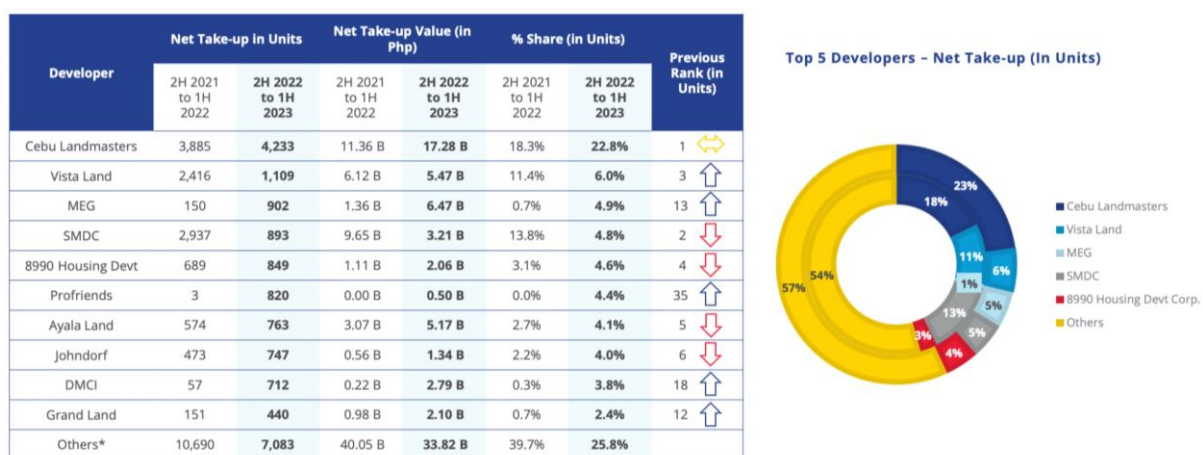
- (18) SPE was formed in 2019 as a one-person corporation and was converted into an ordinary stock corporation after entering into a JV with CLI on March 4, 2021, for the development of a dormitory with retail and warehouse spaces. The principal place of business of SPE is in Cebu City.
- (19) IGCC was incorporated in 2023 as an undertaking between CLI and two other corporations and is engaged in the development of a mixed-use condominium tower in Iloilo City. Its principal place of business is also located in Iloilo City.
- (20) Magspeak was incorporated on October 21, 2011, to acquire, lease and develop lands into nature and eco-tourism parks in Balamban Cebu, and to manage, and operate the same. CLI holds a 25% stake in Magspeak.
- (21) ICOM was incorporated in December 2020 as an undertaking of CLI and various individual stockholders to import aircraft(s) and operate a transportation business in the Philippines. ICOM's principal place of business is located in Iloilo City.

CLI also has an 18% stake in Tagbilaran Waterfront Development Corporation, which was incorporated on July 4, 2019 as a joint undertaking for the development of a reclamation project in Bohol.

### Real Estate Landscape in Visayas and Mindanao

Based on Colliers Philippines' 2023 Real Estate Market Study, it was reported that CLI remained as "The Leading Residential Developer in VisMin", with the largest market share among real estate firms that provide condominiums and house and lot projects in the region. The 2023 study shows that CLI leads the residential market with a 23% market share (vs. 18.3% in 1H 2022) in terms of net take-up from 4,233 units across key VisMin cities.

Figure 1. VisMin Residential Market Share



Note:  
 \* Others - Includes ALL other developers outside of the Top 5  
 \*\* Others in Table - includes ALL other developers outside of the Top 10

Covers all projects, except those on-hold, cancelled, and have stopped selling

Source: Colliers Philippines

### The real estate industry in VisMin and its trend

There is a decline in both launches and take-up due to limited supply and increasing prices of both land and units. In the condominium sector, despite the decline, the figures still show a faster pace compared to the pandemic figures (2020-2021). Conversely, for the house and lots segment, there is a downward trend since 2019 due to higher land prices and an increase in mortgage rates. Thus, several developers have been holding up launches of new horizontal projects.

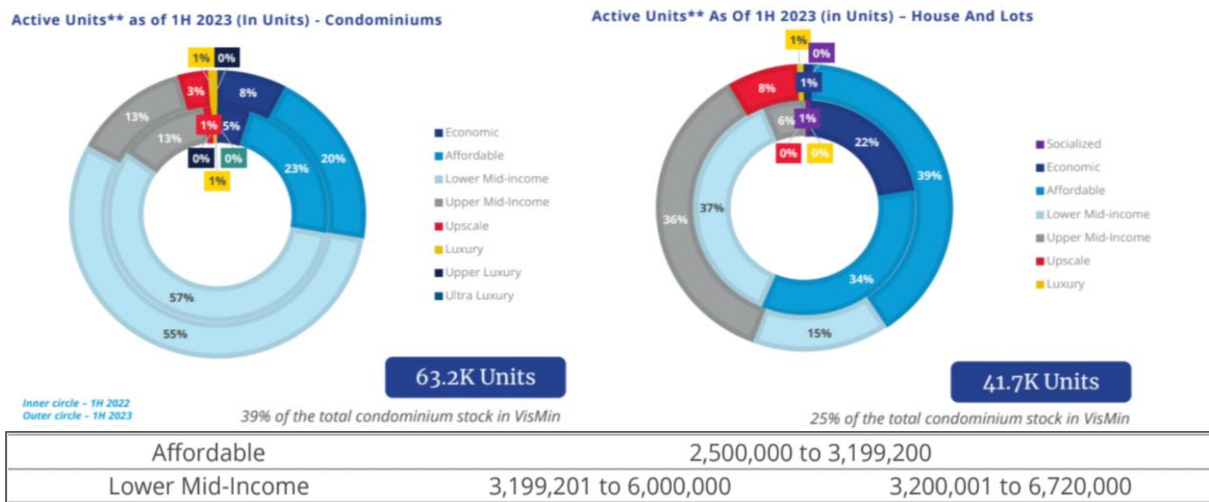
Figure 2. Launches vs. Net Take-Up



Source: Colliers Philippines

Bulk of supply comes from the lower-mid income segment for condominiums and affordable segment for house and lots. A recent directive issued by the DHSUD adjusted the price ceiling of economic housing projects, increasing it from ₱1.70 million to ₱2.50 million. Consequently, these projects now fall within the purview of the affordable housing segment.

Figure 3. Supply of Condominiums and Supply of House and Lots



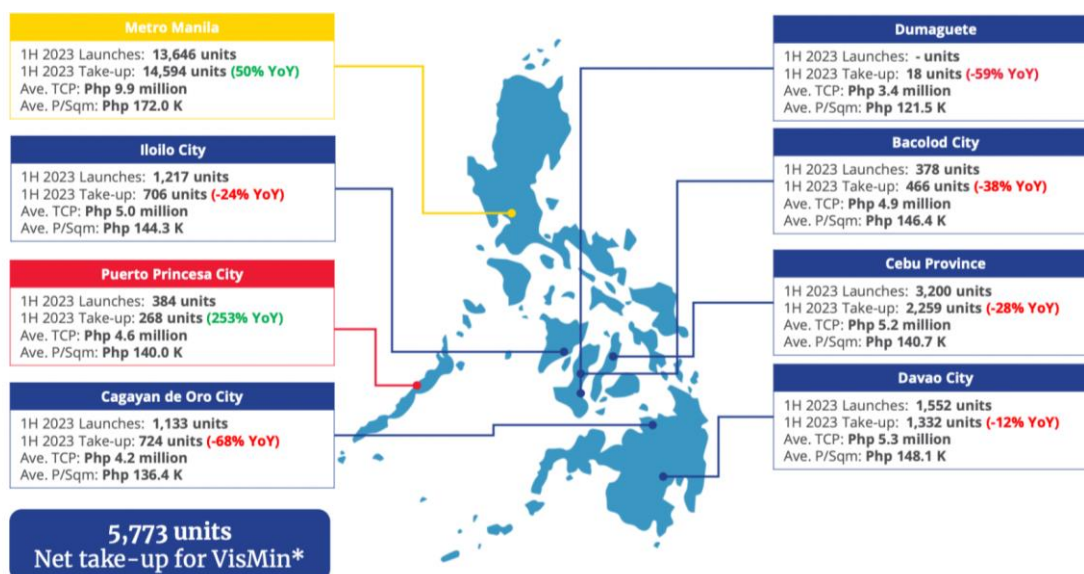
Source: Colliers Philippines

There is a total of 5,773 condominium units net take-up for VisMin with only Puerto Princesa showing positive take-up growth at 253% year-on-year. The highest average total contract price is Davao at ₱5.30 million, though significantly lower than Metro Manila at ₱9.90 million.

There is a total of 3,240 house and lot units' net take-up for VisMin with only Cebu and Davao showing positive take-up performance versus previous year. The highest average total contract price is in Davao at ₱4.40 million, though significantly lower than Metro Manila at ₱23.90 million.

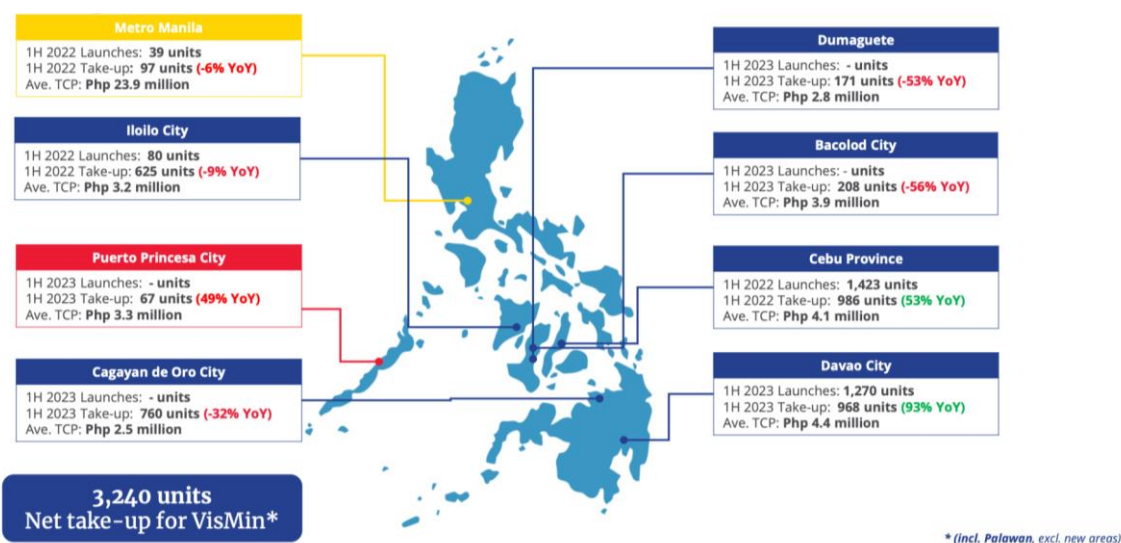


Figure 4. Take-up and Pricing of Condominiums



Source: Colliers Philippines

Figure 5. Take-up and Pricing of House and Lots

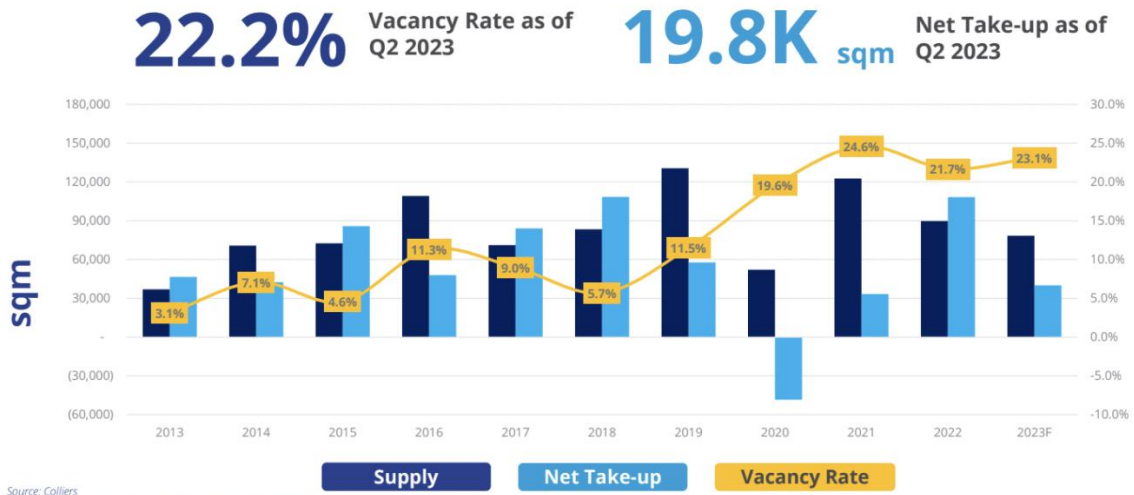


Source: Colliers Philippines

### Office and Retail Market in Cebu City

Office supply in Cebu City is at about 80,000 sqm with a vacancy rate of 22.2% as of Q2 2023 and net take-up of 19.8K sqm as of Q2 2023. On the other hand, retail supply in Cebu City is 898,133 sqm as of Q3 2023, 93.5% supply include those with GLA of above 10,000 sqm.

Figure 6. Office Supply in Cebu City



Source: Colliers Philippines

Figure 7. Retail Supply in Cebu City



Source: Colliers Philippines

*Hospitality Market in Cebu, Bacolod, and Davao*

The increase in the tourist activity all over the Philippines has been driving the increase in occupancy levels for the hotel market in Cebu City, Bacolod City, and Davao City, with 60-80% occupancy rates. Hotels have reported higher bookings and are expected to reach above 70% in Q4 2023. Resorts, more specifically, have been driving the increase in room rates as these hotels expect foreign vacationers to start coming as the peak season begins.

Figure 8. Hospitality Performance in Cebu, Bacolod, and Davao



Province/City	Tourist Arrivals	Total Number of Operating Rooms (3Q 2023)	Occupancy Rates (3Q 2023)	Average Daily Rates (3Q 2023)
<b>Cebu</b>		<b>11,943</b>	<b>67%</b>	<b>2,736 - 17,017</b>
Cebu City	1,063,503	6,202	68%	2,971 - 6,469
Mandaue	369,416	1,861	56%	2,736 - 9,448
Lapu-Lapu	584,872	4,082	67%	5,000 - 17,017
<b>Davao City</b>	<b>897,269</b>	<b>2,890</b>	<b>64%</b>	<b>3,779 - 5,167</b>
<b>Bacolod</b>	<b>618,682</b>	<b>1,778</b>	<b>81%</b>	<b>2,313 - 5,254</b>

ADR is exclusive of breakfast and taxes  
Excludes rooms under renovation, temporarily unavailable rooms

Source: Colliers Philippines

### Competitors

CLI is within the field of top industry players and local developers across its product range. The Company goes head-to-head with national players such as Vista Land, Megaworld Corporation, SM Development Corporation, Ayala Land Inc., 8990 Holdings, AboitizLand Inc., and DMCI Holdings Inc.

The Company also competes with established local developers in Cebu, and other parts of VisMin, like Profriends Inc., Primary Homes Inc., Wee Community Developers Inc., Johndorf Ventures Corporation, and Grand Land Inc.

The Company’s direct competitors in the different markets tend to be the local developers entrenched in those cities. But our advantage is the breadth and quality of our offerings while delivering them at the same competitive price points in their respective markets.

CLI uses its fundamental competencies – hands-on personalized service, local (*i.e.*, VisMin) real estate experience, strategic location selection, and responsible development – as well as its aggression, business productivity, and best value projects – to leverage itself against competitors.

### Suppliers

Through a pre-qualification and bidding procedure, CLI obtains construction materials and services from third-party suppliers and partners both locally and nationally that fulfill the Company’s stringent quality requirements. The Company does not foresee a shortage in raw materials or services for its operations as it establishes strong partnership with various stable and resilient suppliers and contractors.

The Company evaluates suppliers who can deliver the best value at the highest quality and at the lowest cost through its supply chain management team. CLI also selects suppliers that can provide safe and on-time delivery, as well as the ability to adapt and innovate in order to suit the Company’s needs. Simultaneously, the Company has the appropriate internal controls, organizational structure, and financial sustainability to ensure the supplier’s continued delivery as contracted.

On a project-by-project basis, the Company engages contractors to do land development and project construction. While CLI used to outsource architectural and engineering services for all its projects, the Company began undertaking engineering and architectural design to be developed internally allowing the Company to save on costs.

The following are the Company's top contractors and suppliers:

<b>Supplier</b>	<b>Product / Service</b>
Steelasia Manufacturing Corporation	Manufacturer of Deformed Bars
Vic Enterprises	Supplier of Cement & Hardware Materials
Filmon Hardware, Inc.	Sanitary and Hardware Materials
WSG Properties of Visayas, Inc.	Supplier of Cement, Rebars, & Hardware Materials
Phelps Dodge Philippines Energy Products Corp	Supplier of Electrical Wires and Cables
Worldwide Interiors Design Center	Supplier of Finishing Materials
Matimco Incorporated	Supplier of Wooden Doors
Cohaco Merchandising & Dev.	Supplier of Cement
Cebu Oversea Hardware Co., Inc	Supplier of Finishing Materials
Emerald Vinyl Corp.	Manufacturer of PVC Pipes
Dakay Construction & Development	General Construction Works
Carwill Construction Incorporated	General Construction Works
Castcrete Builders Inc	General Construction Works
Young Builders Corporation	General Construction Works
Fasclad Inc.	Glass and Aluminum Works
JITS Construction Corporation	General Construction Works
IVM Phils. Services & Contractor	Electrical Works
RKF Industrial & Installation	Plumbing/Sanitary Works
Cigin Construction & Development	Land Development Works
KPI Elevators, Inc.	Conveying Systems

As mentioned above, CLI engages third-party suppliers and contractors through a pre-qualification and bidding procedure thus, CLI is not and does not anticipate to be dependent upon one or limited number of suppliers and contractors.

### **Construction Contracts**

For each horizontal and vertical development, the Company engages various general and specialty contractors with both local and national experience. Majority of the Company's construction contracts pertain to general construction works and house construction. For this purpose, the Company executes standard construction contracts which contains provisions governing the relationship, rights, and obligations of the parties, including the contractor's scope of work, bonds and insurances, completion time, and responsibility of the contractor for any damage or destruction of works until final acceptance.

With over 170 engineers in its roster, the Company handles the project and construction management aspect of every project and manages the various contractors and sub-contractors that are utilized. As the project manager, the Company controls the delivery of its projects with priority on promptness, quality, and professionalism. The Company does not have any in-house construction or any affiliated general contracting business.

### **Customers**

CLI caters to several real estate categories – residential, retail, offices, and hotels. Among the four categories, the Company's experience in the industry has been primarily focused on residential development which comprises 98.5% of total current projects.

Of the Company's real estate developments, 28% of CLI's horizontal and vertical projects serve the needs of the mid-market. Fast-selling projects like Midori Residences, Midori Plains, Velmiro Heights, Mivesa Residences, MesaVerte Garden Residences, Velmiro Uptown CDO, and Mivela Garden Residences show the growing demand for new, well-built, well-planned, and strategically located homes for the mid-market segment. CLI's mid-market clients are those who can afford a monthly equity payment of ₱8,000.00 to ₱15,000.00 and an annual income of ₱400,000.00 to ₱800,000.00.

The Company also caters to the upper-mid market segment who can afford a monthly equity of ₱15,000.00 to ₱20,000.00 and earning ₱1.00 million to ₱3.00 million annually. These market segments prefer units at a price range of ₱5.00 million and above.

Casa Mira, CLI's best-selling product offering, comprised 52% of the Company's reservation sales during the nine months of 2023. High-end residential developments are at 19%, driven by the newly launched project, Costa Mira Beachtown Mactan and Panglao.

<b>Employment Profile</b>	<b>%</b>	<b>Citizenship</b>	<b>%</b>	<b>Marital Status</b>	<b>%</b>
Locally employed	58%	Filipino	97%	Married	43%
OFW	30%	Foreigner	3%	Single	50%
Self-Employed	12%			Others	7%

For its leasing business, the Company's top lessees include BPO companies, supermarkets, service providers and food establishments.

CLI is committed to continuously addressing the growing needs and demand of the market in each segment the Company caters to. CLI aims to constantly innovate, and remain consistent with the quality of the developments, the selection of location and the hands-on service that goes along with it.

The Company has over 216,000 different live sales contracts and no single contract accounts for 20% or more of CLI's sales. These are all different and distinct individual buyers.

CLI has a wide customer base and thus, is not dependent on a single or a few customers. Consequently, the Company is of the view that the loss of one or a few customers (e.g., cancellations of purchase, lease contracts) will not have a material adverse effect on the Company and its Subsidiaries.

CLI uses standard Contracts to Sell for the sale of its units, whether house and lot, condominiums, condotels, or offices. It contains all the necessary terms and provisions until such time that a deed of absolute sale can be executed by both parties. A deed of absolute sale is executed upon the complete submission of necessary documents, full payment of the purchase, the proper subdivision of the mother titles and other such necessary administrative procedures to ensure the eventual transfer of the individual title to the respective buyers. No one sales contract contributes to more than 1% of the Company's overall revenues.

Leases for retail spaces within our mixed-use developments, as well as office spaces within our office developments are generally short-term ranging from one to three years, with renewability clauses. Leases are fixed rates with predetermined escalation clauses. No one leasing contract or tenant group contributes to more than 1% of the Company's overall revenues.

### **Related Party Transactions**

Related party transactions ("RPT") are transfers of resources, services, or obligations between CLI and its Subsidiaries (the "Group") and its related parties, regardless of whether a price is charged.

Below are RPT transactions of the company as of September 30, 2023:

<b>Name of Related Party</b>	<b>Nature of Relationship</b>	<b>Net Receivable (Payable) Balance as of September 30, 2023</b>	<b>Other relevant terms (e.g., nature of related party transaction; repayment terms)</b>
BL CBP Ventures, Inc.	Subsidiary; JV	19,921,986.64	This pertains to CLI's shareholder advances which serve as temporary working capital support for these JV entities. As agreed between the parties, the repayment terms are contingent on the liquidation of the JV entities' receivables, increase in take-outs, and positive cash flow.
El Camino Developers Cebu,	Subsidiary; JV	302,445,786.76	

Name of Related Party	Nature of Relationship	Net Receivable (Payable) Balance as of September 30, 2023	Other relevant terms (e.g., nature of related party transaction; repayment terms)
Inc.			
Yuson Excellence Soberano, Inc.	Subsidiary; JV	235,227,496.45	
Cebu BL-Ramos Ventures, Inc.	Subsidiary; JV	12,131,966.17	This pertains to CLI's shareholder advances which are essentially capital contributions in nature to support the needs and requirements of these JV entities. Considering the nature and purpose of these infusions, the parties agreed on open-ended maturity and indefinite terms.
YHEST Realty and Development Corporation	Subsidiary; JV	16,771,722.14	This pertains to management fees billed to the JV entities which is a percentage of collections and actual costs incurred.
GGTT Realty Corporation	Subsidiary; JV	(28,435,905.20)	The RPT balance primarily pertains to CLI's purchase of residential condominium units and parking slots in the JV entity's project (Terranza Residences). As a commercial sales transaction executed and entered into on an arm's length basis, the balance shall be paid by CLI in accordance with the terms and conditions of the sales contracts it executed with the JV entity.
<b>Total</b>		<b>₱558,063,052.96</b>	

The Group's RPT also includes advances to related parties, real estate sales to ultimate parent company, real estate sales to key management personnel, key management personnel compensation, and CLI's retirement fund.

Advances to related parties pertain to cash advances to shareholders, entities under common ownership and associates. Balance as of September 30, 2023 amounts to ₱26,320,232.98 and is presented as due from related parties in the consolidated statements of financial position.

Real estate sales to ultimate parent company include CLI's sales of condominium units to AB Soberano. Outstanding balance as of September 30, 2023 amounts to ₱15,761,645.90 and is presented as part of Contract Receivables under the Receivables account in the consolidated statements of financial position.

Real estate sales to key management personnel include CLI's sales of condominium units to key management personnel. Outstanding balance as of September 30, 2023 amounts to ₱26,970,470.86 and is presented as part of Contract Receivables under the Receivables account in the consolidated statements of financial position.

Key management personnel compensation pertains to short term benefits and post-employment benefits totaling ₱115,246,928.00 for the year ended September 30, 2023.

CLI's retirement fund for its defined post-employment plan is administered and managed by a trustee bank. The fair value of plan assets consists of the contributions to the plan and interest earned. The plan assets do not comprise investment in any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Pursuant to CLI's RPT Policy, related parties include: (a) a person or close member of that person's family who has control or joint control of the Company; or is a key management personnel of the Company, its parent, subsidiaries or affiliates; (b) a substantial shareholder, who is any person who is directly or indirectly the beneficial owner of more than 10% of any class of its equity security; (c) an entity is a related party if it and the Company are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others); the entity is an associate or JV of CLI or vice-versa, or an associate or JV of a member of a group of which the other entity is a member; the entity is a post-employment benefit plan; the entity has a management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the entity, or vice-versa.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form. The Office of the CFO, together with the Compliance Officer, undertakes regular identification, review, and evaluation of the Company's related parties and related party transactions, which are submitted to the Board RPT Committee either for information or approval, depending on whether the related party transaction breaches the RPT threshold set by the Company or is otherwise a Material RPT.

Pursuant to its RPT Policy, CLI sets an RPT threshold of ₱50.00 million ("**Covered Transaction**"). RPTs involving an amount of at least ₱50.00 million or its equivalent are submitted to the RPT Committee for review and pre-approval. If approved, these are then endorsed to the CLI Board for subsequent approval and/or ratification.

All RPTs breaching the ₱50.00 million threshold have been approved by the RPT Committee and CLI Board, and as supported by its respective minutes of meetings and committee/board resolutions. For the period ending September 30, 2023, this included the approval of shareholder advances to related party JV entities, real estate purchases from related party JV entities, and procurement of contracted services from other related parties.

Further thereto, CLI also observes the 10%-material RPT threshold as prescribed by the SEC. Material RPT pertains to any RPT, either individually or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of CLI's total assets based on its latest AFS.

All individual material RPTs and aggregate material RPTs shall be approved by at least two-thirds vote of the Board of Directors, with at least a majority of the independent directors voting to approve the material RPT. In case the vote of at least a majority of the independent directors on a material RPT is not secured, it may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. Before the execution of a material RPT, the Board of Directors may appoint an external independent party to evaluate the fairness of the terms thereof and evaluate if the transaction is done on normal market terms. Within three calendar days from the execution of any material RPT, CLI, through the Corporate Secretary, shall submit an Advisement Report to the SEC.

For the period ending September 30, 2023, and while not a material RPT breaching the 10%-materiality threshold of SEC, the Board appointed an independent third party (FTI Consulting Philippines Inc.) to evaluate the fairness of the transaction price pertaining to CLI's proposed acquisition of additional shares in a JV company, Ming-Mori Development Corporation. FTI Consulting rendered a fairness opinion and valuation study following the parameters set under the 2020 International Valuation Standards. The valuation was derived through a methodology called Discounted Cash Flows ("**DCF**") method, which involves forecasting the subject company's appropriate cash flow stream over an appropriate period and discounting it back to present value using an appropriate discount rate. Applying the DCF method, the third-party appraiser concluded that the transaction is fair from a financial point of view. Based on this fairness opinion and valuation study, the Board proceeded to approve and ratify the acquisition of additional shares in the JV company. Details of the fairness opinion and discussion on the procedures implemented are documented in the Minutes of the board meeting held on August

19, 2021. Moreover, the acquisition of additional shares after approval of the board is disclosed and uploaded in CLI's PSE EDGE portal.

Other RPTs not breaching the ₱50.00 million RPT threshold or the 10%-materiality threshold are still required to be disclosed and reported to the Board RPT Committee through quarterly RPT reports prepared and presented by the CFO and the Compliance Officer, for information purposes only. RPTs of these nature do not require approval of the RPT Committee and/or the Board of CLI.

Please refer to the discussion on “*Certain Relationships and Related Transactions*” under the section on “*Management and Certain Security Holders*”.

### **Government approvals/regulations**

The Company and its Subsidiaries secure various government approvals, permits, and licenses required and necessary for their business operations, including their respective projects, as part of their ordinary course of business. CLI does not foresee any material adverse effect of existing and future government regulations on the business of CLI and its Subsidiaries.

As of the date of this Prospectus, CLI and its Subsidiaries have obtained the required and necessary material governmental approvals, permits, and licenses issued by the relevant government bodies or agencies. For those required for specific ongoing projects, CLI or the relevant Subsidiaries has either secured such governmental approvals, permits and licenses or is currently processing said permits and are pending issuance by the relevant government agency.

The effects of existing and probable governmental regulations on the business are further discussed in the section “*Regulatory Framework*.”

### **Research and Development**

As of September 2023, CLI's Research & Development (“**R&D**”) expenses amounted to ₱3,577,569.78. This includes expenses in relation to organization consulting services by Aon Malaysia Sdn Bhd, design services by AIDEA Inc., and quantity surveying and construction services provided by AS Enriquez Engineering Consultancy. R&D expenses for the period represent 0.0277% of revenues.

### **Project Development**

The table below refers to the amount spent on project development activities, and its percentage to revenues during each of the last three fiscal years.

<b>In millions</b>	<b>As of Sep 2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Revenue	₱12,926	₱15,657	₱11,162	₱8,299
Capital Expenditures on Project Development	9,039	7,625	7,792	6,149
Ratio	143%	205%	143%	135%

Capital Expenditures refers to actual cash disbursements made by the Company on its developments.

### **Health, Safety, and Environmental Matters**

The Company is subject to a number of laws and regulations relating to the protection of the environment and human health and safety, including those governing air emissions, water, and wastewater discharges, and odor emissions and the management and disposal of hazardous materials. The Company applies its quality standards uniformly across all its production and distribution facilities.

### **Effect of Compliance**

Companies are faced with a high cost of compliance, but in general the benefits outweigh the cost. For FY2023, the costs of compliance with environmental laws and development of green features and other initiatives to mitigate environmental impacts amounted to more than ₱40.33 million recorded as part of



operating expenses and as project cost. The capitalized costs primarily pertain to costs on sewage treatment plants electro-mechanical system works, green building certifications, construction of material recovery facility, solid waste recycling, topographic survey, geotechnical investigation/engineering and geohazard assessments, soil investigation, drainage impact assessment, tree growing program and other expenses related to the ECC post conditions compliance requirements, while the operational costs pertain to permits and licenses. .

Given the scale of the Company's operations, environmental compliance is a means for CLI to ensure that impacts of environmental risks are mitigated. The Company's land development activities have direct impacts on the environment. The Company's use of materials, water, and waste can affect soil and water as well as biodiversity and habitats while emissions from construction and operations have an impact on air quality.

In response to the Company's potential environmental impacts, CLI established a team dedicated to managing and monitoring compliance. The External Affairs / Permits and Licenses Department, the Company's Strategic Business Units, and CLI Property Management and Engineering ensure that the Company complies with relevant environmental laws. The Company's in-house Pollution Control Officers submit a quarterly Self-Monitoring Report and bi-annual Compliance Monitoring Report to the DENR-EMB.

The Company neither had recorded cases of nor received sanctions for non-compliance with environmental laws and/or regulations in 2023. This attests to the effectiveness of the Company's mechanisms in ensuring compliance. In the future, the Company aims to improve its system by investing in internal training and third-party advisories to monitor full compliance to the environmental laws and regulations and correct any non-compliance issues that may occur.

For CLI, compliance to sustainability, particularly environmental, social, and governance standards and regulatory requirements has helped the Company make better and more efficient decision making. This exercise has served to reinforce CLI's risk assessment and management. Social and environmental data baselining and compliance monitoring have supported the establishment of the Company's sustainability strategy aligned to our enterprise risk management.

CLI continues to work towards business process improvement and business model innovation and explore strategies on how sustainable practices can best be applied or embedded in the value creation process. All these add value in the process of risk identification and mitigation, thereby reducing identified corporate risks.

#### *ESG Reporting Process and Governance*

Being a publicly listed company, CLI has complied with the requirements of the Securities and Exchange Commission on the aspect of Sustainability and Environmental, Social and Governance ("ESG") reporting. CLI published its first Integrated Report covering 2022 performance. Having been able to systematically account its positive and negative impacts, the Company's financial, natural, social, manufactured, and human capitals and other non-financial metrics have driven the Company to identify aspects that are most material to the business and to its stakeholders, thereby having the mindset of going beyond compliance --- through process improvements that allow the Company to reduce its negative impacts and increase its economic contribution in the local communities where it conducts business.

#### *Enhancing Brand Value and Market Leadership*

Reporting on financial and non-financial metrics draws the attention not just of investors but also of its consumers. The Company recognizes that society demands more companies serve a higher purpose than just delivering a strong financial performance. By complying with the requirements of balanced reporting, the Company's stakeholders and the external public are informed about its impacts, performance, and contributions. Compliance with social, environmental, and other regulatory and statutory requirements has propelled CLI to develop more products, more than half of which are addressing a housing demand in the VisMin region. Our compliance submissions have helped us

maintain our leadership in the VisMin markets.

With the Company's strong relationships with partner LGUs, broker community, and its JV partners, CLI is considered a trusted brand. CLI has 23% market share in the Visayas and Mindanao in terms of overall net-take up of residential units for vertical and horizontal developments, according to a survey undertaken by Colliers Philippines in the first half of 2023. As a result, CLI has strengthened its position as the leading residential developer in the VisMin region.

CLI has responded well to the increasing market demands of VisMin, outpacing other developers in finishing construction and delivering completed units to its customers.

As a result of the Company's initiatives, CLI was recognized as one of the BCI Asia's Top 10 Developers in the Philippines for 2018 to 2023. The BCI Asia Awards seeks to recognize top developers and architects that have 'the greatest impact on the built environment in Southeast Asia'. The top 10 developers are identified as 'the firms with the aggregate value of projects under construction by the extent of their sustainability and confirmed green building ratings'.

In addition, CLI won several awards during the Annual PropertyGuru Philippines Property Awards with its CEO, Jose Soberano III, honored as the Real Estate Personality of the year 2023.

CLI also received a two-Golden Arrow Recognition in 2023, given by the Institute of Corporate Directors to top Philippine publicly listed companies and insurance companies in corporate governance, based on the 2022 ASEAN Corporate Governance Scorecard and Corporate Governance Scorecard Assessment Results, respectively.

#### *CLI Workforce, Customers, and Communities*

On the aspect of talent acquisition, being purpose-driven and compliant to regulatory and statutory requirements, especially on labor laws, has definitely given CLI a competitive advantage. By defining the Company's priority areas through a materiality process, CLI is provided guidance and as a result the Company is able to attract and retain top caliber talents. Employee engagement activities use themes that relate to sustainability, safe, and healthy workplace practices, and cultivating a culture of innovation among departments and cross-functional teams. All these programs help attract, continue to develop, and retain talents within the organization.

On the aspect of health and safety, CLI recognizes that consumer behavior has dramatically changed in recent years --- especially with the onset of the pandemic. Society has been driven to pay more attention to health, safety, and environmentally healthy lifestyle. Compliance and reporting on DOLE-mandated safety protocols and other pandemic response programs have resulted in better work conditions, lesser exposure to diseases and COVID-19 cases, reduced absences and therefore, better productivity which result in better operational and financial performance.

While CLI grows its business, it has built and strengthened its relationships by partnering with local communities and complying with requirements of local government units and national government agencies. This serves as the Company's social and relationship capital that gives it social license to do business in the local area.

#### *Resource Use, Managing Impacts, and Biodiversity Management*

With the significant increase in oil price brought about by the Russia-Ukraine war and with continuing water supply issues in the local areas, there is a need to reduce the Company's resource consumption, including the need to be less energy-dependent. The necessity of introducing energy and water saving initiatives was further driven by the Company's data management tools that will allow it to target reduction of energy and water use in its real estate project developments. In addition, compliance with environmental laws and standards have propelled the Company to introduce product design innovations or the application of green building features in its projects that will help reduce consumption. In addition, compliance to post-conditions of its ECCs have driven the Company to assess, protect, and enhance its ecosystems within or adjacent to its developments and even focus on climate change-related financial impacts as the Company develops more projects in the future.

*Contribution to United Nations' Sustainable Development Goals ("UN SDG")*

Focus on UN SDG contributions ensures that CLI's products, programs, and initiatives contribute to the alignment and achievement of global sustainability goals. This means that the Company's products, programs, and initiatives address local issues and contribute to the local economic development of the area where the Company does business, without losing sight of the overall global issues that face our world today.

**Employees**

The Group has a total of 867 employees, broken down in entities and department as follows as of September 30, 2023:

<b>Department/Company</b>	<b>Employees</b>
<b>Parent Company</b>	
Engineering	170
Sales	73
Accounting and Finance	68
Treasury	73
Business Development	43
Permits & Licenses	43
Property Management	45
Accounts Management	37
Customer Care	42
Human Resources & Admin	24
Tax	18
Marketing	16
Purchasing	17
Corporate Finance	16
IT	16
Legal	8
Internal Audit	5
Leasing	7
ERM	1
CLI Hotels-Support	2
Sustainability/CLI Foundation	5
Top Management	5
<b>Total</b>	<b>734</b>
<b>Subsidiaries</b>	
CLPM	100
CPH	33
Total	133
<b>GRAND TOTAL</b>	<b>867</b>

The Company maintains a competent and dynamic team of professional executives and managers engaged in the management of the business. Efforts to professionalize the Company over the last 18 years are evident as the Company has grown from two employees to a dynamic team of executives, managers, officers, and staff instilled with the Company's brand of professional work ethics and strong

corporate values. The Company has a total of 739 employees as of August 31, 2022 and expects to have 884 regular employees by the end of December 31, 2022.

CLI employees are not subject to collective bargaining agreements. Its employees have not been on strike in the past three years, nor are they threatening to strike.

The Board of Directors of CLI, during its Special Board meeting on October 6, 2021, approved the Executive Stock Option Plan (“**ESOP**”) for qualified officers. This is a type of performance incentive, where options are granted to purchase the shares of the Company at a discount. There are no other rights and benefits granted to the subscribers of shares under the ESOP other than the typical rights and benefits available to ordinary shareholders.

The shares that may be exercised from these options will be sourced from the treasury shares of the Company or from publicly traded shares. The objectives of the plan are: (a) to attract, retain, and motivate talented and key employees; (b) to encourage employees to align individual performance with Company objectives; and (c) to reward employee performance with stockholdings in proportion to their contribution to the Company.

Each level has a predetermined number of shares exercisable per year with a four-year vesting period. The exercise price is the higher of ₱2.25 or current market price with a 15% discount. The current market price is computed as the average closing price for the last five trading days.

Shares bought under the ESOP cannot be sold, assigned, or transferred in any manner for at least six months from the exercise date.

Voting and dividend rights vest upon the issuance of the shares to the employees.

Other than the ESOP, CLI also has a Savings Program Prior to Normal Retirement (“**SPP**”) which is incorporated in its Amended Retirement Plan. The SPP serves as the retirement plan for all CLI regular employees who resign prior to the optional retirement age of 60 years old or the mandatory retirement age of 65 years old. The equivalent of 5% of the employee’s basic salary is set aside by CLI every month while the employee remains in the employ of CLI.

Upon resignation, the employee will be entitled to his or final balance as follows:

<b>Vested Benefit %</b>	<b>Number of Continuous Service (from January 01, 2015)</b>
0%	Less than 5 years
50%	5 years
60%	6 years
70%	7 years
80%	8 years
90%	9 years
100%	10 years and above

Given the above, a qualified CLI employee will be entitled to and avail either the 1) Normal Retirement benefits as mandated by law or 2) the Vested Benefits under the SPP, whichever is higher.

## DESCRIPTION OF PROPERTIES

### *Land Inventory*

Using its location selection criteria, the Company and its Subsidiaries have invested in properties located in strategic areas in VisMin which they believe to have high future appreciation potential for its existing and future development projects. The table below enumerates the parcels of land owned by the below entities.

Location	Primary use	Ownership	With Security Interest?	Total Area (in sq.m)
Minglanilia Cebu	Residential	CLI	No	18,369
Naga San fernando, Cebu	Residential	CLI	No	16,718
IT Park, Lahug Cebu	Residential	El Camino	Yes	5,828
Matina Davao City	Residential	YHEST	No	141,471
Riverside Davao City	Residential	YHES	No	10,201
Mactan Cebu	Residential	CLI	Yes	12,641
Magtuod, Davao	Residential	CLI	Yes	150,000
Puerto Princesa, Palawan	Residential	CLI	No	9,305
Juana Osmeña St, Cebu City	Residential	CLI	No	913
AS Fortuna	Residential	CLI	No	387
Tabok, Mandaue City	Residential	CHDI	No	24,623
Panglao, Bohol	Residential	CLI-LITE	No	27,166
Manresa, CDO	Residential	CLI	No	143,477
Bogo, Cebu	Residential	CLI	No	23,128
Juana Osmeña St, Cebu City	Residential	CLI	No	467
Danao, Cebu	Residential	CLI	No	9,632
Consolacion, Cebu	Residential	CLI	No	103,000
Talamban, Cebu	Residential	CHDI	No	47,017
Butuan City	Residential	CLI	No	172,064
Banilad, Cebu	Residential	CLI	No	1,181
Gensan City	Residential	CLI	No	210,093
<b>Total</b>				<b>1,125,779</b>

### *Other Assets*

As of September 30, 2023, the Company's other properties consist of Property and Equipment and Investment Property amounting to ₱6.3 billion and ₱18 billion, respectively.

For the carrying amounts and movements of the Company's Other Assets, please refer to Notes 10 and 12 in the Unaudited Interim Consolidated Financial Statements as of September 30, 2023.

### **Rental Properties**

In addition to its land inventory, the Company owns several rental properties, including available commercial and retail spaces in its completed projects, which are currently used by the Company, or leased out to third parties to generate recurring income.

Among the projects with commercial spaces leased out to tenants are:

<b>Project</b>	<b>Location</b>	<b>Type</b>	<b>GLA (In sq.m.)</b>
38 Park Avenue	Cebu IT Park, Cebu	Retail	913
Asia Premier Residences	Cebu IT Park, Cebu	Residential and Retail	938
Banilad High Street	Banilad Road, Cebu	Retail	1,250
Base Line Center Phase 1	Juana Osmeña St., Cebu	Office and Retail	6,202
Base Line Center Phase 2	Juana Osmeña St., Cebu	Office and Retail	1,573
Base Line Residences	Juana Osmeña St., Cebu	Residential and Retail	235
Casa Mira South	Naga, Cebu	Retail	193
Casa Mira Towers Guadalupe	Guadalupe, Cebu	Retail	1,611
Casa Mira Towers Labangon	Labangon, Cebu	Retail	818
Davao Global Township	Matina, Davao	Office and Retail	3,708
Latitude Corporate Center	Cebu Business Park	Office and Retail	12,116
MesaTierra Garden Res	Davao	Retail	328
MesaVerte Residences	Osmeña Ext., CDO	Retail	121
Midori Residences	AS Fortuna Mandaue, Cebu	Residential and Retail	42
Mivesa Residences	Lahug, Cebu	Residential and Retail	246
Old Patria	P. Burgos St., Cebu	Office and Retail	632
Park Centrale	Cebu IT Park, Cebu	Office and Retail	4,279
Velmiro Heights	Tunghaan, Minglanilla	Residential	566
<b>TOTAL</b>			<b>35,772</b>

The Company's residential leases have an average term of one year, while the Company's commercial leases have an average term of three to five years, both renewable upon mutual agreement of parties. Sixty days' notice is required from tenants for the extension or pre-termination of their leases, and a two-month security deposit is paid at the commencement of the lease. The Company charges rent as a fixed rent per sq.m., which may be subject to an escalation clause.

In its leases with its related entities, the Company observes arm's length commercial terms and considers the current rentals payable by tenants of the condominium units and parking slots that are operational at presently reflect prevailing market rents.

### **Leased Properties**

The Company leases, from third parties, properties for use as office space and staff houses of its employees located on sites outside of Cebu.

In 2019, with the approval of the National Historical Commission of the Philippines, CLI entered into a 40-year lease contract with the Archdiocese of Cebu to redevelop Patria de Cebu, a 6,670 sq.m. property in downtown Cebu. This mixed-use development's concept and design is inspired by Filipino-Spanish culture, history, and architecture.

In 2020, the Company signed a 43-year lease contract to develop Masters Tower Cebu, a mixed-use tower located at Cebu's preferred business address, Cebu Business Park. The project will be on a 2,840 sq.m. property and will offer prime office and retail spaces and the first five-star luxury hotel in Cebu City. Sofitel, Cebu City will be operated by multinational chain Accor, a world leading hospitality group headquartered in France.

Sugbo Prime Estates, Inc. was formed in 2021 by CLI and the Farrarons family as a joint venture. The joint venture will build a mixed-use development on a leased property with a 22-year term remaining. The project, now named Banilad High Street, will include retail areas as well as a 300-room dormitory.

The properties being leased by the Company and its subsidiaries are summarized as follows:

Property	Area (sq.m)	Lease rate	Location	Start of Term	Term	Renewal Options
Land	6,670	Monthly rent of ₱150.00 per sq.m. with 5% escalation every two years	Colon, Cebu City	2019	40 years	None
Land	2,804	Monthly rent of ₱1,000.00 per sq.m. with 5% escalation every two years	Cebu Business Park	2019	43 years	None
Land	7,595	Monthly rent of ₱132.00 per sq.m. with 5% escalation annually	Banilad, Cebu City	2021	22 years	With option for renewal (i.e., 30 days prior to the expiration)
Land	4,034	Monthly advance rent of ₱70.98 in the first 3 years, and monthly rent of ₱79.50 per sq.m. with 2.5% escalation annually thereafter	Mandaue City	2022	30 years	With option to renew for another 30 years after expiration

### **Mortgage, Liens, and Encumbrances**

CLI has 58 principal owned properties valued at ₱19.58 billion and located across VisMin with 38 being located in Cebu, six in Bacolod, four in Davao, three in CDO, two in Iloilo, two in Dumaguete, one each in Bohol, Ormoc, and Mindoro. Of these properties, ₱17.03 billion are mortgaged with different local bank partners whose development loans are not yet fully paid while ₱2.55 billion are clean and free of any lien.

<b>In Billions ₱</b>	<b>Mortgaged</b>	<b>Clean</b>	<b>Total</b>
Real Estate Inventories	9.51	1.22	10.73
Property and Equipment	0.62	0.09	0.71
Investment Properties	6.90	1.24	8.14
<b>Grand Total</b>	<b>17.03</b>	<b>2.55</b>	<b>19.58</b>

Please see above table under the heading “*Land Inventory*” in this section “*Description of Property*” for the parcels of land subject of a security interest.

Under Section 18 of Presidential Decree No. 957, no mortgage on any unit or lot shall be made by the owner or developer without prior written approval of the HLURB (now DHSUD). Accordingly, before the Company mortgages properties being used for its condominium or subdivision projects, it ensures compliance with the said law and its implementing regulations.

Properties of the Company and its Subsidiaries, in which particular projects have been developed, are also subject to restrictions arising from the nature of such projects. For instance, certain properties over which a condominium building project has been constructed would have restrictions annotated on the title of such property arising from the Master Deed restrictions on the use of the property for condominium use.

Property under mortgage restricts the debtor from selling, alienating, incurring, taking on, or allowing to exist any other mortgage, lien, pledge, or other charge or encumbrance upon or with respect to any or all of the debtor’s present or future fixed assets, machineries, and equipment other than in the normal course of its business. Additionally, in order for a property to be free of restrictions, the debtor is required to obtain prior approval from the bank (creditor) and the related loan obligation on which the property is mortgaged must be fully satisfied.

Within the next 12 months, the Company intends to purchase parcels of land for expansion projects in the cities of Naga, San Fernando, Cebu, Magtuod, and Iloilo, which are still pending negotiations with their respective landowners. Acquisition prices are still being negotiated and will be determined in full after the contracts are executed. These sites will be purchased with funds that CLI has generated internally.

Likewise, properties being leased by the Company are subject to typical lease-related limitations on usage, *i.e.*, for office use only.

### ***Insurance***

CLI procures insurance coverage required by relevant laws and regulations for its real and personal properties and requires contractors to submit performance Offer Shares, marine insurance policies, and other sureties for its covered activities. Throughout the construction stage, the Company also maintains a contractor’s All-risk Insurance for each of its projects, subject to customary deductibles and exclusions. For completed projects, the Company likewise requires homeowner’s associations and condominium corporations to obtain fire and allied risks insurance as part of the master deed for these projects.

### ***Intellectual Property***

CLI ensures compliance with intellectual property laws and regulations, including guidelines and issuances of the Intellectual Property Office of the Philippines (“**IPOPHL**”). CLI recognizes the importance of its trademarks as among its valuable assets and help distinguish CLI’s products and services from competitors. Thus, protection of its trademarks is a priority of CLI.

The following are among the material trademarks owned by the below entities, and these trademarks are registered accordingly with IPOPHL:



Trademark	Holder	Registration Number	Date of Registration
CEBU LANDMASTERS 	CEBU LANDMASTERS, INC.	4/2016/503726	2017-01-12
M MASTERS TOWER CEBU BY CEBU LANDMASTERS 	CEBU LANDMASTERS, INC.	4/2021/503998	2021-07-02
CASA MIRA MORE FOR THE FILIPINO FAMILY 	CEBU LANDMASTERS, INC.	4/2020/514876	2021-07-02
CASA MIRA HOMES 	CEBU LANDMASTERS, INC.	4/2020/514874	2021-07-02
CASA MIRA TOWERS 	CEBU LANDMASTERS, INC.	4/2020/514877	2021-07-02
38 PARK AVENUE 	CEBU LANDMASTERS, INC.	4/2021/527846	2022-05-09
LATITUDE CORPORATE CENTER 	CEBU LANDMASTERS, INC.	4/2016/505104	2017-02-09
CASA MIRA	CLI	4/2016/503727	2017-01-19

Trademark	Holder	Registration Number	Date of Registration
 <p>CASA MIRA</p>			
<p>BASE LINE CENTER</p> 	<p>CEBU LANDMASTERS, INC.</p>	4/2016/503728	2017-01-19
<p>MANDTRA RESIDENCES</p> 	<p>CEBU HOMEGROWN DEVELOPMENT, INC.</p>	4/2020/514875	2021-04-23
<p>TERRANZA RESIDENCES</p> 	<p>GGTT REALTY CORPORATION</p>	4/2020/514873	2021-07-02
<p>YHEST REALTY AND DEVELOPMENT CORP.</p> 	<p>YHEST REALTY AND DEVELOPMENT CORPORATION</p>	4/2019/502022	2019-09-22
<p>YES INC.</p> 	<p>YES, INC.</p>	517148	October 20, 2022
<p>MESATIERRA GARDEN RESIDENCES</p> 	<p>YES, INC..</p>	517145	May 12, 2023
<p>ONE PARAGON PLACE</p> 	<p>YHEST REALTY AND DEVELOPMENT CORPORATION</p>	517247	February 19, 2023

Trademark	Holder	Registration Number	Date of Registration
DAVAO GLOBAL TOWNSHIP 	YHEST REALTY AND DEVELOPMENT CORPORATION	516023	October 3, 2022
CALLE 104 	CEBU BL RAMOS VENTURES, INC.	523730	February 16, 2023
COSTA MIRA BEACHTOWN 	CEBU LANDMASTERS, INC.	527430	April 22, 2023
MIRANI HOMES 	CEBU LANDMASTERS, INC.	527492	April 23, 2023
MIRANI STEPS 	CEBU LANDMASTERS, INC.	527496	April 23, 2023

CLI and its Subsidiaries are in possession of the material permits required for the conduct of their respective businesses. Details of these material permits are set out in the table below.

#### A. Corporate Permits

##### 1. Cebu Landmasters, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS200321240	September 26, 2003	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	8RC0001425996E	November 12, 2003	Not Applicable
Business Permit	Local Government	82314	November	2022-2023*

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
	Unit		17, 2022	
Employer Data Form	Home Development Mutual Fund	2011-0575-0005		Not Applicable
Certificate of Registration	Social Security System	06-1692314-4		Not Applicable
PhilHealth Certificate of Registration	Philippine Health Insurance Corporation	201722300228		Not Applicable
PEZA Certificate of Registration	Philippine Economic Zone Authority	No.13-48	March 18, 2013	Not Applicable
DOLE Certificate of Compliance on Occupational Safety & Health Standards	Department of Labor and Employment	Establishment Code: AOZGOD7XZ7	Not Applicable	Not Applicable

*\*ongoing application and processing for the renewal of business permit. Statutory deadline is on January 20, 2024, subject to extensions as may be promulgated by the LGU concerned.*

## 2. A.S. Fortuna Property Ventures, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201708536	March 09, 2017	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001171343	March 09, 2017	Not Applicable
Business Permit	Local Government Unit	Pending issuance of FSIC Clearance		

## 3. CLI Premier Hotels Intl. Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201619652	August 26, 2016	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001674040	September 15, 2016	Not Applicable
Business Permit	Local Government Unit	146369	December 14, 2023	2023-2024

## 4. Cebu Landmasters Property Management, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201713404	April 20, 2017	50 years from date of incorporation (deemed

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
				perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	081RC2021000001175	November 11, 2021 (Date OCN generated)	Not Applicable
Business Permit	Local Government Unit	150483	June 09, 2023	2023-2024

#### 5. CLI-LITE Panglao Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	2021070019653-04	July 19, 2021	Perpetual existence
Certificate of Registration	Bureau of Internal Revenue	081RC20210000000016	August 02, 2021	Not Applicable
Business Permit	Local Government Unit	180470	November 17, 2022	2022-2023*

*\*ongoing application and processing for the renewal of business permit. Statutory deadline is on January 20, 2024, subject to extensions as may be promulgated by the LGU concerned.*

#### 6. BL CBP Ventures, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201633170	February 03, 2016	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001768639	February 29, 2016	Not Applicable
Business Permit	Local Government Unit	143061	June 17, 2022	2022-2023*

*\*ongoing application and processing for the renewal of business permit. Statutory deadline is on January 20, 2024, subject to extensions as may be promulgated by the LGU concerned.*

#### 7. Yuson Excellence Soberano, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201629294	December 15, 2016	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001284982	January 26, 2017	Not Applicable
Business Permit	Local Government	B-142483-3	March 14,	December 31,

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
	Unit		2023	2023*

*\*ongoing application and processing for the renewal of business permit. Statutory deadline is on January 20, 2024, subject to extensions as may be promulgated by the LGU concerned.*

#### 8. Yuson Huang Excellence Soberano, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201738792	November 22, 2017	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001692104	November 23, 2017	Not Applicable
Business Permit	Local Government Unit	B-149693-3	February 14, 2023	December 31, 2023*

*\*ongoing application and processing for the renewal of business permit. Statutory deadline is on January 20, 2024, subject to extensions as may be promulgated by the LGU concerned.*

#### 9. YHEST Realty and Development Corporation

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201817011	August 10, 2018	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001692107	August 08, 2018	Not Applicable
Business Permit	Local Government Unit	B-154322-2	February 14, 2023	December 31, 2023*

*\*ongoing application and processing for the renewal of business permit. Statutory deadline is on January 20, 2024, subject to extensions as may be promulgated by the LGU concerned.*

#### 10. CCLI Premier Hotels, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201845177	November 12, 2018	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001715071	December 04, 2018	Not Applicable
Business Permit	Local Government Unit	202321834	May 19, 2023	December 31, 2023*

*\*ongoing application and processing for the renewal of business permit. Statutory deadline is on January 20, 2024, subject to extensions as may be promulgated by the LGU concerned.*

**11. YHES Premier Hotel Inc.**

<b>Name of License / Permit</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Certificate of Incorporation	Securities and Exchange Commission	CS201963199	October 28, 2019	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001702386	November 05, 2019	Not Applicable
Business Permit	Local Government Unit	B-173775-5	March 14, 2023	December 31, 2023*

*\*ongoing application and processing for the renewal of business permit. Statutory deadline is on January 20, 2024, subject to extensions as may be promulgated by the LGU concerned.*

**12. Mivesa Garden Residences, Inc.**

<b>Name of License / Permit</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Certificate of Incorporation	Securities and Exchange Commission	CS201708851	March 13, 2017	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001719384	March 13, 2017	Not Applicable
Business Permit	Local Government Unit	149645	November 30, 2023	2023-2024

**13. El Camino Developers Cebu, Inc.**

<b>Name of License / Permit</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Certificate of Incorporation	Securities and Exchange Commission	CS201618500	August 15, 2016	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001262861	September 15, 2016	Not Applicable
Business Permit	Local Government Unit	146215	November 20, 2023	2023-2024

**14. Cebu Homegrown Developers, Inc.**

<b>Name of License / Permit</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Certificate of Incorporation	Securities and Exchange Commission	CS20190000715	December 05, 2019	Perpetual existence

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
	Commission			
Certificate of Registration	Bureau of Internal Revenue	2RC0001769142	December 26, 2019	Not Applicable
Business Permit	Local Government Unit	171527	June 17, 2022	2022-2023*

*\*ongoing application and processing for the renewal of business permit. Statutory deadline is on January 20, 2024, subject to extensions as may be promulgated by the LGU concerned.*

#### 15. Cebu BL-Ramos Ventures, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS202061326	February 21, 2020	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001814382	March 04, 2020	Not Applicable
Business Permit	Local Government Unit	172556	June 17, 2022	2022-2023*

*\*ongoing application and processing for the renewal of business permit. Statutory deadline is on January 20, 2024, subject to extensions as may be promulgated by the LGU concerned.*

#### 16. Ming-Mori Development Corporation

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS201331552	August 01, 2013	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)
Certificate of Registration	Bureau of Internal Revenue	2RC0001007496	September 03, 2013	Not Applicable
Business Permit	Local Government Unit	143734	April 04, 2022	2022-2023*

*\*ongoing application and processing for the renewal of business permit. Statutory deadline is on January 20, 2024, subject to extensions as may be promulgated by the LGU concerned.*

#### 17. GGTT Realty Corporation

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	CS200306422	August 17, 2020 (amended AOI)	50 years from date of incorporation (deemed perpetual upon effectivity of RCC)



Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Registration	Bureau of Internal Revenue	2RC0000670891	August 07, 2009	Not Applicable
Business Permit	Local Government Unit	E-2022-012627	June 14, 2023	December 31, 2023*

\*ongoing application and processing for the renewal of business permit. Statutory deadline is on January 20, 2024, subject to extensions as may be promulgated by the LGU concerned.

#### 18. Sugbo Prime Estate, Inc.

Name of License / Permit	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Certificate of Incorporation	Securities and Exchange Commission	OPC20190000093	November 22, 2021 (SEC approval date on conversion of OPC to OSC)	Perpetual existence
Certificate of Registration	Bureau of Internal Revenue	081RC2022000000898	March 15, 2022 (date OCN generated)	Not Applicable
Business Permit	Local Government Unit	183512	November 07, 2023	2023-2024

### B. Completed Project Permits

#### 1. San Jose Maria Village – Balamban

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	0011	December 2, 2009	None
HLURB COR	DHSUD	27120	February 16, 2016	None
LTS	DHSUD	030154	February 16, 2016	None
ECC	DENR	070405-250255212	May 25, 2004	None

#### 2. San Jose Maria Village – Minglanilla

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	Not Available		
HLURB COR	DHSUD	16540	May 3, 2007	None
LTS	DHSUD	17981	May 3, 2007	None
ECC	DENR	070607-280131212	June 28, 2006	None

### 3. San Jose Maria Village – Talisay

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	07-10-122-DP	February 10, 2011	None
HLURB COR	DHSUD	20814	March 29, 2011	None
LTS	DHSUD	21847	March 29, 2011	None
ECC	DENR	ECC R07 1003 0067	March 5, 2010	None

### 4. San Jose Maria Village – Toledo

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	07 -008- 0212	December 9, 2008	None
HLURB COR	DHSUD	20712	December 14, 2009	None
LTS	DHSUD	21743	December 14, 2009	None
ECC	DENR	070707-130238212	August 2, 2007	None

### 5. Villa Casita Balamban

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	Not Applicable	January 29, 2008	None
HLURB COR	DHSUD	27120	February 16, 2016	None
LTS	DHSUD	030154	February 16, 2016	None
ECC	DENR	E07-2018-0079	June 29, 2018	None

### 6. Midori Plains

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	REM-43-10-1949	November 25, 2011	None
HLURB COR	DHSUD	20911	April 18, 2012	None
LTS	DHSUD	25470	April 18, 2012	None
ECC	DENR	ECC-R07-1108- 0183	August 12, 2011	None

### 7. Asia Premier Residences

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	DP No. 07-010-0226	February 2, 2010	None
HLURB COR	DHSUD	20726	March 12, 2010	None
LTS	DHSUD	21759	March 12, 2010	None
ECC	DENR	ECC-R07-1001-0008	February 3, 2010	None

### 8. Base Line Residences

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-015-0362	April 28, 2015	None
HLURB COR	DHSUD	20878	December 5, 2011	None
LTS	DHSUD	25434	December 5, 2011	None
ECC	DENR	ECC-R07-1106-0121	June 15, 2011	None

### 9. Midori Residences

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-12-0171	April 10, 2012	None
HLURB COR	DHSUD	23912	December 13, 2012	None
LTS	DHSUD	26266	December 13, 2012	None
ECC	DENR	ECC-R07-1111-0284	November 25, 2011	None

### 10. Park Centrale Tower

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-013-0296	February 6, 2013	None
HLURB COR	DHSUD	23943	September 11, 2013	None
LTS	DHSUD	27137	September 11, 2013	None
ECC	DENR	ECC-R07-1301-0003	January 31, 2013	None

**11. Mivesa Garden Residences (Phase 1)**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	CVR-013-0303	May 28, 2013	None
HLURB COR	DHSUD	029535	March 3, 2015	None
LTS	DHSUD	029535	March 3, 2015	None
ECC	DENR	ECC-R07-1308-0187	August 23, 2013	None

**12. Mivesa Garden Residences (Phase 2)**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	CVR-17-0422	June 7, 2017	None
HLURB COR	DHSUD	029535	March 3, 2015	None
LTS	DHSUD	029535	March 3, 2015	None
ECC	DENR	ECC-R07-1308-0187	August 23, 2013	None

**13. Velmiro Heights (Phase 1)**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	REM-43-10-2036	December 12, 2013	None
HLURB COR	DHSUD	26338	January 19, 2015	None
LTS	DHSUD	029524	January 19, 2015	None
ECC	DENR	ECC-R07-1312-0282	December 23, 2013	None

**14. Casa Mira Linao (Phase 1 and 2)**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	REM-43-1-2039	November 25, 2014	None
HLURB COR	DHSUD	27051	September 2, 2015	None
LTS	DHSUD	030344	September 2, 2015	None
ECC	DENR	ECC-R0701405-0086	May 14, 2014	None

**15. Casa Mira Towers Labangon Tower 1**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	CVR-015-0381	October 26, 2015	None
HLURB COR	DHSUD	27668	December 22, 2016	None
LTS	DHSUD	031099	December 22, 2015	None
ECC	DENR	ECC-OL-R07-2016-0003	January 5, 2016	None

**16. Casa Mira Towers Labangon Tower 2**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	CVR-015-0381	October 26, 2015	None
HLURB COR	DHSUD	27668	December 22, 2016	None
LTS	DHSUD	031100	December 22, 2015	None
ECC	DENR	ECC-OL-R07-2016-0003	January 5, 2016	None

**17. Casa Mira South Phase 1A**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	None	August 16, 2016	None
HLURB COR	DHSUD	27696	April 19, 2017	None
LTS	DHSUD	033657	September 3, 2018	None
ECC	DENR	ECC-R07-1610-0017	November 21, 2016	None

**18. Casa Mira South Phase 1B**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	None	August 16, 2016	None
HLURB COR	DHSUD	27696	April 19, 2017	None
LTS	DHSUD	033657	September 3, 2018	None
ECC	DENR	ECC-R07-1610-0017	November 21, 2016	None

**19. Casa Mira South Phase 2A**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	None	August 16, 2016	None
HLURB COR	DHSUD	27696	April 19, 2017	None
LTS	DHSUD	033657	September 3, 2018	None
ECC	DENR	ECC-R07-1610-0017	November 21, 2016	None

**20. Casa Mira South Phase 2B**

<b>Name of License</b>	<b>License / Permit No.</b>	<b>Issuing Regulatory Body</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	None	DHSUD	August 16, 2016	None
HLURB COR	028498	DHSUD	August 17, 2018	None
LTS	033606	DHSUD	August 17, 2018	None
ECC	ECC-R07-1610-0017	DENR	November 21, 2016	None

**21. MesaVerte Residences Tower 1**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	REM-Condo-16-003(NMR10)	August 5, 2015	None
HLURB COR	DHSUD	25357	April 1, 2016	None
LTS	DHSUD	030278	April 1, 2016	None
ECC	DENR	ECC-R07-1506-0180	July 3, 2015	None

**22. MesaVerte Residences Tower 2**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	REM-Condo-15-003(NMR10)	October 7, 2015	None
HLURB COR	DHSUD	26222	October 27, 2017	None
LTS	DHSUD	031774	October 27, 2017	None
ECC	DENR	ECC-R07-1506-0180	July 3, 2015	None

**23. Base Line Center**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	CVR-015-0362	April 28, 2015	None
HLURB COR	DHSUD	20878	December 5, 2011	None
LTS	DHSUD	25434	December 5, 2011	None
ECC	DENR	ECC-R07-1106-0121	June 15, 2011	None

**24. Base Line Retail**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	CVR-015-0362	April 28, 2015	None
HLURB COR	DHSUD	20878	December 5, 2011	None
LTS	DHSUD	25434	December 5, 2011	None
ECC	DENR	ECC-R07-1106-0121	June 15, 2011	None

**25. Citadines Cebu City**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	CVR-015-0362	April 28, 2015	None
HLURB COR	DHSUD	20878	December 5, 2011	None
LTS	DHSUD	25434	December 5, 2011	None
ECC	DENR	ECC-R07-1106-0121	June 15, 2011	None

**26. Base Line HQ**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	CVR-015-0362	April 28, 2015	None
HLURB COR	DHSUD	20878	December 5, 2011	None
LTS	DHSUD	25434	December 5, 2011	None
ECC	DENR	ECC-R07-1106-0121	June 15, 2011	None

**27. Base Line Premier**

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-015-0362	April 28, 2015	None
HLURB COR	DHSUD	20878	December 5, 2011	None
LTS	DHSUD	25434	December 5, 2011	None
ECC	DENR	ECC-R07-1106-0121	June 15, 2011	None

**28. MesaVerte Residences Tower 3**

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	REM-Condo-16-003(NMR10)	August 5, 2015	None
HLURB COR	DHSUD	25357	April 1, 2016	None
LTS	DHSUD	030278	April 1, 2016	None
ECC	DENR	ECC-R07-1506-0180	July 3, 2015	None

**29. Guadalupe Pinamalayan Socialized Housing Project**

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	05-15	June 19, 2014	None
HLURB COR	DHSUD	None	None	None
LTS	DHSUD	031487	October 12, 2016	None
ECC	DENR			

**30. Latitude Corporate Center**

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-16-0410	November 17, 2016	None
HLURB COR	DHSUD	028450	November 06, 2017	None
LTS	DHSUD	032806	November 06, 2017	None
ECC	DENR	ECC-OL-R07-2017-0025	March 07, 2017	None



### 31. Villa Casita North

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	Not Applicable		
HLURB COR	DHSUD	27120	February 16, 2016	None
LTS	DHSUD	030154	February 16, 2016	None
ECC	DENR	ECC-OL-R07-2018-0079	June 29, 2018	None

### 32. Mivesa Garden Residences (Phase 3)

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-013-0303	May 28, 2013	None
HLURB COR	DHSUD	26348	March 3, 2015	None
LTS	DHSUD	029535	March 3, 2015	None
ECC	DENR	ECC-R07-1308-0187	August 22, 2013	None

### 33. MesaTierra Garden Residences

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	SMR-DP-17-001	February 27, 2017	None
HLURB COR	DHSUD	27556	March 10, 2017	None
LTS	DHSUD	033273	February 13, 2018	None
ECC	DENR	ECC-OL-R11-2017-0147	August 8, 2017	None

### 34. Casa Mira Coast

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	2018-02-001	February 1, 2018	None
HLURB COR	DHSUD	029240	August 24, 2018	None
LTS	DHSUD	033655	August 24, 2018	None
ECC	DENR	ECC-OL-R07-2017-0160	November 22, 2017	None

### 35. MesaVirre Building A

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	2017-0050	January 29, 2018	None
HLURB COR	DHSUD	028859	February 23, 2018	None
LTS	DHSUD	033501	February 23, 2018	None
ECC	DENR	ECC-OL-R06-2018-0039	January 23, 2018	None

#### A. ONGOING PROJECTS PERMITS

##### 1. Casa Mira Homes Ormoc

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	051-2020	December 14, 2020	None
HLURB COR	DHSUD	CR-R8-00010	August 12, 2021	None
LTS	DHSUD	LS-R8-00016	August 12, 2021	None
ECC	DENR	ECC-OL-2020-0059	April 24, 2020	None

##### 2. Velmiro Heights CDO

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	10-2020	August 25, 2021	None
HLURB COR	DHSUD	REM-CR-21-010	April 29, 2021	None
LTS	DHSUD	REM-LS—21-013	April 29, 2021	None
ECC	DENR		Not Applicable	

##### 3. Velmiro Plains Bacolod

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	223-02-19	April 3, 2019	None
HLURB COR	DHSUD	028898	September 4, 2019	None
LTS	DHSUD	0335564	September 4, 2019	None
ECC	DENR	ECC-OL-R06-2019-0318	May 24, 2019	None

#### 4. Casa Mira Towers Bacolod

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	WVR-DP-21-002	July 12, 2021	None
HLURB COR	DHSUD	06-084	Feb 2, 2022	None
LTS	DHSUD	076-100	Feb 2, 2022	None
ECC	DENR	Not Applicable	Not Applicable	

#### 5. Casa Mira Iloilo

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	2019-002	June 14, 2019	None
HLURB COR	DHSUD	028910	December 27, 2019	None
LTS	DHSUD	033583	December 27, 2019	None
ECC	DENR	ECC-OL-R06-2019-0569	October 9, 2019	None

#### 6. Casa Mira Bacolod

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	WVR-DP-21-002	July 12, 2021	None
HLURB COR	DHSUD	06-084	September 5, 2019	None
LTS	DHSUD	06-100	September 5, 2019	None
ECC	DENR	ECC-OL-R07-2019-0253	September 5, 2020	None

#### 7. Casa Mira Towers Mandaue T1 & T2

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	R7-020-0536	January 30, 2020	None
HLURB COR	DHSUD	029966	November 22, 2019	None
LTS	DHSUD	035654	November 22, 2019	None
ECC	DENR	ECC-OL-R07-2019-0253	September 5, 2020	None

**8. Casa Mira Towers Mandaue T3 & T4**

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	CVR-019-0514	August 15, 2019	None
HLURB COR	DHSUD	029966	November 22, 2019	None
LTS	DHSUD	035654	November 22, 2019	None
ECC	DENR	ECC-OL-R07-2019-0253	September 5, 2020	None

**9. Casa Mira Dumaguete**

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	2020-022-0001-001	October 28, 2020	None
HLURB COR	DHSUD	CR-07-20-056	December 29, 2020	None
LTS	DHSUD	LS-07-20-074	December 29, 2020	None
ECC	DENR	ECC-OL-R07-2020-0029	February 1, 2020	None

**10. The East Village at DGT T1**

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	REM-XI-2021-006	November 23, 2021	None
HLURB COR	DHSUD	RXI-2022-002	March 3, 2022	None
LTS	DHSUD	RXI-03-2022-001	February 22, 2022	None
ECC	DENR	ECC-OL-R11-2021-0135	May 12, 2021	None

**11. The East Village at DGT T2**

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
Development Permit	DHSUD	REM-XI-2021-007	November 23, 2021	None
HLURB COR	DHSUD	RXI-2022-002	March 3, 2022	None
LTS	DHSUD	RXI-03-2022-002	February 22, 2022	None
ECC	DENR	ECC-OL-R11-2021-0135	May 12, 2021	None

**12. The East Village at DGT T3**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	REM-XI-2021-008	November 23, 2021	None
HLURB COR	DHSUD	RXI-2022-002	March 3, 2022	None
LTS	DHSUD	RXI-03-2022-003	February 22, 2022	None
ECC	DENR	ECC-OL-R11-2021	May 12, 2021	None

**13. The East Village at DGT T4**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	REM-XI-2021-009	November 23, 2021	None
HLURB COR	DHSUD	RXI-2022-002	March 03, 2022	None
LTS	DHSUD	RXI-03-2022-004	February 22, 2022	None
ECC	DENR	ECC-OL-R11-2021-0135	May 12, 2021	None

**14. Mandra Residences T1 & T2**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	CVR-020-0785	January 30, 2020	None
HLURB COR	DHSUD	CR-C07-21-011	February 18, 2021	None
LTS	DHSUD	LS-R07-21-013	February 18, 2021	None
ECC	DENR	ECC-OL-R07-2020-0184	August 25, 2020	None

**15. Terranza Residences**

<b>Name of License</b>	<b>Issuing Regulatory Body</b>	<b>License / Permit No.</b>	<b>Issue Date</b>	<b>Expiry Date</b>
Development Permit	DHSUD	DP-20-003	January 22, 2022	None
HLURB COR	DHSUD	06-046	March 30, 2021	None
LTS	DHSUD	06-051	March 30, 2021	None
ECC	DENR	ECC-OL-R06-2020-0362	October 14, 2020	None

**16. Casa Mira Butuan**

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
ECC	DENR	ECC-OL-R13-2023-0005	January 5, 2023	None

**17. Velmiro Heights Davao**

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
ECC	DENR	ECC-OL-R11-2020-0330	October 8, 2020	None

**18. Casa Mira Danao**

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
ECC	DENR	ECC-OL-R07-2022-0374	November 16, 2022	None

**19. Mirani Steps Danao**

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
ECC	DENR	ECC-OL-R07-2022-0374	November 16, 2022	None

**20. Velmiro Heights Consolacion**

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
ECC	DENR	ECC-OL-R07-2022-0277	September 26, 2022	None

**21. Casa Mira Davao**

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
ECC	DENR	ECC-OL-R11-2021-0025	January 17, 2021	None

**22. Casa Mira Towers Palawan**

Name of License	Issuing Regulatory Body	License / Permit No.	Issue Date	Expiry Date
ECC	DENR	ECC-R4B-2310-0010	November 9, 2023	None

Atty. Ricardo A. Boligao, Jr., an independent external counsel for CLI, has examined the above-mentioned permits and licenses. In his examination, he assumed the genuineness and authenticity of all documents submitted to him as originals. He also relied upon the certification and representations of CLI's officers and other authorized representatives. On the basis of such examination, Atty. Boligao is of the opinion that: (i) CLI and its subsidiaries have secured (or in the process of securing) all the mandated permits and licenses which are material and necessary to operate its business as currently conducted; and (ii) the permits that have been secured by CLI and its subsidiaries are valid and subsisting.

## LEGAL PROCEEDINGS

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As of date of this Prospectus, the Company and its Subsidiaries are not a party to, nor are any of the Company's or its Subsidiaries' properties the subject of any pending material litigation, arbitration, or other legal proceeding, and no litigation or claim of material importance is known to the management and the directors to be threatened against the Company, its Subsidiary or any of its properties, except for the civil cases involving the Company, as summarized below and as disclosed in the Certification dated January 11, 2024 in respect of ongoing legal proceedings involving the Company.

In *Wood Innovation Trading, Inc. (Plaintiff) vs. Cebu Landmasters, Inc. (Respondent)* (Civil Case No. 2017-15288), the Plaintiff alleged that it had prior rights over two properties which the Company acquired in March 2017. Accordingly, the Plaintiff is seeking ₱10.70 million in damages and cancellation of the titles issued to the Company. On August 20, 2019, the Regional Trial Court in Dumaguete City dismissed the Plaintiff's claims. Nonetheless, the case remains pending as the Company pursued its counterclaim of ₱800 million against the Plaintiff for filing such frivolous suit. Currently, the case is on trial, and for CLI to present its witness. The Company believes that the pendency of the case does not have any material adverse effect on its properties, business, and operations and on the contrary.

In *Pag-IBIG FUND – WTC Condominium Corporation (Plaintiff) v. J.E. Abraham Lee Construction, Cebu Landmasters, Inc., and BLCBP Ventures, Inc. (Respondent)* (Civil Case No. R-CEB-21-05231), the Plaintiff alleged that the construction of BLCBP Ventures, Inc.'s building adjacent to that of the Plaintiff's caused cracks in the basement of the latter. There is a lack of cause of action against CLI and it is being impleaded as a defendant merely by being a managing partner of BLCBP Ventures, Inc. Currently, the case is approaching the trial stage. Despite this, the Parties are still open to signing a compromise agreement. The Company believes that the pendency of the case does not have any material adverse effect on its properties, business, and operations and on the contrary.

In *Sanford Marketing Corporation (Plaintiff) v. Cebu Landmasters, Inc. and Carwill Construction Incorporation (Respondent)* (Civil Case No. R-CDO-22-03945-CV), the Plaintiff, owner of a building adjacent to CLI's residential development in Cagayan de Oro City, alleged that the falling debris and a fire in the Plaintiff's warehouse were caused by CLI's construction activities. The Judge deferred the trial and has only set status hearings with CLI's general contractor, Carwill Construction, which has undertaken to improve safety on the site. The Company believes that the pendency of the case does not have any material adverse effect on its properties, business, and operations and on the contrary.

In *Sps. Villacarlos (Plaintiff) v. Cebu Landmasters, Inc. (Respondent)* (Civil Case No. RVII-REM-220303-0008), the Plaintiffs are buyers in a residential development of CLI in Cebu City who were temporarily occupying a slot already sold to another buyer. HSAC ruled against the Plaintiffs, but they have opted to appeal. Currently, the case is pending before the Court of Appeals. The Company believes that the pendency of the case does not have any material adverse effect on its properties, business, and operations and on the contrary.



## MARKET PRICE OF AND DIVIDENDS ON ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

### Market Price of the Issuer's Common Shares

The Company's common shares were listed on the PSE on June 2, 2017. The Company's common shares are principally traded at the PSE under the symbol "CLI".

The high and low prices of the common shares for each quarter since its common shares have been listed are indicated in the tables below.

In ₱	High	Low	Close
<b>2017</b>			
Second Quarter (month of June only)	5.98	5.13	5.34
Third Quarter	5.51	4.58	5.07
Fourth Quarter	5.17	4.59	4.88
<b>2018</b>			
First Quarter	5.12	4.21	4.70
Second Quarter	5.06	4.48	4.58
Third Quarter	4.73	4.27	4.42
Fourth Quarter	4.59	3.60	4.14
<b>2019</b>			
First Quarter	4.29	4.19	4.20
Second Quarter	4.89	4.80	4.83
Third Quarter	4.75	4.70	4.74
Fourth Quarter	4.83	4.67	4.83
<b>2020</b>			
First Quarter	3.80	3.70	3.72
Second Quarter	5.10	4.35	4.69
Third Quarter	4.92	4.83	4.90
Fourth Quarter	5.05	4.99	5.05
<b>2021</b> *price after stock dividends			
First Quarter	2.65	2.60	2.64
Second Quarter	3.85	3.72	3.77
Third Quarter	3.00	2.89	2.95
Fourth Quarter	3.00	2.73	3.00
<b>2022</b>			
First Quarter	3.02	2.71	2.97
Second Quarter	3.06	2.48	2.50
Third Quarter	2.60	2.19	2.34
Fourth Quarter	2.80	2.20	2.80
<b>2023</b>			
First Quarter	2.62	2.61	2.62
Second Quarter	2.60	2.56	2.59
Third Quarter	2.66	2.64	2.65
Fourth Quarter	2.53	2.47	2.47

The closing price of the Company's common shares listed on the PSE is ₱2.47 per share as of December 31, 2023. The market capitalization of the Company is ₱8.6 billion computed using the outstanding common shares of the Company and the closing price of the Company's common shares on the PSE as of December 31, 2023.

## Stockholders

The following are the list of registered holders of the common equity securities of the Company as of September 30, 2023:

	<b>Stockholder Name</b>	<b>No. of Common Shares</b>	<b>Percentage (of common shares)</b>
1	AB Soberano Holdings Corp.	2,288,870,095	63.17%
2	PCD Nominee Corp. (Filipino)	1,257,107,018	34.69%
3	Jose R. Soberano III	31,220,000	0.86%
4	PCD Nominee Corp. (Non-Filipino)	28,195,887	0.78%
5	Jose Franco B. Soberano	7,247,500	0.20%
6	Janella Mae B. Soberano	5,017,500	0.14%
7	Joanna Marie B. Soberano	5,017,500	0.14%
8	Ma. Nona A. Velez	300,000	0.01%
9	Minda Uy Cantemprate or Geoffrey Hans Uy Cantemprate	158,330	0.00%
10	Gregorio Chua Cantemprate or Geoffrey Hans Uy Cantemprate	111,500	0.00%
11	Gregorio Chua Cantemprate or Minda Uy Cantemprate or Geoffre	44,600	0.00%
12	Myra P. Villanueva	33,450	0.00%
13	Myrna P. Villanueva	39,300	0.00%
14	Marietta V. Cabreza	22,300	0.00%
15	Lolita Siao-Ignacio	22,300	0.00%
16	Maria Lourdes M. Onozawa	22,300	0.00%
17	Milagros P. Villanueva	22,300	0.00%
18	Owen Nathaniel S Au ltf: Li Marcus Au	111	0.00%
19	Jesus N. Alcordo	2	0.00%
20	Ma. Aurora D. Geotina-Garcia	2	0.00%
	<b>TOTAL</b>	<b>3,623,451,997</b>	<b>100.00%</b>
	Treasury shares	158,250,530	-4.37%
	<b>TOTAL</b>	<b>3,465,201,467</b>	<b>95.63%</b>

The following are common shares held by the Company's Board of Directors lodged with PCD Nominee Corporation as of September 30, 2023:

	<b>Stockholder Name</b>	<b>No. of Common Shares</b>	<b>Percentage (of common shares)</b>
1.	Jose R. Soberano III	137,758,250	3.80%
2.	Ma. Rosario B. Soberano	132,127,500	3.65%
3.	Jose Franco B. Soberano	13,082,741	0.36%
4.	Janella Mae B. Soberano	11,765,641	0.32%
5.	Joanna Marie B. Soberano	11,889,691	0.33%
6.	Beauregard Grant L. Cheng	2,453,000	0.07%
7.	Stephen A. Tan	11,150	0.00%
8.	M. Jasmine S. Oporto	8,920	0.00%
9.	Rufino Luis T. Manotok	2	0.00%
10.	Ma. Aurora Geotina-Garcia	2	0.00%
	<b>TOTAL</b>	<b>357,601,627</b>	<b>8.53%</b>

## Dividends

The Company and its Subsidiaries have a transparent and specific dividend policy as disclosed in the Company's Sustainability Report, an integral attachment to its Annual Report and its Integrated Annual Corporate Governance Report. The dividend policy, which was approved by the Board prior to its initial public offering and as set out in the Company's prospectus for the said public offering and succeeding annual reports, states that dividends are declared and paid by CLI based on the assessment and approval of its Board, subject to the availability of retained earnings and taking into account cashflow considerations and other financial conditions of the Company after considering future capital expenditures, and project requirements, among others. There is no other dividend policy (e.g., such as a statement on the dividend payout ratio) save as already stated in the foregoing. In relation thereto, the Company has consistently declared and paid dividends to its investors and shareholders, in keeping with its dividend policy and following the SEC rule on calculation of available retained earnings for dividend declaration and after appropriations for investment and other requirements.

The Company declares cash or stock dividends to its common shareholders on a regular basis, in amounts determined by the Board, pursuant to its dividend policy. The Company may also declare special cash dividends where appropriate.

Cash and stock dividends declared and paid by the Company in 2014 up to FY2023 are as follows:

### *i. Cash dividends*

<b>Year of Declaration</b>	<b>Rate of Dividend Declared per Share (in ₱)</b>	<b>Record Date</b>	<b>Amount Paid (in ₱)</b>
2014	12.50	November 3, 2014	48,000,000
2015	7.19	February 28, 2015	42,000,000
2015	10.27	June 15, 2015	60,000,000
2015	8.56	October 15, 2015	50,000,000
2015	5.66	December 15, 2015	50,000,000
2016	2.26	March 31, 2016	20,000,000
2016	5.99	August 31, 2016	52,943,457
2016	4.32	September 15, 2016	38,150,000
2016	1.70	September 30, 2016	15,000,000
2016	0.74	November 21, 2016	650,000,000
2016	0.05	December 1, 2016	40,000,000
2016	0.03	December 1, 2016	40,000,000
2017	0.15	March 23, 2018	235,186,980
2019	0.20	March 26, 2019	332,590,000
2020	0.25	April 3, 2020	414,795,000
2021	0.25	April 16, 2021	388,749,900
2022	0.112 (Regular) 0.038 (Special)	April 22, 2022	519,277,800
2023	0.15 (Regular) 0.03 (Special)	April 18, 2023	623,736,264

### *ii. Stock dividends*

<b>Year of Declaration</b>	<b>Rate of Dividend Declared per Share</b>	<b>Record Date</b>	<b>Number of shares</b>
2014	0.52	November 30, 2014	2,000,000
2015	0.34	December 15, 2015	3,000,000

2021	1.23	June 18, 2021	1,909,451,997
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The notes facility agreements of CLI have a provision restricting the declaration and payment of dividends to its stockholders unless all payments due under the promissory notes issued thereunder are current and updated or unless the dividends are payable solely in shares of its capital stock. CLI has not defaulted on its loan obligations under such agreements, and hence, the foregoing restriction has not applied and therefore it is free to declare dividends to its stockholders.

The following table also shows the dividend declarations of the Company's major Subsidiaries:

Subsidiary	CLI Share	Total Dividends Declared				
		2023	2022	2021	2020	2019
Cebu Landmasters Property Management, Inc.	100%	-	₱27,500,000	₱12,500,000	₱7,300,000	₱6,000,000
Yuson Excellence Soberano, Inc.	50%	₱140,200,000	-	-	₱20,000,000	₱40,000,000
Mivesa Garden Residences, Inc.	45%	₱61,600,000	₱130,000,000	₱160,000,000	₱50,000,000	-
BL CBP Ventures, Inc	50%		₱16,800,000			

The Company's Subsidiaries follow the parent's policy on dividends which states that dividends are declared and paid based on the assessment and approval of the Board, subject to the availability of retained earnings and taking into account cashflow considerations and other financial conditions of the Company after considering future capital expenditures, and project requirements, among others.

#### History of Share Issuances for the Past Five years

The Board of Directors of CLI at its meeting held on November 24, 2020 approved the increase in the authorized capital stock of CLI from ₱2,500,000,000.00 divided into 2,400,000,000 common shares with a par value of ₱1.00 per share, and 1,000,000,000 voting preferred shares with a par value of ₱0.10 per share, to ₱10,100,000,000.00, divided into 10,000,000,000 common shares with a par value of ₱1.00 per share, and 1,000,000,000 voting preferred shares with a par value of ₱0.10 per share.

Moreover, the Board of Directors of CLI at its meeting held on November 24, 2020 approved the declaration of stock dividend of 122% on the outstanding capital stock of CLI or a total of 1,900,000,000 shares of common stock, to be issued out of the unrestricted retained earnings of CLI as of September 30, 2020, which stock dividends would be sourced from the increase in authorized capital stock of CLI, and payable to stockholders of record as of the record date and payment date to be fixed and approved by the Board of Directors of CLI and the regulators.

During the special stockholders' meeting held on February 26, 2021, the stockholders of CLI approved the distribution of new common shares as stock dividends. On the basis of such approval, stockholders on record would receive 123 shares for every 100 block of shares, and the stock dividends would be in lieu of cash payment from existing stockholders to subscribe the minimum requirement of 25% increase in authorized capital stock.

The SEC approved the increase in capital stock of CLI from ₱2,500,000,000.00 to ₱10,100,000,000.00 on May 21, 2021. Moreover, through an order dated May 26, 2021, the SEC authorized the record date of June 18, 2021 in connection with the stock dividends, among other matters.

On July 6, 2021, the PSE approved the application of CLI to list an additional 1,909,451,997 common shares to cover the stock dividend declaration to its stockholders of record as of June 18, 2021. The payment date was on July 14, 2021.

On January 04, 2024, the SEC issued and released the Certificates of Filing of Amended Articles of Incorporation, both dated 29 December 2023, which approved CLI's applications for amendment of its Articles of Incorporation to create a new class of CLI preferred shares through the reclassification of one billion unissued common shares with a par value of ₱1.00 per share to one billion Series "A" preferred shares with a par value of ₱1.00 per share. The SEC applications are in line with the approval of the Board of Directors during the special board meeting held on 25 April 2023, and approval of the Stockholders during the Annual Stockholders' meeting held on 01 June 2023 on the amendment of Article VII of CLI's AOI, including the creation of the new class of preferred shares. As a result of the reclassification and amendment of AOI, CLI's authorized capital stock comprises ₱9.00 billion common shares, ₱1.00 billion Series "A" Preferred Shares, and ₱100.00 million Series "B" Preferred Shares.

Article VII of CLI's latest Amended AOI grants to its Board of Directors the express authority to determine, fix, and approve all other features, salient and commercial terms, issuance and redemption features, and all other terms and conditions of the Series "A" preferred shares, including any tranche or sub-series thereof.

In relation thereto, and during its special board meeting held on 08 January 2024, the CLI Board of Directors approved and authorized the Company's public offering of up to 3,000,000 Series "A" Preferred Shares with an oversubscription option of up to 2,000,000 Series "A" Preferred Shares at an offer price of ₱1,000 per share. The CLI Board of Directors also approved the terms and conditions of the Offer Shares during the same board meeting.

CLI and its Subsidiaries are not involved in any bankruptcy, receivership, or similar proceedings, and have no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

#### **Recent Sales of Unregistered or Exempt Securities Including Recent Issuances of Securities Constituting an Exempt Transaction**

Under the SRC and the SRC Rules, securities are not permitted to be sold or offered for sale or distribution within the Philippines unless such securities are approved for registration by the SEC or are otherwise exempt securities under Section 9 of the Code or sold pursuant to an exempt transaction under Section 10 of the Code.

As set out above, in 2021, the Company issued 1,909,451,997 common shares in the form of stock dividends to its stockholders as of the relevant record date. The issuance is an exempt transaction pursuant to Section 10.1(d) of the SRC which states that the requirement of registration shall not apply to a distribution by a corporation actively engaged in the business authorized by its articles of incorporation, of securities to its stockholders or other security holders as a stock dividend or other distribution out of surplus.

#### **Share Issuances under the Company's ESOP**

The Company granted stock options on January 5, 2022 to 73 eligible employees. Last March 15, 2022, 27 eligible employees exercised their stock options. In April 2022, 3,349,470 common shares from the treasury shares held by the Company were issued to the said employees. During the grant and the exercise date, and prior to actual re-issuance of shares pursuant to the ESOP, CLI had 161,600,000 treasury shares. After issuance, CLI has 158,250,530 remaining treasury shares.

The Company did not secure prior approval or confirmation of exemption from the SEC in relation to the issuance of 3,349,470 common shares from shares in treasury. It relied on Section 10.1(h) of the SRC which provides that "broker's transactions, executed upon customer's orders, on any registered Exchange or other trading market" are exempt transactions or exempt from the registration requirement under the SRC. The Company's failure to register or secure an exemption from registration for the shares issued under its ESOP is currently the subject of an inquiry with the SEC.

## CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the Company's consolidated liabilities, equity, and capitalization as of September 30, 2023.

The table should be read in conjunction with the Company's consolidated financial statements and the notes thereto, included in the Prospectus beginning on page [272].

	As of September 30, 2023	As adjusted for an Issue Size of ₱3.00 billion	As adjusted for an Issue Size of ₱5.00 billion
	(Unaudited)	(Unaudited)	(Unaudited)
<b>CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	11,283,921,372	11,283,921,372	11,283,921,372
Trade and other payables	21,432,673,559	21,432,673,559	21,432,673,559
Contract liabilities	479,989,006	479,989,006	479,989,006
Customers' deposits	147,744,147	147,744,147	147,744,147
Lease liabilities	17,172,941	17,172,941	17,172,941
Income tax payable	15,345,036	15,345,036	15,345,036
<b>Total Current Liabilities</b>	<b>33,376,846,061</b>	<b>33,376,846,061</b>	<b>33,376,846,061</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	28,951,271,971	28,951,271,971	28,951,271,971
Bonds Payable	4,943,562,768	4,943,562,768	4,943,562,768
Trade and other payables	167,026,210	167,026,210	167,026,210
Lease liabilities	1,229,200,779	1,229,200,779	1,229,200,779
Post-employment defined benefit obligation	2,470,733	2,470,733	2,470,733
Deferred tax liabilities – net	3,811,025,155	3,811,025,155	3,811,025,155
<b>Total Non-current Liabilities</b>	<b>39,104,557,616</b>	<b>39,104,557,616</b>	<b>39,104,557,616</b>
<b>Total Liabilities</b>	<b>72,481,403,677</b>	<b>72,481,403,677</b>	<b>72,481,403,677</b>
Capital stock- Common	3,623,451,997	3,623,451,997	3,623,451,997
Additional paid-in capital - Common	1,608,917,974	1,608,917,974	1,608,917,974
Capital stock- Preferred		3,000,000	5,000,000

Additional paid-in capital - Preferred		2,997,000,000	4,995,000,000
Treasury shares	-732,664,604	-732,664,604	-732,664,604
Share Options Outstanding	2,195,991	2,195,991	2,195,991
Revaluation reserves – net	-13,910,501	-13,910,501	-13,910,501
Retained earnings	10,781,611,089	10,781,611,089	10,781,611,089
Non-controlling interest	8,817,887,151	8,817,887,151	8,817,887,151
<b>Total Equity</b>	<b>24,087,489,097</b>	<b>27,087,489,097</b>	<b>29,087,489,097</b>
<b>Total Capitalization</b>	<b>96,568,892,777</b>	<b>99,568,892,774</b>	<b>101,568,892,774</b>

## MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) OR PLAN OF OPERATION

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*The following discussion of the Company’s recent financial results should be read in conjunction with the auditors’ reports and the Company’s consolidated financial statements and notes thereto contained in this Prospectus and the section entitled “Summary of Financial Information”. This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled “Risk Factors and Other Considerations” and elsewhere in this Prospectus.*

### COMPANY MILESTONES FOR THE PERIOD ENDED SEPTEMBER 30, 2023

During the first nine months, CLI launched a total of eight projects valued at ₱15.00 billion. Part of the launch is the introduction of the Mirani brand addressing the needs of the low-income segment, offering residences priced between ₱1.90 million to ₱2.90 million. Another notable project launch is Mindara Residences which experienced an exceptional market response, selling out nearly 546 of its units and amassing ₱2.50 billion in sales within the first week of its launch. CLI also introduced its first house and lot project in Davao, Casa Mira Davao, which has achieved an impressive 95% sales milestone. Other project launches include Casa Mira Towers Mandaue T1, Mandra T2, CMT Palawan T4, CMT Bacolod T4, Casa Mira Homes Davao, and Costa Mira Panglao T3, further diversified CLI’s offerings. This substantial fresh inventory, coupled with the continued high demand for the acclaimed Casa Mira brand, propelled CLI to achieve its highest 9-month reservation sales figure, surging by 25% to reach ₱17.00 billion during this period.

Davao projects accounted for the majority of the sales with 42% of the total sales, Cebu with 26%, Bohol with 13%, Bacolod with 9% and Palawan with 7% while Dumaguete, Iloilo, Ormoc, and CDO contributed the remainder of the total sales.

In terms of market segment, Casa Mira - Economic brand led the market with 52% of total sales, primarily from Casa Mira Davao, Casa Mira Danao, and Casa Mira Towers in Palawan and Bacolod.

To date, CLI has already sold out 93% of its inventory across all projects in various phases of development, enabling the Company to hike its unrecognized revenue to ₱30.00 billion, up from ₱29.30 billion as of the end of 2022.

For the remaining months in 2023, CLI will be launching two more developments to account for the 10 pipeline projects worth ₱18.30 billion for the year.

The Company has invested ₱10.40 billion in capital projects so far as of nine months 2023, 86.7% of which went towards project development, and 6.2% spent for land acquisition, CLI is expanding in Mindanao by most recently purchasing 21 hectares in General Santos City, increasing its landbank to 112.5 hectares with a total value of ₱9.80 billion. With this acquisition, CLI is serving the region’s robust and consistent housing demand, being present in 16 key VisMin cities.

In October 2023, CLI entered into a partnership with NTTUDA, an international developer known for commercial properties, including office buildings, residences, and mixed-use developments in Southeast Asia. This joint venture is geared towards the development of premium-grade residential towers in the heart of Cebu City.

In 2023, CLI also received various recognitions starting with the 5-Star BERDE Certification which was officially turned over by the Philippine Green Building Council, led by their CEO, Mr. Chris de la Cruz. Latitude Corporate Center is the FIRST 5-Star BERDE Certified Office Building in Cebu City, with its iconic design masterfully crafted for great businesses.

Furthermore, BCI Asia Philippines once again recognized the Company as one of the Top 10 Developers in the Philippines for 2023, making this the sixth year in a row that it has won. This acknowledgment reinforces the Company’s dedication to delivering creative and sustainable developments.



The 2023 Asia-Pacific Stevie Awards have also recognized CLI as one of the Bronze Stevie Winners for Innovative Achievement in Corporate Social Responsibility. This distinction represents the Company's unwavering dedication to sustainability and exceptional efforts in improving the environment and society at large.

Lastly, on September 28, 2023, CLI was awarded 2 Golden Arrows by the Institute of Corporate Directors ("ICD"). Companies with exemplary corporate governance were honored in the 2023 ACGS and CGS Golden Arrow Recognition, carried out by the ICD at Okada Manila Hotel.

CLI's unwavering commitment to innovation and excellence underscores its continual strides towards becoming the premier developer in VisMin. Through dedicated efforts in refining strategies, embracing technological advancements, and fostering a culture of excellence, CLI remains resolutely positioned at the forefront of the region's development landscape. This dedication to surpassing benchmarks and setting new industry standards is ingrained in our ethos, driving our pursuit of becoming the unequivocal leader in the VisMin region's real estate development industry.

## REVIEW ON THE COMPANY'S RESULTS OF OPERATION

### January 1 to September 30, 2023 vs. January 1 to September 30, 2022

For the third quarter of 2023, CLI showcased a commendable financial performance, reporting a consolidated net income of ₱3.03 billion. This figure reflected a significant y-o-y increase of 28% from the previous period's ₱2.37 billion. Furthermore, the Net Income After Tax ("NIAT") attributable to the parent company of CLI demonstrated a solid growth of 9%, reaching ₱2.39 billion compared to ₱2.20 billion of the same period last year. The notable earnings expansion can be attributed to the Company's robust performance across all revenue streams which led to CLI's consolidated revenue increasing by 18% to ₱12.93 billion from ₱10.96 billion the previous year. This is supported by higher construction progress and higher sales take-up. Using the weighted average of 3,465,201,467 shares, EPS was ₱0.69 for the first nine months of 2023 as compared with the same period last year of ₱0.64, an 8% increase.

In Millions	As of September 2023	As of September 2022	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2023	2022
			Amount	%		
Revenue	₱12,926	₱10,963	₱1,963	18%	100%	100%
Cost of Sales and Services	(6,790)	(6,073)	717	12%	53%	55%
Gross Profit	6,136	4,890	1,246	25%	47%	45%
Operating Expenses	(1,893)	(1,585)	(307)	19%	(15%)	(14%)
Other Operating Income	349	144	205	143%	3%	1%
Operating Profit	4,592	3,448	1,144	33%	36%	31%
Finance Costs	(537)	(349)	188	54%	4%	3%
Other Gains / Losses	(2)	(9)	7	78%	(0%)	(0%)
Profit before Tax	4,053	3,090	963	31%	31%	28%
Tax Expense	(1,025)	(721)	304	42%	8%	7%
Consolidated Net Income	3,028	2,369	659	28%	23%	22%
Non-Controlling Interest	(636)	(169)	467	276%	5%	2%
Parent Net Income	2,392	2,200	191	9%	19%	20%

## REVENUES

### Real estate sales

Real estate sales recorded a significant 17% y-o-y increase in revenue to ₱12.70 billion from ₱10.81 billion. Higher construction progress and more units that qualified for revenue recognition were the causes of the reported improvement.

In terms of location, Cebu still is the strongest contributor of revenue which accounted for 47% of its overall figure. Visayas (ex-Cebu) and Mindanao contributed 26% and 24%, respectively. The increase in share in revenue outside Cebu was driven by new projects such as East Village Residences, Casa Mira Towers Bacolod, Casa Mira Towers Palawan, and Costa Mira Beach Panglao.

Revenue per Market segment reported the following performance:

*Premier Masters (Premier market)* recorded revenue of ₱ 3.94 billion, an increase of 63% y-o-y from ₱2.04 billion mainly driven by the new revenue qualifications from Costa Mira Beachtown Mactan and Panglao, Calle 104, Citadines Paragon, and One Paragon Place.

*Garden Series (Mid-market)*, likewise grew 10% y-o-y from ₱3.30 billion to ₱3.63 billion. The increase was steered by The East Village, the first residential project of CLI's Davao Global Township ("**DGT**") and Mandra Residences in Cebu.

*Casa Mira Series (Economic market)* reported a stable revenue of ₱5.00 billion, driven by Casa Mira South Ph3A2, Casa Mira Towers LPU Davao, Casa Mira Iloilo, Casa Mira Towers CDO, and Casa Mira Towers Mandaue.

The Company expects to grow real estate revenue contribution from projects newly launched during the period.

### **Leasing**

The company experienced a substantial growth in rental revenues, reaching ₱77.32 million, a notable 43% y-o-y surge from ₱54.08 million. This upturn was predominantly driven by a blend of augmented lease rates and the revenue influx from recently completed projects. Notably, as of the nine months of 2023, CLI has significantly expanded its GLA to 35,772 sq. m., marking a remarkable 19% increase from the previous quarter's 30,006 square meters. This surge is attributed to the successful turnover of Banilad Highstreet and Drive-Thru spaces in DGT, currently boasting impressive lease rates of 70% and 100%, respectively. These developments stand as pivotal contributors to CLI's upward trajectory and burgeoning success in the market.

### **Hotel operations**

The resurgence in the travel and leisure sector served as a powerful catalyst for CLI's hotel operations, resulting in a remarkable upsurge in revenue. Notably, the hotel operations soared to generate ₱98.17 million, a striking leap from ₱55.01 million during the same period in the previous year, marking a robust 78% growth. This impressive increase was primarily fueled by a surge in bookings and elevated room rates, particularly evident in Citadines Cebu City.

Looking ahead, in the upcoming fourth quarter of 2023, the Company is slated to turn over a portion of rooms from The Pad and Baseline Lyf. This move is anticipated to significantly bolster the hotel's keys, escalating from 180 to 338. The remaining hotel keys of The Pad and Baseline Lyf are scheduled for completion in the first quarter of 2024, promising a substantial increase in revenue for the hotel operations in the following year. Furthermore, with seven additional hotels currently under construction, CLI is strategically positioning itself to further capitalize on the burgeoning opportunities within the hospitality sector.

### **Property Management**

This included the project management fee that CLI charges for being the project manager on joint venture projects and the property management fee for CLI Property Management (CLIPMI) services provided to CLI's completed projects. During the year, the parent company's project management revenue reached ₱113.60 million, these are fees charged to CLI's joint venture companies for managing the development of the project. On the other hand, property management fees increased by 14% to ₱46.48 million, from ₱40.86 million in the same period last year, reflecting an increase in managed projects by the property arm.

## COST OF SALES AND SERVICES

In line with the growth in revenue performance, the Company's cost of sales for the nine months ending September 30, 2023, was reported at ₱6.79 billion, a 12% y-o-y increase from ₱6.07 billion.

## OPERATING EXPENSES

Total operating expenses during the period amounted to ₱1.89 billion, a 19% y-o-y increase from ₱1.59 billion of the same period in 2022. The increase was mainly driven by commissions and incentives which grew by 30% to ₱742.53 million in line with the increase in revenue from real estate sales and robust sales performance during the period.

The Company carefully balanced its debt mix of 65% fixed and 35% floating rates. Due to this, CLI is able to maintain its competitive rate of 6.46% despite an increase in benchmark rates. The stated rate, while being higher than the previous year, is nonetheless competitive when compared to current capital raising rates charged in the sector.

On October 7, 2022, CLI issued its inaugural fixed rate bonds with a total issue size of ₱5.00 billion across the following tenors:

- Series A with a tenor of 3.5 years with a fixed rate of 6.4222%
- Series B with a tenor of 5.5 years with a fixed rate of 6.9884%
- Series C with a tenor of 7 years with a fixed rate of 7.3649%.

The foregoing bonds comprised the first tranche of CLI's ₱15.00 billion shelf program for bonds. The purpose of the 2022 bonds was to raise funds to extend the debt maturity of the company and lock in rates to address any interest rate risk brought about by the challenging macro environment.

## NIAT ATTRIBUTABLE TO NCI

For the period ended September 30, 2023, NIAT attributable to NCI increased substantially to ₱636.32 million from ₱169.10 million for same period in 2022. This growth is due to increasing contributions from new joint venture projects such as The East Village T1-T4 (YHEST) in Davao, Calle 104 T1-T2 (BL RAMOS) in Cebu, and Costa Mira Beachtown Panglao in Bohol.

## REVIEW ON THE COMPANY'S FINANCIAL CONDITION

### As of September 30, 2023, vs December 31, 2022

CLI's balance sheet remains strong and healthy to support construction and expansion plans. As of September 30, 2023, CLI reported total assets of ₱96.57 billion, an increase of 14% from ₱85.05 billion as of December 31, 2022 driven by progress in construction from sold units

In Millions	As of September 2023	As of December 2022	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2023	2022
			Amount	%		
Cash and cash equivalents	₱1,348	₱1,435	(87)	(6%)	1%	2%
Receivables – net	2,407	3,678	(1,271)	(35%)	2%	4%
Contract assets – net	40,945	31,979	8,966	28%	42%	38%
Real estate inventories	19,114	18,309	805	4%	20%	22%
Deposits on land for future development	15	130	(115)	(88%)	0%	0%
Due from related parties	57	36	21	59%	0%	0%

In Millions	As of September 2023	As of December 2022	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2023	2022
			Amount	%		
Prepayments and other current assets	6,411	4,965	1,446	29%	7%	6%
Investments in associates	133	134	(1)	(1%)	0%	0%
Property and equipment – net	6,301	4,814	1,488	31%	7%	6%
Right-of-use assets	1,139	1,168	(29)	(2%)	1%	1%
Investment properties – net	18,022	17,749	273	2%	19%	21%
Other non-current assets – net	677	649	28	4%	0%	1%
<b>Total Assets</b>	<b>₱96,569</b>	<b>₱85,045</b>	<b>₱11,524</b>	<b>14%</b>	<b>100%</b>	<b>100%</b>
Interest-bearing loans and borrowings	45,179	39,993	5,186	13%	47%	47%
Trade and other payables	21,600	19,039	2,561	13%	22%	22%
Contract liabilities	480	598	(118)	(20%)	0%	1%
Customers' deposits	148	120	27	23%	0%	0%
Lease liabilities	1,246	1,237	9	1%	1%	1%
Income tax payable	15	4	12	321%	0%	0%
Post-employment defined benefit obligation	2	9	(7)	(74%)	0%	0%
Deferred tax liabilities – net	3,811	3,032	779	26%	4%	4%
<b>Total Liabilities</b>	<b>₱72,481</b>	<b>₱64,032</b>	<b>₱8,449</b>	<b>13%</b>	<b>75%</b>	<b>75%</b>
Capital stock	3,623	3,623	0	0%	4%	4%
Additional paid-in capital	1,611	1,611	0	0%	2%	2%
Treasury shares	(733)	(733)	0	0%	-1%	-1%
Revaluation reserves – net	(14)	(14)	0	0%	0%	0%
Retained earnings	10,782	9,014	1,768	20%	11%	11%
Non-controlling interest	8,818	7,511	1,307	17%	9%	9%
<b>Total Equity</b>	<b>₱24,087</b>	<b>₱21,013</b>	<b>₱3,075</b>	<b>15%</b>	<b>25%</b>	<b>25%</b>

## ASSETS

### *6% decrease in Cash and Cash equivalents*

Due to payments on loans such as Retail Bonds, Corporate Notes 1, and Project Term Loans as well as other payables to contractors and suppliers.

### *35% decrease in Receivables (including Non-Current Portion)*

Declined from ₱3.68 billion to ₱2.41 billion due to collections from completed projects.

### *28% increase in Contract Assets (including Non-Current Portion)*

Increased to ₱40.95 billion from ₱31.98 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

### *4% increase in Real Estate Inventory*

Increased to ₱19.11 billion from ₱18.31 billion mainly due to increased building cost, new land acquisitions, and higher construction progress of the Company's projects.

### *88% decrease in Deposit on Land for Future Development*

Declined from ₱130.00 million to ₱15.34 million mainly due to the transfer to raw land inventory.

### *59% increase in Due from Related Parties*

Increased to ₱56.84 million from ₱35.80 million due to transactions paid by CLI (Parent) on behalf of its related parties.

*29% increase in Prepayments and Other Current Assets*

Increased to ₱6.41 billion from ₱4.97 billion due to advances to subcontractors and suppliers on newly awarded projects.

*31% increase in Property and Equipment*

Increased to ₱6.30 billion from ₱4.81 billion due to the construction of new offices and branches to support CLI's expanding developments.

*2% decrease in Right of Use Asset*

Declined from ₱1.17 billion to ₱1.14 billion due to amortization of high-value leasehold rights.

*2% increase in Investment Properties*

Increased to ₱18.02 billion from ₱17.75 billion attributed to ongoing construction of recurring income generating projects such as Masters Tower, Abaca Resort, Astra Corporate Center, and DGT.

*4% decrease in Other Non-Current Assets*

Declined from ₱648.82 million to ₱677.38 million due to significant decrease in advances to contractors.

## **LIABILITIES**

*15% increase in Interest-Bearing Loans and Borrowings (including Non-Current Portion)*

Increased to ₱40.24 billion from ₱35.06 billion due to new availments from project term loans.

*13% Increase in Trade Payables (including Non-Current Portion)*

Increased to ₱21.60 billion from ₱19.04 billion due to accruals made on unbilled costs to match with revenue recognized.

*20% decrease in Contract Liabilities*

Decreased from ₱598.36 million to ₱479.99 million due to an increase in collections from buyers coming from new project launches that are ahead of the stage of completion.

*321% increase in Income Tax Payable*

Increased to ₱15.35 million from ₱3.65 million due to the accrual of income tax due for the period.

*26% increase in Deferred Tax Liabilities - Net*

Increased to ₱3.81 billion from ₱3.03 billion due to additional recognized tax liability on taxable temporary differences.

## **EQUITY**

*20% increase in Parent Company's Retained Earnings*

Increased to ₱10.78 billion from ₱9.01 billion due to the Net income recognized during the period.

## **2022 COMPANY MILESTONES**

CLI is the leading real estate developer in Visayas and Mindanao currently located in 16 key cities.

In 2022, CLI continued to launch projects to strengthen its market leadership in Visayas and Mindanao. During the same year, it unveiled more of its mid and premier series as the economy gradually reopens. Sixteen projects were successfully launched and substantially sold out driving up the Company's reservations sales namely:

- a. Astra Corporate Center
- b. Casa Mira Dumaguete Ph2
- c. The East Village T1
- d. The East Village T2
- e. The East Village T3
- f. Velmiro Bohol Expansion Ph2
- g. Casa Mira South 4B.2

- h. The East Village T4
- i. DGT Lots Only
- j. Casa Mira Towers Palawan Ph1 (T1-T2)
- k. Ramos Tower at Calle 104
- l. The Ranudo Tower at Calle 104
- m. Casa Mira Homes | Danao
- n. Costa Mira Bohol
- o. Casa Mira Towers Bacolod T3
- p. Casa Mira Towers Palawan T3

CLI recorded a 14% hike in reservation sales y-o-y to ₱18.8 billion driven by a robust VisMin market. A high 73% of total sales were from newly launched developments with the rest coming from persistent demand for on-going projects.

The Company launched close to 5,000 units in 16 projects worth ₱28.4 billion in 2022 and were 74% sold by the end of the year. Sales velocity of these launches hit peak levels with most developments fully taken up within days.

CLI starts the year with strong reservation sales by selling out all three towers of the first residential development in DGT in four days, generating a record ₱4.07 billion in sales. This validates DGT as the most anticipated premier township in Davao.

The first among many launches in 2022, the East Village at DGT is the first residential development in the township with over 2,000 residential unit offerings spread across the 6-tower vertical village. The newly launched and sold-out three towers with a total of 1,087 units are scheduled for completion in Q3 2026.

Part of DGT's Phase 1 is the ₱700.00 million lifestyle mall called the DGT City Center that will be a landmark destination presenting an array of retail, restaurant and entertainment choices. It will feature dynamic, al fresco spaces, and lush indoor gardens offering worry-free strolling and shopping. To complement this is the ₱200.00 million DGT Cultural Center with showrooms, museum spaces, a theater, and function room which can hold up to 250 people.

In May 2022, CLI has accelerated its expansion to Eastern Visayas with the launch of Casa Mira Homes Ormoc, a 685-unit subdivision project on a 9-hectare property. Casa Mira Homes Ormoc, to be completed in 2023, is the 11<sup>th</sup> Casa Mira development in VisMin.

On June 20, 2022, CLI disclosed the approval of its Board of Directors of the offer and issuance of peso-denominated fixed rate bonds with a principal amount of up to ₱5.00 billion and an oversubscription option of up to ₱3.00 billion (the "**Bonds**"). The Bonds are part of the up to ₱15.00 billion fixed rate bonds to be applied by the Company for shelf registration.

CLI intended to use the proceeds from the Bonds to support its growth plans, primarily by investing in markets where CLI's initial foray has exceeded expectations and continuing its strategic land banking activities.

Also in June 2022, during its 2022 Annual Stockholders Meeting, the Company set out its expansion plans, among the focal points are three townships now under development. On the road to creating a critical mass of residents is the 22-hectare DGT which sold out in four days the first three towers of its first residential project The East Village at DGT. This prompted the launch of the fourth tower. Planning and development are likewise underway on the 14.3-hectare property in Cagayan de Oro acquired from Xavier University and envisioned to be a mixed-use university town. Reclamation works have also begun on the 100-hectare Minglanilla Techno Business Park in Cebu which is envisioned to be a regional growth center.

As part of the Company's commitment to provide quality and sustainable in-city vertical socialized housing, CLI turned over on June 29, 2022 the ₱115.00 million medium-rise building donated for the people of Cebu City. After less than 12 months of construction, 100 informal settler families now have a decent shelter. Walk-Up Sugbo 1 is a joint collaboration between CLI, the Cebu City Government, and the DHSUD and is designed to provide quality transition housing for informal settlers living in danger zones. It is the first of its kind of socialized housing development in VisMin and is one of the most generously appointed socialized housing buildings in the country.

At the same time, CLI, together with the Mandaue City Government and the DHSUD, signed an agreement and broke ground on the ₱100.00 million Tipolo Residences Building 4, a mid-rise socialized housing for the informal settlers and 2019 fire victims of Barangay Tipolo. Ninety identified beneficiaries joined the momentous occasion and shared their excitement for their future homes.

On July 19, 2022, Philippine Rating Services Corporation ("**PhilRatings**") has assigned an Issue Credit Rating of PRS Aa plus, with a Stable Outlook, for CLI's proposed bond issuance. This is the initial tranche of the Company's new three-year Shelf Registration program amounting to ₱15.00 billion.

PhilRatings has also upgraded the Issue Credit Rating for CLI's outstanding Series A to C Corporate Notes worth ₱5.0 billion to PRS Aa plus, with a Stable Outlook, from PRS Aa.

On July 23, 2022, DGT was formally inaugurated, completing site development in just two years. After only two years of site development, YHEST Realty Development Corp., a joint venture between CLI and the Yuson, Huang, and Tan families of the prominent Villa-Abrile clan of Davao, officially inaugurated the 23-hectare DGT envisioned to be Mindanao's most sustainable central business district. It also started to offer 27 township commercial lots for sale after completing the utilities and road networks of the property. The commercial lots for sale have a total area of 47,194 sq.m. and lot sizes range from 1,054 sq.m. to 3,446 sq.m.

DGT Phase 1 includes the township's first residential development The East Village at DGT, a commercial area and lifestyle mall DGT City Center (opening early 2024), and DGT Cultural Center (opening 2024).

In August 2022, the Company purchased a 17-hectare expansion site in Butuan City. This acquisition brought up the Company's total landbank to 116 has.

In September 2022, CLI sold out Calle 104, a two-tower upscale residential project in record three days. The sales of the ₱2.40 billion for Calle 104, which straddles Ramos and Ranudo Streets, is a popular address of prominent families in Cebu. The high-end project in Cebu is CLI's eighth launch in 2022 across VisMin. Calle 104 is a joint venture project of CLI and Borromeo Brothers Estate, Inc. under Cebu BL-Ramos Ventures Inc. The upscale mixed-use development designed by Casas + Architects to be completed in Q4 2026 has two distinct towers connected by a retail podium with a gross floor area of 5,000 sq.m. of lifestyle options including restaurants, clothing, and essentials. A 2,300 sq.m. supermarket is located in the basement for the convenience of residents.

On September 22, 2022, CLI finalized the issue size of its maiden fixed rate Bonds offering, with an aggregate principal amount of ₱5.00 billion across three tenors. This initial issuance is the first from CLI's shelf registration of ₱15.00 billion debt securities program to be utilized within three years. In a strong show of confidence in CLI, the Company's maiden retail bonds received strong demand from both institutional and retail investors, even as CLI priced at the lowest end of the initial spread range. Interest rates have been set for the 3.5Y Series A at 6.4222%, for the 5.5Y Series B at 6.9884%, and for the 7Y Series C at 7.3649%. The Company received its Permit to Sell from the SEC for its maiden retail bond Issuance on September 27, 2022.

On September 29, 2022, disclosed that in its first foray in Palawan, CLI sold in less than one week 85% of the first phase of an economic housing project in Puerto Princesa. Projected gross revenues from this seven-tower development is pegged at ₱6.00 billion, with phase one set for completion in Q4 2025. The first venture in Palawan was a success. It showed that there is indeed a broader market for the bestselling housing brand Casa Mira beyond VisMin, and that the CLI is gaining traction in new areas of expansion.

On October 7, 2022, CLI successfully listed its first fixed-rate bond offering at the PDEX. BPI Capital Corporation and China Bank Capital Corporation have been appointed as joint issue managers, joint lead underwriters, and joint bookrunners. PNB Capital and Investment Corporation, RCBC Capital Corporation, and SB Capital Investment Corporation are co-lead underwriters.

CLI dominated the 10th PropertyGuru Philippines Property Awards bagging 12 accolades including the Best Developer (Visayas) and Best Developer (Mindanao) awards presented in an exclusive gala event. CLI was also given Special Recognition in ESG and in Sustainable Design and Construction.

List of Winners:

- Abaca Resort Mactan, Best Resort Development
- Costa Mira Beachtown Mactan, Best Waterfront Condo Development
- The East Village, Best Condo Development (Mindanao) and Best Condo Architectural Design
- Sofitel Cebu City, Best Hotel Architectural Design
- Terranza Residences, Best Condo Development (Visayas)

Highly recommended:

- Astra Centre, Best Mixed-Use Development
- Sofitel Cebu City, Best Hotel Development

CLI, together with the Cebu City Government, officially opens a new F. Ramos Extension access road to vehicular traffic starting October 19, 2022.

The 200-meter F. Ramos Ext. access road provides a direct link between MP Yap and Llorente streets and provides an alternative access to and from Juana Osmena St. via Base Line Drive. This will help improve traffic flow and provide the community with an easier route to business establishments and lifestyle destinations around the area.

On October 28, 2022, CLI introduced a new immersive mountain resort in Balamban, Cebu. CLI further expands its growing leisure and hospitality portfolio with the 21 ha MagsPeak Mountain Resort and Villas. The 21-ha mountain estate in Magsaysay Peak in Balamban, Cebu, with an elevation of 800 meters is a joint venture between CLI and MagsPeak Nature Park Inc. composed of Cebuano businessmen and fellow Caminoans, Bob Gothong, Segundino Selma Jr., Richard Ray King, and Douglas Gacasan. It is designed to create a holistic mountain experience for Cebu with an outdoor, religious, and hospitality component, built with sustainability at its core. MagsPeak's offers a unique hospitality experience managed by CLI's Hospitality arm, CLI Hotels & Resorts. Opening in 2025, the resort comprises 13 exclusive mountain villas and 20 hotel rooms highlighting views of the Balamban mountain landscape and the western Cebu seascape. Guest stays will further be enhanced with a clubhouse, heated infinity pools, and a farm-to-table restaurant. With sustainability integral to its development, MagsPeak showcases eco-friendly initiatives and outdoor programs such as hiking trails, camping facilities, and other child-friendly activities surrounded by nature.

With the Company's stellar performance and proven execution capability to adapt to the new normal surpassing pre-pandemic growth and income levels, the Board deemed it fit to declare a regular and special cash dividend of ₱0.15 and ₱0.03 per share on March 20, 2023 with a total estimated amount of ₱623.00 million, a 21% increase from the ₱520.00 million paid to stockholders last year. The recently declared dividends had a record date of April 18, 2023 and were to be paid on April 28, 2023.

## **REVIEW ON THE COMPANY'S RESULTS OF OPERATION**

### **FY 2022 vs FY 2021**

CLI recorded Normalized Net income to parent shareholders of ₱3.17 billion, an increase of 21% from ₱2.61 billion in 2021, the remainder after tax adjustments for the year were factored out. This generated an EPS of ₱0.92, a decrease of 12% y-o-y from ₱1.04 EPS in 2021. The significant increase is driven by the strong topline growth and fast economic recovery in the region.



In Millions	2022	2021	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2022	2021
			Amount	%		
Revenue	₱15,657	₱11,162	₱ 4,495	40%	100%	100%
Cost of Sales and Services	(8,368)	(5,972)	(2,395)	40%	(53%)	(54%)
Gross Profit	<b>7,290</b>	<b>5,190</b>	<b>2,100</b>	<b>40%</b>	<b>47%</b>	<b>46%</b>
Operating Expenses	(2,369)	(1,950)	(419)	21%	(15%)	(17%)
Income from Operations	<b>4,921</b>	<b>3,240</b>	<b>1,681</b>	<b>52%</b>	<b>31%</b>	<b>29%</b>
Finance Costs	(351)	(264)	(87)	33%	(2%)	(2%)
Other Operating Income	203	257	(55)	(21%)	1%	2%
Other Gains / Losses	(5)	(129)	124	(96%)	(0%)	(1%)
Profit before Tax	<b>4,768</b>	<b>3,104</b>	<b>1,664</b>	<b>54%</b>	<b>30%</b>	<b>28%</b>
Tax Expense	(1,160)	(433)	(727)	168%	(7%)	(4%)
Consolidated Net Income	<b>3,608</b>	<b>2,671</b>	<b>937</b>	<b>35%</b>	<b>23%</b>	<b>24%</b>
Non-Controlling Interest	(437)	(58)	(379)	654%	(3%)	(1%)
Parent Net Income	<b>3,171</b>	<b>2,613</b>	<b>558</b>	<b>21%</b>	<b>20%</b>	<b>23%</b>

## REVENUES

CLI's topline grew significantly by 40% to ₱15.66 billion from 2021's ₱11.16 billion driven by significant construction accomplishments coupled by robust sales and collections, which have further resulted in a ₱29.00 billion or 17% increase in unrecognized revenue for future recognition.

### Real estate sales

Revenue from the sale of real estate recorded a 40% growth y-o-y to ₱15.44 billion from ₱11.00 billion in 2021. The high growth was driven by significant construction progress and more accounts qualifying for revenue recognition from continued collections. By the end of the year, construction was in full swing across all project sites in 16 key cities in VisMin with catch-up measures in place to compensate for delays caused by quarantine restrictions.

Casa Mira accounted for the largest share of revenues at 47%, followed by the Garden series with 27%, and Premier Masters with 24%. The mix of revenue recorded during the year was brought about by the strong Casa Mira sales during the height of the pandemic in 2020. In terms of location, CLI's operations in Cebu remain outstanding, representing 42% of the total revenues, with Davao following at 19%, Iloilo at 12%, and CDO contributing 10%.

*Premier Masters (Premier market)*, at ₱3.80 billion, increased by 47% y-o-y from ₱2.60 billion driven by the new revenue qualifications and accomplishments from Terranza residences in Iloilo and Costa Mira Beach in Mactan.

*Garden Series (Mid-market)*, at ₱4.20 billion, higher by 30% y-o-y from ₱3.20 billion, the biggest contributor was The East Village, the first residential project of CLI's DGT.

*Casa Mira Series (Economic market)*, at ₱7.36 billion, grew by 43% y-o-y from ₱5.16 billion, driven by Casa Mira Ormoc, Casa Mira Homes Dumaguete and Casa Mira LPU in Davao.

In Q4 2022, the Company recorded a total consolidated revenue of ₱4.69 billion, a 34% increase versus the ₱3.50 billion in Q4 2021 and is also 34% higher q-o-q from the ₱3.51 billion that was reported on Q3 2022. The strong performance during the fourth quarter was driven by the increase in real estate revenue due as construction is now in full swing in the various development sites of the company.

### Hotel operations

Launched on September 14, 2019, Citadines Cebu City posted ₱83.42 million for the period ending December 31, 2022. Hotel revenue grew significantly by 71% with the reopening of local and international borders, reviving trade, and tourism.

## Leasing

CLI's rental revenues improved by 7% posting ₱79.28 million in 2022 from ₱74.27 million in 2021. Growth driven by increased lease contracts and new tenants in the newly completed Latitude Corporate Center. GLA decreased to 29,085 sq.m. from 29,133 sq.m due to conversion to office space (CLI's office expansion). As of December 31, 2022, rental occupancy rate is at 48%, an increase from 41% as of December 31, 2021.

## Property Management

Revenue from property management fees is at ₱55.47 million, a 29% y-o-y increase from ₱42.97 million mainly from continuous turn-over of completed projects during the year — Casa Mira South Phase 1 and 2, Casa Mira Coast, Velmiro Uptown CDO, and Casa Mira Bacolod.

## COST OF SALES AND SERVICES

The Company's cost of sales for the period ended December 31, 2022 amounted to ₱8.37 billion, an increase of 40% from ₱5.97 billion in line with the increase in revenue.

## OPERATING EXPENSES

Total operating expenses during the year amounted to ₱2.37 billion, a 21% y-o-y increase from ₱1.95 billion mainly due to the increase in accounted commissions and incentives to ₱847.16 million caused by the implementation of PFRS 15, which required the accrual of the said commissions and incentives. Salaries and employee benefits also grew by 20% to ₱532.69 million which aligns with the increase in the Group's manpower to 801 employees from 691 employees to support CLI's expansions across VisMin. During the year, the Company also spent ₱122.00 million in costs attributable to the purchase of the 17 hectares expansion site in Butuan.

## INTEREST EXPENSE

During the year, borrowing costs amounted to ₱811.68 million with a higher average borrowing rate of 6.07%, an increase from the cost of borrowing reported in 2021 of 4.77%. The borrowing cost represents the interest on bank loans and corporate notes to fund the Company's project developments that are recognized as period costs and expenses.

## REVIEW ON THE COMPANY'S FINANCIAL CONDITION

### As of December 31, 2022 vs December 31, 2021

CLI's balance sheet remained solid and healthy to support construction and expansion plans. As of December 31, 2022, CLI's consolidated assets stood at ₱85.05 billion, a 28% y-o-y growth from ₱66.65 billion driven by the increase in contract assets, real estate inventories, and investment properties.

In Millions	2022	2021	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2022	2021
			Amount	%		
Cash and cash equivalents	₱1,435	₱1,096	₱339	31%	2%	2%
Receivables – net	3,678	6,006	(2,327)	(39%)	4%	9%
Contract assets – net	31,979	20,290	11,689	58%	38%	30%
Real estate inventories	18,309	18,709	(400)	(2%)	22%	28%
Deposits on land for future development	130	0	130	100%	0%	0%
Due from related parties	36	57	(22)	(38%)	0%	0%
Prepayments and other current assets	4,965	4,737	227	5%	6%	7%
Investments in associates	134	135	(2)	(1%)	0%	0%
Property and equipment – net	4,814	916	3,898	426%	6%	1%

Right-of-use assets	1,168	1,153	15	1%	1%	2%
Investment properties – net	17,749	13,240	4,509	34%	21%	20%
Other non-current assets – net	649	313	336	107%	1%	0%
<b>Total Assets</b>	<b>₱85,045</b>	<b>₱66,652</b>	<b>₱18,393</b>	<b>28%</b>	<b>100%</b>	<b>100%</b>
Interest-bearing loans and borrowings	39,993	32,022	7,971	25%	47%	48%
Trade and other payables	19,039	12,820	6,218	49%	22%	19%
Contract liabilities	598	604	(6)	(1%)	1%	1%
Customers' deposits	120	90	30	34%	0%	0%
Lease liabilities	1,237	1,126	111	10%	1%	2%
Income tax payable	4	2	1	67%	0%	0%
Post-employment defined benefit obligation	9	5	5	98%	0%	0%
Deferred tax liabilities – net	3,032	2,051	981	48%	4%	3%
<b>Total Liabilities</b>	<b>₱64,032</b>	<b>₱48,720</b>	<b>₱15,312</b>	<b>31%</b>	<b>75%</b>	<b>73%</b>
Capital stock	3,623	3,623	0	0%	4%	5%
Additional paid-in capital	1,611	1,609	2	0%	2%	2%
Treasury shares	(733)	(748)	16	-2%	(1%)	(1%)
Revaluation reserves – net	(14)	(13)	(0)	3%	(0%)	(0%)
Retained earnings	9,014	6,369	2,644	42%	11%	10%
Non-controlling interest	7,511	7,092	419	6%	9%	11%
<b>Total Equity</b>	<b>₱21,013</b>	<b>₱17,932</b>	<b>₱3,080</b>	<b>17%</b>	<b>25%</b>	<b>27%</b>

## ASSETS

### *31% increase in Cash and Cash equivalents*

Increased to ₱1.45 billion from ₱1.10 billion largely due to collections and higher take-outs deposited under Short-term placements.

### *39% decrease in Accounts receivable (including Non-Current Portion)*

Decreased to ₱3.68 billion from ₱6.01 billion mainly due to collections from completed projects.

### *58% increase in Contract Assets (including Non-Current Portion)*

Increased to ₱31.98 billion from ₱20.29 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

### *2% decrease in Real Estate Inventory*

Slightly decreased to ₱18.31 billion from ₱18.71 billion due to decreased land development cost and raw land.

### *100% increase in Deposits on Land for Future Development (including Non-Current Portion)*

Increased to ₱130.00 million and none from 2021 since fully paid land purchases were reclassified to raw land inventory amounting to ₱1.08 billion.

### *38% decrease in Due from Related Parties*

Transactions paid by the Parent Company on behalf of its related parties decreased to ₱35.80 million from ₱57.43 million mainly from collections on subsidiary and affiliate businesses.

### *5% increase in Prepayments and Other Current Assets*

Increased to ₱4.97 billion from ₱4.74 billion coming from downpayments and advances to suppliers and subcontractors; prepaid commissions, and related input value added tax (“VAT”) on construction materials purchased.

### *1% decrease in Investments in Associates*

Decreased to ₱133.56 million from ₱135.06 million mainly from the additional investment in Magspeak

Nature Park, Inc. in 2021 amounting to ₱24.25 million. In 2022, only ₱8.00 million additional investment to Icom Air Corporation.

*426% increase in Property and Equipment – Net*

Increased to ₱4.81 billion from ₱915.67 million mainly from the reclassification of investment property.

*34% increase in Investment Properties – Net*

Increased to ₱17.75 billion from ₱13.24 billion attributed to ongoing construction of investment properties, which include hospitality and commercial assets.

*1% increase in Right-of-Use Asset and 10% increase in Lease Liabilities*

Right-of-use asset and lease liability increased to ₱1.17 billion and ₱1.15 billion, respectively, with recognition of the high-value leasehold rights acquired on the 43-year land lease for Cebu Business Park Office and Patria during the year.

## **LIABILITIES**

*25% increase in Interest-Bearing Loans and Borrowings (including Non-Current Portion)*

Increased to ₱39.99 billion from ₱32.02 billion mainly from new bank loans availed including proceeds from bonds issuance.

*49% increase in Trade and other payables (including non-current portion)*

Increased to ₱19.04 billion from ₱12.82 billion mainly represent accrued cost of sales to match revenue recognition, outstanding obligations to owners of parcels of land acquired, subcontractors, and suppliers of construction materials.

*48% increase in Deferred Tax Liabilities*

Increased to ₱3.03 billion from ₱2.05 billion due to additional recognized tax liability on taxable temporary differences.

## **EQUITY**

*0% increase in Additional Paid-In Capital*

Increase of ₱2.00 million due to the exercise of ESOP, the Company issued 3,349,470 common shares with a par value of ₱1.00 or ₱3,349,470 to its qualified employees out of its treasury shares and recognized an additional paid-in capital amounting to ₱18.32 million from the transaction.

*2% decrease in Treasury Shares*

Decreased to ₱732.66 million from ₱748.17 million. In 2022, the Parent Company issued to its qualified officers 3,349,470 common shares out of its treasury shares in relation to the ESOP.

*3% Increase in Revaluation Reserves*

Increased to ₱13.91 million from ₱13.48 million due to increase in estimated loss on remeasurement of post-employment defined benefit obligation.

*6% increase in Non-Controlling Interest*

Increased to ₱7.51 billion from ₱7.09 billion significantly from increased share in net profit in 2022 by ₱379.07 million.

## **AS OF DECEMBER 31, 2021 VS DECEMBER 31, 2020**

CLI's balance sheet remained solid and healthy to support construction and expansion plans. As of December 31, 2021, CLI's consolidated assets stood at ₱66.65 billion, a 33% y-o-y growth from ₱50.09 billion driven by the increase in contract assets, real estate inventories, and investment properties.

## **ASSETS**

*37% increase in Cash and Cash Equivalents*

Increased to ₱1,095.82 million from ₱797.18 million largely due to collections and higher take-outs deposited under Short-term placements.

*2% decrease in Accounts Receivable (including Non-Current Portion)*

Decreased to ₱6.00 billion from ₱6.14 billion mainly due to collections from completed projects.

*46% increase in Contract Assets (including Non-Current Portion)*

Increased to ₱20.29 billion from ₱13.86 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

*40% increase in Real Estate Inventory*

Increased to ₱18.71 billion from ₱13.40 billion driven by inventory on newly projects launched during the year, inventory on projects under construction becoming more valuable as building progress is achieved, and reclassification of investment properties worth a total of ₱1.84 billion to real estate inventories as well as fully paid raw land worth ₱1.08 billion from deposits on land to real estate inventories.

*100% decrease in Deposits on Land for Future Development (including Non-Current Portion)*

Balance zeroed out from ₱699.77 million as fully paid land purchases were reclassified to raw land inventory amounting to ₱1.08 billion. Additional deposits on land for the year amount to ₱376.33 million.

*162% increase in Due from related parties*

Transactions paid by the Parent Company on behalf of its related parties increase to ₱57.43 million from ₱21.95 million mainly from cash advances to subsidiary and affiliate businesses.

*57% increase in Prepayments and other current assets*

Increased to ₱4.74 billion from ₱3.02 billion coming from downpayments and advances to suppliers and subcontractors; prepaid commissions, and related input VAT on construction materials purchased.

*4% increase in Investments in Associates*

Increased to ₱135.07 million from ₱129.85 million mainly from investment to Icom Air Corporation and Magspeak Nature Park, Inc. during the year amounting to ₱110.82 million and ₱24.25 million respectively.

*42% increase in Property and Equipment – Net*

Increased to ₱915.67 million from ₱643.39 million with the construction of new offices and branches to support CLl's expanding developments.

*31% increase in Investment Properties – Net*

Increased to ₱13.24 billion from ₱10.09 billion attributed to ongoing construction of our investment properties, which include our hospitality and commercial assets.

*21% increase in Right-of-Use Asset and 35% increase in Lease Liabilities*

Right-of-use asset and lease liability increased to ₱1.15 billion and ₱1.13 billion, respectively, with recognition of the high-value leasehold rights acquired on the 43-year land lease for Cebu Business Park Office and Patria during the year.

## **LIABILITIES**

*35% increase in Interest-Bearing Loans and Borrowings (including Non-Current Portion)*

Increased to ₱32.02 billion from ₱23.79 billion mainly from the ₱11.48 billion new bank loans during the year.

*71% increase in Trade and Other Payables (including Non-Current Portion)*

Increased to ₱12.82 billion from ₱7.48 billion mainly represent accrued cost of sales to match revenue recognition, outstanding obligations to owners of parcels of land acquired, subcontractors, and suppliers of construction materials.

*21% increase in Deferred Tax Liabilities*

Increased to ₱2.05 billion from ₱1.69 billion due to additional recognized tax liability on taxable temporary differences.

## EQUITY

### *111% increase in Capital Stock*

Due to the declaration of stock dividends amounting to 1,909,451,997 common shares with a par value of ₱1.00 or ₱1.90 billion as approved by the PSE on July 6, 2021.

### *2% increase in Treasury Shares*

From the BOD approved buyback program in 2020, in the Parent Company reacquired 2,599,600 shares of its common stock in 2021 for ₱15.32 million and presented them as Treasury Stock in the consolidated statement of financial position.

### *5% increase in Revaluation reserves*

Increased to ₱13.48 million from ₱12.88 million due to increase in estimated loss on remeasurement of post-employment defined benefit obligation.

### *3% increase in Non-Controlling Interest*

Increased to ₱7.09 billion from ₱6.90 billion significantly from additional paid-in capital during the year to CLI-LITE amount to ₱252.73 million. Also, Mivesa Garden Residences, Inc. (MGR) declared total cash dividends of ₱160.00 million of which ₱88.00 million is payable to non-controlling shareholders.

## 2021 COMPANY MILESTONES

The Company is the leading real estate developer in Visayas and Mindanao, currently located in 16 key cities.

In 2021, CLI continued to launch projects to strengthen its market leadership in Visayas and Mindanao. During the year, it has unveiled more of its mid and premier series as the economy gradually reopens. Ten projects were successfully launched and substantially sold out driving up the Company's reservation sales namely:

- a. Velmiro Heights CDO
- b. Casa Mira Tower Guadalupe Tower 3 in Cebu
- c. Mandtra residences Tower 1 in Cebu
- d. Casa Mira Ormoc
- e. Terranza residences in Iloilo
- f. Casa Mira South Phase 4A in Cebu
- g. Casa Mira South Phase 4B in Cebu
- h. Mandtra Residences Tower 3 in Cebu
- i. Costa Mira Beachtown Mactan Cebu
- j. Casa Mira Towers Bacolod

CLI recorded reservation sales of ₱16.52 billion for 2021, 16% more than 2020's ₱14.25 billion due to sustained demand for housing in its key markets by launching 3,865 units in 10 projects worth ₱18.00 billion, more than the eight projects launched in 2020 worth ₱11.50 billion.

CLI launched Masters Tower Cebu on February 19, 2021, with a target completion date of 2025. The project will include prime office and retail space as well as the Queen City of the South's first five-star luxury hotel. The Sofitel Cebu City will be managed by Accor, a global hotel company with headquarters in France. The construction, which is expected to cost ₱4.00 billion, would be built by EEI Corporation on a 2,840 sq.m. plot in Cebu Business Park, the city's preeminent central business area.

In March 2021, CLI signed a new ₱360.00 million joint venture focused on filling a rapidly rising demand for co-living spaces that deliver affordable, safe transient housing in Cebu for young professionals and students seeking quick access to strategic business centers. Named Sugbo Prime Estate Inc., the partnership will kick off with a 7,500 sq.m. prime property along Banilad Road and is walking distance to the Cebu IT Park where many BPO firms are located. With renewed BPO interest in Cebu, areas like Banilad surrounding the BPO hubs have become highly in-demand. The mixed-use development will have retail spaces, over 300 dormitory rooms, and a self-storage facility. The project is to be completed by 2023 and primarily targets young professionals and students returning to work and

schools, respectively.

In April 2021, CLI broke ground for Patria de Cebu, a new mixed-use development offering 21,000 sq.m. of gross floor area and a 182-room Mercure Hotel at the heart of downtown Cebu City's heritage trail. Patria de Cebu's redevelopment will offer 4,320 sq.m. of food, dining and entertainment spaces and 4,400 sq.m. of office space. The balance will be taken up by Mercure Cebu Downtown set to open in 2025 to be operated by French multinational chain Accor, a world leading hospitality group.

CLI's collaboration with the Archdiocese of Cebu covers the development and operation of the mixed-use project for 40 years.

In May 2021, CLI continued its partnership with BPI Investment Management, Inc.'s ("**BIMI**") managed money market funds by entering into another notes facility agreement worth ₱3.00 billion. The facility was arranged by BPI Capital, which also arranged the initial ₱2.00 billion facility issued last October 2019.

CLI received PRA approval in June 2021 to reclaim and develop the 100-hectare Minglanilla techno business hub in Cebu. Following that, CLI increased its ownership share from 20% to 78% in order to streamline CLI's operations as the development's developer and project manager. During the year, PRA issued a Notice to Proceed for the reclamation. In October 2021, CLI broke ground to begin its development.

In July 2021, CLI revealed its very first resort development – the ₱2.50 billion Abaca Resort Mactan. The 125-room all-suite accommodation will feature stunning panoramic ocean views and will rise 17-stories high on a 4,500 sq.m. property formerly occupied by the multi-awarded Abaca Boutique Resort in Punta Engaño, Lapu-Lapu City, a tourism growth center. CLI purchased the property in 2019 and has signed up with The Abaca Group to continue operating the hotel and providing luxury experiences tailored for local and global tourists when it reopens. To design the resort, CLI tapped internationally renowned architectural firm Büro Ole Scheeren whose projects have won numerous global awards.

On July 14, 2021, CLI distributed 1,909,451,997 new common shares as stock dividends, or 123 new shares for every 100 existing shares. This resulted in an increase in outstanding common shares to 3,461,851,997.

In August 2021, CLI signed a Memorandum of Agreement to acquire 14.3 has of Xavier University – Ateneo de Cagayan's Manresa Property in uptown Cagayan de Oro. CLI's acquisition, named Manresa Town, will be developed with condominiums, dormitories, retail, and commercial spaces that will be an integral part to the masterplanned township of Xavier University Cagayan de Oro. Proceeds that Xavier University will be receiving will be used to develop the new Xavier University Masterson Campus, which at 21 will be three times larger in area than the current campus. Provisions in the agreement prepared by Xavier University and endorsed by Jesuit leaderships in the Philippines and in Rome were approved by the Vatican after a thorough two-year review process. The new 21-ha Xavier University Masterson Campus is envisioned to catalyze development in Northern Mindanao with a Sustainable and New Normal-ready Campus Masterplan. The masterplan of the Xavier University Masterson Campus will blend seamlessly with the adjacent Manresa Town to be developed by CLI, a 14.3-ha mixed-use university town that provides Xavier University students convenient and safe residential options, easy access to commercial establishments and future-ready offices.

In December 2021, CLI and Borromeo Brothers Estate Inc. inaugurated the ₱1.20 billion 4-Star BERDE-certified commercial tower Latitude Corporate Center, increasing CLI's office GLA to over 29,000 sq.m. from 14,000 sq.m. y-o-y. The hybrid office building standing 24-storeys high with designated spaces for BPO offices (eighth – 12<sup>th</sup> floors), Enterprise offices (14<sup>th</sup> – 16<sup>th</sup> floors), Executive offices (17<sup>th</sup>-24<sup>th</sup> floors) and a retail concept (first and second floors) is strategically located in Cebu Business Park and is among the tallest buildings in the business district. The development was awarded early in 2023 with a four-star accreditation under the BERDE rating system, a testament to its sustainable design tailor fit to world class standards.

During the ninth PropertyGuru Philippines Property awards, CLI was awarded as the Best Developer for Visayas and Mindanao along with nine other special awards from its portfolio of innovative, and market-resonant projects spread across the archipelago, such as Casa Mira Towers Mandaue, DGT,

MesaVirre Garden Residences, One Paragon Place, Patria de Cebu, Radisson Red, and Velmiro Uptown CDO.

With the Company's stellar performance and proven execution capability to adapt to the new normal translating to a resumption of pre-pandemic growth and income levels, the Board deemed it fit to declare a regular and special cash dividend of ₱0.112 and ₱0.038 per share on March 15, 2022 with a total estimated amount ₱519.20 million, a 33.6% increase from the ₱388.75 million paid to stockholders last year. The recently declared dividends had a record date of April 22, 2022 and were paid on May 17, 2022.

## REVIEW ON THE COMPANY'S RESULTS OF OPERATION

### FY 2021 vs. FY 2020

CLI recorded net income to parent shareholders of ₱2.61 billion, an increase of 42% from ₱1.85 billion in 2020. The significant increase was driven by the strong topline growth and one-time tax adjustment amounting to ₱293.50 million brought about by the implementation of CREATE Act.

As a result of the application of CREATE Law, lowering RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable, as presented in the 2020 annual income tax return of the Parent Company and the subsidiaries, was lower by ₱11.81 million than the amount presented in the 2020 AFS and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized deferred tax liabilities in 2020 by ₱280.80 million and such was recognized in the 2021 profit or loss and in other comprehensive income.

EPS in 2021 was ₱1.04 computed as net income attributable to CLI shareholders amounting to ₱2.61 billion divided by weighted average number of shares of 2,507,833,165, while EPS in 2020 was ₱1.15 computed as net income ₱1.85 billion divided by weighted average number of shares of 1,605,279,067.

CLI distributed stock dividends in July 2021 of 123 shares per 100 shares or 123%.

In Millions	December 2021	December 2020	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2021	2020
			Amount	%		
Revenue	₱11,162	₱8,299	₱2,863	35%	100%	100%
Cost of Sales and Services	(5,972)	(4,282)	(1,690)	39%	(54%)	(52%)
Gross Profit	5,190	4,017	1,173	29%	46%	48%
Operating Expenses	(1,950)	(1,266)	(684)	54%	(17%)	(15%)
Income from Operations	3,240	2,751	489	18%	29%	33%
Finance Costs	(264)	(66)	(198)	301%	(2%)	(1%)
Other Operating Income	257	69	189	275%	2%	1%
Other Gains / Losses	(129)	38	(167)	(440%)	(1%)	0%
Profit before Tax	3,104	2,792	312	11%	28%	34%
Tax Expense	(433)	(716)	283	(40%)	(4%)	(9%)
Consolidated Net Income	2,671	2,076	595	29%	24%	25%
Non-Controlling Interest	(58)	(230)	172	(75%)	(1%)	(3%)
Parent Net Income	2,613	1,846	767	42%	23%	22%

### REVENUES

CLI's topline grew by 35% to ₱11.16 billion from 2020's ₱8.30 billion driven by significant construction accomplishments coupled by robust sales and collections, which have further resulted in a ₱25.00 billion or 23% increase in unrecognized revenue for future recognition.



## **Real estate sales**

Revenue from the sale of real estate recorded a 35% growth y-o-y to ₱11.00 billion from ₱8.15 billion in 2020. The high growth was driven by significant construction progress and more accounts qualifying for revenue recognition from continued collections. By the end of the year, construction was in full swing across all project sites in 16 key cities in VisMin with catch-up measures in place to compensate for delays caused by quarantine restrictions.

Casa Mira accounted for 44% of revenues, followed by the Garden series with 30% and Premier Masters with 24%. The mix of revenue recorded during the year was brought about by the strong Casa Mira sales during the height of the pandemic in 2020. In terms of location, CLI's operations in Cebu represent 55% of the total revenues, followed by CDO with 11% with Davao and Iloilo both contributing 10%.

*Premier Masters (Premier market)*, at ₱2.60 billion, increased by 17% y-o-y from ₱2.20 billion driven by the new revenue qualifications and accomplishments from Terranza residences in Iloilo.

*Garden Series (Mid-market)*, at ₱3.20 billion, higher by 7% y-o-y from ₱3.00 billion, driven by Mandra Residences, Velmiro Plains Bacolod, and Velmiro Heights CDO.

*Casa Mira Series (Economic market)*, at ₱5.16 billion, grew by 93% y-o-y from ₱2.67 billion, mainly from newly launched projects during the year: Casa Mira LPU in Davao and Casa Mira Iloilo.

In Q4 2021, the Company recorded a total consolidated revenue of ₱3.50 billion, a 35% increase versus the ₱2.60 billion in Q4 2020 and is 39% higher q-o-q from the ₱2.50 billion that was reported on Q3 2021. The strong performance during the fourth quarter was driven by the increase in real estate revenue due as construction is now in full swing in the various development sites of the Company.

## **Hotel operations**

Launched on September 14, 2019, Citadines Cebu City posted revenues of ₱48.68 million for the period ending December 31, 2021. The hotel revenues were driven from BPO companies that housed their employees during the lockdown.

## **Leasing**

The Company offered rental concessions and holidays to support local businesses during lockdown increasing its rental revenue by 34% y-o-y to ₱74.27 million from ₱55.24 million. GLA doubled to 29,000 sq.m. from 14,536 sq.m. due to the turnover of Latitude Corporate Center.

## **Property Management**

Revenue from property management fees is at ₱42.97 million, a slight increase from ₱42.59 million mainly from continuous turn-over of completed projects during the year – Casa Mira South Phase 1 and 2, MesaVerte Residences, and Mivesa Garden Residences Phase 3.

## **COST OF SALES AND SERVICES**

The Company's cost of sales for the period ended December 31, 2021 amounted to ₱5.97 billion, an increase of 39% from ₱4.28 billion in line with the increase in revenue.

## **OPERATING EXPENSES**

Total operating expenses during the year amounted to ₱1.95 billion, a 54% y-o-y increase from ₱1.27 billion mainly due to the increase in accounted commissions and incentives to ₱725.00 million caused by the implementation of PFRS 15, which required the accrual of the said commissions and incentives. Salaries and employee benefits also grew by 22% to ₱450.64 million which aligns with the increase in the Group's manpower to 691 employees from 574 employees to support CLI's expansions across VisMin. During the year, the Company also spent ₱100.00 million in costs attributable to the purchase of the 14.3 has that will be integrated into the Xavier University Masterson Campus.

## INTEREST EXPENSE

During the year, borrowing costs amounted to ₱571.47 million with a lower average borrowing rate of 4.75%, an improvement from the cost of borrowing reported in 2020 of 4.96%. The borrowing cost represents the interest on bank loans and corporate notes to fund the Company's project developments that are recognized as period costs and expenses.

## OTHER INCOME/EXPENSE

The Company's other operating income likewise increased to ₱257.00 million from ₱69.00 million due to water revenue from the CLI's managed projects and an increase of administrative fees charged to the customers. Moreover, there is also a ₱129.00 million provision for loss on typhoon due to the recent Typhoon ODETTE that affected some of the projects of the company. This caused a substantial increase in the other gains and losses of the company during 2021.

## NIAT ATTRIBUTABLE TO NCI

For the period ended December 31, 2021, NIAT attributable to NCI stood at ₱57.93 million, 75% y-o-y decline from ₱229.61 million, due to the minimal incremental sales and POC on existing JV projects due to the completion and ongoing turn-over of Mivesa Garden Residences Phase 3 (MGR Inc.) and Latitude Corporate Center (BLCBP); and as MesaTierra Garden Residences (YES Inc.).

## REVIEW ON THE COMPANY'S FINANCIAL CONDITION

### As of December 31, 2021 vs. December 31, 2020

CLI's balance sheet remained solid and healthy to support construction and expansion plans. As of December 31, 2021, CLI's consolidated assets stood at ₱66.65 billion, a 33% y-o-y growth to ₱66.65 billion from ₱50.09 billion driven by the increase in contract assets, real estate inventories, and investment properties.

In Millions	December 2021	December 2020	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2021	2020
			Amount	%		
Cash and cash equivalents	₱1,096	₱797	₱299	37%	2%	2%
Receivables – net	6,006	6,142	(136)	(2%)	9%	12%
Contract assets – net	20,290	13,857	6,434	46%	30%	28%
Real estate inventories	18,709	13,398	5,311	40%	28%	27%
Deposits on land for future development	0	700	(700)	(100%)	0%	1%
Due from related parties	57	22	35	162%	0%	0%
Prepayments and other current assets	4,737	3,020	1,718	57%	7%	6%
Investments in associates	135	130	5	4%	0%	0%
Property and equipment – net	916	643	272	42%	1%	1%
Right-of-use assets	1,153	951	202	21%	2%	2%
Investment properties – net	13,240	10,094	3,146	31%	20%	20%
Other non-current assets – net	313	337	(24)	(7%)	0%	1%
<b>Total Assets</b>	<b>66,652</b>	<b>50,091</b>	<b>16,562</b>	<b>33%</b>	<b>100%</b>	<b>100%</b>
Interest-bearing loans and borrowings	32,022	23,794	8,228	35%	48%	48%
Trade and other payables	12,820	7,484	5,337	71%	19%	15%
Contract liabilities	604	533	72	13%	1%	1%

In Millions	December 2021	December 2020	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2021	2020
			Amount	%		
Customers' deposits	90	196	(106)	(54%)	0%	0%
Lease liabilities	1,126	835	291	35%	2%	2%
Income tax payable	2	31	(29)	(93%)	0%	0%
Post-employment defined benefit obligation	5	1	4	665%	0%	0%
Deferred tax liabilities – net	2,051	1,690	360	21%	3%	3%
<b>Total Liabilities</b>	<b>48,720</b>	<b>34,563</b>	<b>14,157</b>	<b>41%</b>	<b>73%</b>	<b>69%</b>
Capital stock	3,623	1,714	1,909	111%	5%	3%
Additional paid-in capital	1,609	1,609	0	0%	2%	3%
Treasury shares	(748)	(733)	(15)	2%	(1%)	(1%)
Revaluation reserves – net	(13)	(13)	(1)	5%	0%	0%
Retained earnings	6,369	6,054	315	5%	10%	12%
Non-controlling interest	7,092	6,896	197	3%	11%	14%
<b>Total Equity</b>	<b>17,932</b>	<b>15,527</b>	<b>2,405</b>	<b>15%</b>	<b>27%</b>	<b>31%</b>

## ASSETS

### *37% increase in Cash and Cash Equivalents*

Increased to ₱1.10 billion from ₱797.18 million largely due to collections and higher take-outs deposited under short-term placements.

### *2% decrease in Accounts Receivable (including Non-Current Portion)*

Decreased to ₱6.01 billion from ₱6.14 billion mainly due to collections from completed projects.

### *46% increase in Contract Assets (including Non-Current Portion)*

Increased to ₱20.29 billion from ₱13.86 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

### *100% decrease in Deposits on Land for Future Development (including Non-Current Portion)*

Balance zeroed out from ₱699.77 million as fully paid land purchases were reclassified to raw land inventory amounting to ₱1.08 billion. Additional deposits on land for the year amount to ₱376.33 million.

### *40% increase in Real Estate Inventory*

Increased to ₱18.71 billion from ₱13.40 billion driven by inventory on newly projects launched during the year, inventory on projects under construction becoming more valuable as building progress is achieved, and reclassification of investment properties worth a total of ₱1.85 billion to real estate inventories as well as fully paid raw land worth ₱1.08 billion from deposits on land to real estate inventories.

### *162% increase in Due from Related Parties*

Transactions paid by the Company on behalf of its related parties increased to ₱57.43 million from ₱21.95 million mainly from cash advances to subsidiary and affiliate businesses.

### *57% increase in Prepayments and Other Current Assets*

Increased to ₱4.74 billion from ₱3.02 billion coming from downpayments and advances to suppliers and subcontractors; prepaid commissions and related input VAT on construction materials purchased.

### *4% increase in Investment in Associates*

Increased to ₱135.06 million from ₱129.85 million mainly from investment to ICOM and Magspeak Nature Park, Inc. during the year amounting to ₱110.82 million and ₱24.25 million respectively.

*42% increase in Property and Equipment – Net*

Increased to ₱ 915.67 million from ₱643.39 million with the construction of new offices and branches to support CLI's expanding developments.

*21% increase in Right-of-Use Asset*

Right-of-use asset increased due to the recognition of the high-value leasehold rights acquired on the 43-year land lease for Cebu Business Park Office and Patria during the year.

*31% increase in Investment Properties – Net*

Increased to ₱13.24 billion from ₱10.09 billion attributed to ongoing construction of the Company's investment properties, which include our hospitality and commercial assets.

*7% decrease in Other Non-Current Assets – Net*

Decrease in this account is attributed to the recoupment on the advances and down payments made by the company to its contractors after progress construction have been made on the corresponding projects.

## **LIABILITIES**

*35% increase in Interest-Bearing Loans and Borrowings (including Non-Current Portion)*

Increased to ₱32.02 billion from ₱23.79 billion mainly from the ₱11.48 billion new bank loans during the year.

*71% increase in Trade and Other Payables (including Non-Current Portion)*

Increased to ₱12.82 billion from ₱7.48 billion mainly represent accrued cost of sales to match revenue recognition, outstanding obligations to owners of parcels of land acquired, subcontractors, and suppliers of construction materials.

*13% increase in Contract Liabilities*

Increased to ₱604.00 million from ₱533.00 million due to increase in collections from buyers with units that have a relatively lower stage of progress completion versus the amount paid.

*54% decrease in Customer deposits*

Due to the lower amount of advance reservation fees that were not recognized during the same period.

*35% Increase in Lease Liabilities*

Due to a new 22-year lease contract entered by the company in Banilad Cebu City for Banilad high street project.

*93% decrease in Income Tax Payable*

After the income tax set up for the prior period was paid.

*665% increase in Post employment defined benefit obligation*

Due to the additional funds set aside for the plan.

*21% increase in Deferred Tax Liabilities – Net*

Increased to ₱2.05 billion from ₱1.69 billion due to additional recognized tax liability on taxable temporary differences.

## **EQUITY**

*111% increase in Capital Stock*

Due to the declaration of stock dividends amounting to 1,909,451,997 common shares with a par value of ₱1.00 or ₱1.90 billion as approved by the PSE on July 6, 2021.

*2% increase in Treasury Shares*

From the Board-approved buyback program in 2020, CLI reacquired 2,599,600 shares of its common stock in 2021 for ₱15.32 million and presented them as Treasury Stock in the consolidated statement of financial position.

#### 5% increase in Revaluation reserves

Increased to ₱13.48 million from ₱12.88 million due to increase in estimated loss on remeasurement of post-employment defined benefit obligation.

#### 5% increase in Retained Earnings

Attributable to the net income recognized during the period.

#### 3% increase in Non-Controlling Interest

Increased to ₱7.09 billion from ₱6.90 billion significantly from additional paid-in capital during the year to CLI-LITE amount to ₱252.73 million. Also, Mivesa Garden Residences, Inc. (MGR) declared total cash dividends of ₱160.00 million of which ₱88.00 million is payable to non-controlling shareholders.

### FY 2020 vs. FY 2019

For the period ending December 31, 2020, the Company's NIAT was at ₱1.85 billion, a slight decline of 8% y-o-y from ₱2.01 billion. The decline in the Company's bottom line numbers was due to the stringent lockdown measures imposed by the government during the period. This translates to an EPS of ₱1.15.

CLI bounced back and posted a strong financial growth as restrictions eased during the second half of 2020. The Company's consolidated NIAT during the second half of the year was at ₱1.16 billion, 26% higher as compared to the first half. CLI's NIAT during the second half of 2020, on the other hand, was at ₱1.05 billion, 33% higher than the first half.

In Millions	December 2020	December 2019	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2020	2019
			Amount	%		
Revenue	₱8,299	₱8,499	(₱200)	(2%)	100%	100%
Cost of Sales and Services	(4,282)	(4,301)	19	0%	(52%)	(51%)
Gross Profit	<b>4,017</b>	<b>4,198</b>	<b>(182)</b>	<b>(4%)</b>	<b>48%</b>	<b>49%</b>
Operating Expenses	(1,266)	(1,145)	(121)	11%	(15%)	(13%)
Income from Operations	<b>2,751</b>	<b>3,053</b>	<b>(302)</b>	<b>(10%)</b>	<b>33%</b>	<b>36%</b>
Finance Costs	(66)	(45)	(21)	46%	(1%)	(1%)
Other Operating Income	69	53	15	29%	1%	1%
Other Gains / Losses	38	120	(82)	(68%)	0%	1%
Profit before Tax	<b>2,792</b>	<b>3,181</b>	<b>(390)</b>	<b>(12%)</b>	<b>34%</b>	<b>37%</b>
Tax Expense	(716)	(744)	28	(4%)	(9%)	(9%)
Consolidated Net Income	<b>2,076</b>	<b>2,438</b>	<b>(362)</b>	<b>(15%)</b>	<b>25%</b>	<b>29%</b>
Non-Controlling Interest	(230)	(426)	196	(46%)	(3%)	(5%)
Parent Net Income	<b>1,846</b>	<b>2,012</b>	<b>(166)</b>	<b>(8%)</b>	<b>22%</b>	<b>24%</b>

### REVENUES

For the period ending December 31, 2020, CLI generated consolidated revenue of ₱8.30 billion, a slight decline of 2% y-o-y from ₱8.50 billion. In the fourth quarter of the period, consolidated revenue registered at ₱2.59 billion, 18% growth from ₱2.20 billion in the third quarter of 2020, as travel restrictions ease and as operations and construction recuperate.

#### Real estate sales

Revenue from sale of real estate reached ₱8.15 billion, a 3% y-o-y slight decline from ₱8.39 billion in 2019, driven by Garden Series (36%), followed by Casa Mira Series (32%) and Premier Masters (27%). In the same period of 2019, Garden Series generated 37% of the total revenues, followed by Casa Mira (30%) and Premier Masters (30%). In terms of location, CLI's presence in Cebu remains strong, representing 52% of the total revenues, followed by CDO (16%) and Bacolod (11%), for both periods ending December 31, 2020.

*Premier Masters (Premier market)*, at ₱2.22 billion, declined by 13% y-o-y from ₱2.54 billion, with

the construction slowdown of 38 Park Avenue due to the pandemic.

*Garden Series (Mid-market)*, at ₱2.99 billion, slightly declined by 6% y-o-y from ₱3.12 billion, driven by Mivela Garden Residences, Velmiro Plains Bacolod, and the recently launched, Velmiro Greens Bohol.

*Casa Mira Series (Economic market)*, at ₱2.67 billion, grew by 6% y-o-y from ₱2.51 billion, mainly from newly launched projects during the year: Casa Mira Iloilo and Casa Mira South Phase 3B.

During the second half of 2020, CLI posted a 38% growth as compared to the first half. The robust growth was driven by the easement of quarantine across VisMin sites increasing construction efficiency to 90% from 70% in the second quarter. Collections on the other hand has also improved with more accounts qualifying for revenue recognition in the last two quarters.

### ***Hotel operations***

Launched on September 14, 2019, Citadines Cebu City posted ₱54.56 million for the period ending December 31, 2020. With hotel revenues driven from BPO companies that housed their employees during the lockdown.

### ***Leasing***

The Company offered rental concessions and holidays to support local businesses during lockdown decreasing its rental revenue by 13% y-o-y to ₱55.24 million from ₱63.16 million. GLA increases by 2% y-o-y to 14,536 sq.m. from 14,296 sq.m. with the completion of retail spaces in residential projects. As of December 31, 2020, rental occupancy rate is at 79%, a minor decline from 82% as of December 31, 2019.

### ***Property Management***

Revenue from property management fees is at ₱42.59 million, 16% y-o-y increase from ₱36.84 million mainly from continuous turn-over of completed projects during the year – Casa Mira South Phase 1 and 2, MesaVerte Residences, and Mivesa Garden Residences Phase 3.

## **COST OF SALES**

The Company's cost of sales for the period ended December 31, 2020 was at ₱4.28 billion, from ₱4.30 billion in line with the slim decrease in revenue.

## **OPERATING EXPENSES**

Total operating expenses during the period amounted to ₱1.27 billion, 11% y-o-y increase from ₱1.15 billion mainly from an increase in commissions and incentives to ₱429.73 million with the implementation of PFRS 15. Salaries and employee benefits also grew by 18% to ₱367.29 million due to an increase in the Group's manpower to 574 employees from 475 employees to support CLI's expansions across VisMin. Despite the digitalization of the Company's sales and marketing, other operating expenses likewise increased as the Company implemented and heightened safety and health protocols in the workplace.

## **INTEREST EXPENSE**

During the year, borrowing costs amount to ₱460.13 million with average borrowing rate of 4.96% representing the costs on bank loans and corporate notes to fund the Company's project developments. This includes the ₱8.00 billion corporate notes issued during the year.

## **OTHER INCOME/ EXPENSE**

The company's other operating income likewise increased to ₱69.00 million from ₱53.00 million due an increase in administrative fees charged to the customers. During the year, the company has also recognized a decline on other gains and losses from ₱120.00 million to ₱38.00 million due to the

booked forex loss on the settlement of payables denominated in foreign currency.

## NIAT ATTRIBUTABLE TO NCI

For the period ended December 31, 2020, NIAT attributable to NCI stood at ₱230.00 million, 46% y-o-y decline from ₱426.00 million, due to the minimal incremental sales and POC on existing JV projects due to the completion and ongoing turn-over of Mivesa Garden Residences Phase 3 (MGR Inc.) and Latitude Corporate Center (BLCBP).

## As of December 31, 2020 vs. December 31, 2019

CLI's balance sheet remained solid and healthy to support construction and expansion plans. As of December 31, 2020, CLI's consolidated assets reported a 31% y-o-y growth to ₱50.09 billion from ₱38.28 billion driven by the increase in contract assets and investment properties.

In Millions	December 2020	December 2019	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2020	2019
			Amount	%		
Cash and cash equivalents	₱797	₱917	(₱120)	(13%)	2%	2%
Receivables – net	6,142	5,876	266	5%	12%	15%
Contract assets – net	13,857	8,893	4,964	56%	28%	23%
Deposits on land for future development	700	1,289	(590)	(46%)	1%	3%
Real estate inventories	13,398	9,447	3,951	42%	27%	25%
Due from related parties	22	10	12	121%	0%	0%
Prepayments and other current assets	3,020	2,266	754	33%	6%	6%
Investments in associates	130	16	113	693%	0%	0%
Property and equipment – net	643	355	288	81%	1%	1%
Right-of-use assets	951	175	776	444%	2%	0%
Investment properties – net	10,094	8,905	1,189	13%	20%	23%
Fair value of plan assets – net	0	6	(6)	(100%)	0%	0%
Other non-current assets – net	337	129	208	162%	1%	0%
<b>Total Assets</b>	<b>50,091</b>	<b>38,283</b>	<b>11,807</b>	<b>31%</b>	<b>100%</b>	<b>100%</b>
Interest-bearing loans and borrowings	23,794	16,847	6,947	41%	48%	44%
Trade and other payables	7,484	5,784	1,700	29%	15%	15%
Contract liabilities	533	419	114	27%	1%	1%
Customers' deposits	196	191	5	3%	0%	0%
Lease liabilities	835	140	694	495%	2%	0%
Income tax payable	31	30	1	5%	0%	0%
Post-employment defined benefit obligation	1	0	1	100%	0%	0%
Deferred tax liabilities – net	1,690	1,125	565	50%	3%	3%
<b>Total Liabilities</b>	<b>34,563</b>	<b>24,535</b>	<b>10,028</b>	<b>41%</b>	<b>69%</b>	<b>64%</b>
Capital stock	1,714	1,714	0	0%	3%	4%
Additional paid-in capital	1,609	1,609	0	0%	3%	4%
Treasury shares	(733)	(247)	(486)	196%	(1%)	(1%)
Revaluation reserves – net	(13)	(7)	(6)	96%	0%	0%
Retained earnings	6,054	4,623	1,431	31%	12%	12%
Non-controlling interest	6,896	6,056	840	14%	14%	16%
<b>Total Equity</b>	<b>15,527</b>	<b>13,748</b>	<b>1,779</b>	<b>13%</b>	<b>31%</b>	<b>36%</b>

## ASSETS

### *13% decrease in Cash and Cash Equivalents*

Decreased to ₱797.18 million from ₱917.17 million due to additional safety and health equipment, rapid testing, and donations to aid the Company's customers, employees, and community during COVID.

### *5% increase in Accounts Receivable (including Non-Current Portion)*

Increased to ₱6.14 billion from ₱5.88 billion mainly due to reclassification of customer's outstanding receivable on fully completed units in Mivesa Garden Residences, Latitude, and Villa Casita North from contract assets to accounts receivable.

### *56% increase in Contract Assets (including Non-Current Portion)*

Increased to ₱13.86 billion from ₱8.89 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

### *46% decrease in Deposits on Land for Future Development (including Non-Current Portion)*

Decreased to ₱699.77 million from ₱1.29 billion as fully paid land purchases were reclassified to raw land inventory. Additional deposits on land for the year amount to ₱868.10 million.

### *42% increase in Real Estate Inventory*

Increased to ₱13.40 billion from ₱9.45 billion driven by unsold inventory on newly projects launched during the year and ₱1.46 billion fully paid raw land reclassified from deposits on land to real estate inventory.

### *121% increase in Due from Related Parties*

Transactions paid by CLI on behalf of its related parties increased to ₱21.95 million from ₱9.95 million mainly from cash advances to shareholders, entities under common ownership, and associates.

### *33% increase in Prepayments and Other Current Assets*

Increased to ₱3.02 billion from ₱2.27 billion coming from advances to suppliers and subcontractors; prepaid commissions and related input VAT on construction materials purchased.

### *693% increase in Investment in Associates*

Increased to ₱129.85 million from ₱16.38 million mainly from investment to ICOM during the year amounting to ₱96.40 million.

### *81% increase in Property and Equipment – Net*

Increased to ₱643.39 million from ₱355.12 million with the construction of new offices and branches to support CLI's expanding developments.

### *444% increase in Right-of-Use Asset and 495% increase in Lease Liabilities*

Right-of-use asset and lease liability increased to ₱950.90 million and ₱834.73 million, respectively, with recognition of the high-value leasehold rights acquired on the 43-year land lease for Cebu Business Park Office during the year.

### *13% increase in Investment Properties – Net*

Increased to ₱10.09 billion from ₱8.90 billion attributed to ongoing construction on recurring income projects and businesses.

### *162% increase in Other Non-Current Assets*

Increase in this account is attributed to the advances and down payments made by the company to its contractors for the construction packages made for the company's projects.

## LIABILITIES

### *41% increase in Interest-Bearing Loans and Borrowings (including Non-Current Portion)*

Increased to ₱23.79 billion from ₱16.85 billion mainly from the ₱8.00 billion Corporate Notes issued during the year.



*29% increase in Trade and Other Payables (including Non-Current Portion)*

Increased to ₱7.48 billion from ₱5.78 billion representing outstanding obligations to subcontractors and suppliers of construction materials.

*27% increase in Contract Liabilities*

Increased to ₱533.00 million from ₱419.00 million due to increase in collections from buyers with units that have a relatively lower stage of progress completion versus the amount paid.

*495% Increase in Lease Liabilities*

Due to new lease contracts of the company which are 1) 43-year lease contract entered by the company for a property in Cebu Business Park to develop Masters tower project and 2) 40-year lease contract entered by CLI with the Archdiocese of Cebu for a property in Colon, Cebu called Patria de Cebu.

*50% increase in Deferred Tax Liabilities*

Increased to ₱1.69 billion from ₱1.12 billion due to additional recognized tax liability on taxable temporary differences.

## **EQUITY**

*196% increase in Treasury Shares*

On March 27, 2020, the Board of Directors of CLI approved an additional ₱500.00 million stock buy-back program to support CLI's stock price and take advantage of the current low valuation for the next two years. Treasury shares purchased during the period amount to ₱485.66 million.

*96% increase in Revaluation Reserves*

Increased to ₱12.88 million from ₱6.59 million due to an increase in estimated loss on remeasurement of post-employment defined benefit obligation.

*31% increase in Retained Earnings*

Due to the Net income recognized during the period.

*14% increase in NCI*

Increased to ₱6.90 billion from ₱6.06 billion due to the additional paid-in capital during the year to fund joint ventures, Cebu Homegrown Developers, Inc., Cebu BL Ramos Ventures, and GGTT Realty Corporation.

## **FY 2019 vs. FY 2018**

CLI posted a consolidated NIAT growth of 12%, from ₱2.17 billion to ₱2.44 billion. CLI's NIAT likewise increases to ₱2.02 billion, solid earnings growth of 17% y-o-y as compared to the ₱1.67 billion in 2018. The favorable result is driven from the construction progress of the following ongoing projects: MesaVirre Garden Residences in Bacolod, Velmiro Uptown in CDO, 38 Park Avenue and Casa Mira South in Cebu, and MesaTierra Garden Residences in Davao.

For 2019, CLI registered an EPS of ₱1.21 per share, a notable 23% increase from the ₱0.98 EPS in 2018.

In Millions	December 2019	December 2018	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2019	2018
			Amount	%		
<b>Revenue</b>	₱8,499	₱6,763	₱1,736	26%	100%	100%
<b>Cost of Sales and Services</b>	(4,301)	(3,136)	(1,165)	37%	(51%)	(46%)
<b>Gross Profit</b>	<b>4,198</b>	<b>3,627</b>	<b>571</b>	<b>16%</b>	<b>49%</b>	<b>54%</b>
<b>Operating Expenses</b>	(1,145)	(894)	(251)	28%	(13%)	(13%)
<b>Income from Operations</b>	<b>3,053</b>	<b>2,733</b>	<b>320</b>	<b>12%</b>	<b>36%</b>	<b>40%</b>
<b>Interest Expense</b>	(45)	(133)	88	(66%)	(1%)	(2%)
<b>Other Operating Income</b>	53	33.5	19.5	58%	1%	0%
<b>Other Gains / Losses</b>	120	(26)	146	562%	1%	0%

In Millions	December 2019	December 2018	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2019	2018
			Amount	%		
Profit before Tax	3,181	2,608	573	22%	37%	39%
Tax Expense	(744)	(439)	(305)	69%	(9%)	(6%)
Consolidated Net Income	2,438	2,169	269	12%	29%	32%
Non-Controlling Interest	(426)	(502)	76	(15%)	(5%)	(7%)
Parent Net Income	2,012	1,667	345	21%	24%	25%

## REVENUES

For the period ending December 31, 2019, total consolidated revenues reached ₱8.50 billion, 26% higher than from ₱6.76 billion reported y-o-y. The growth was mainly driven by its Garden Series, a mid-market segment, representing 37% of revenue, 30% for Premier Masters, a high-end segment, and 30% for Casa Mira, an economic housing segment. In 2018, Garden series represented 45% of the total revenue, 28% from Casa Mira Series and 19% from Premier Masters.

In 2019, 38 Park Avenue, a high-end segment project in Cebu, posted the highest revenue growth in 2019, followed by Casa Mira South, an economic housing project, and MesaVirre Garden Residences and Velmiro Uptown CDO, both mid-market projects.

In terms of location, the CLI's real estate revenue presence in Cebu remains to be strong representing 56% of the total revenues, followed by CDO's revenue of 14% and Bacolod of 12%. In 2018, Cebu's real estate revenue generated 64% of the total revenues, while Davao and CDO posted significant contributions of 12% and 11%, respectively. The Company expects to grow revenue contribution of its expansion areas such as Iloilo, Davao, Bohol, and Puerto Princesa in 2020.

The rental revenue grew by 10% y-o-y to ₱63.16 million from ₱57.48 million. This was attributable to the Company's 60% increase in GLA to 14,296 sq.m. with the recent turnover of Base Line Retail (5,216 sq.m. GLA), Base Line HQ (1,721 sq.m. GLA) and Casa Mira Towers Labangon (1,124 sq.m. GLA) in Cebu.

## COST OF SALES

CLI reported a total cost of sales of ₱4.30 billion in 2019, a 37% y-o-y increase from the prior year of ₱3.14 billion. The increase was in line with the growth of the Company's revenue.

## OPERATING EXPENSES

Total operating expenses for the year amounted to ₱1.15 billion, a 28% increase from ₱893.89 million in 2018 to support the Company's expansion. The increase was primarily attributed to higher commissions and incentives and transfer taxes which resulted from the stronger sales performance as 13 projects were launched during the year. Salaries and employee benefits posted 40% growth due to increase manpower to support the CLI's increase in operations.

## INTEREST EXPENSES

Borrowing costs, both booked as cost of real estate sale and outright expense, for the year decrease from ₱176.95 million to ₱169.53 million due to interest cost savings during 2019. Total interest cost capitalized as real estate inventory amounted to ₱802.55 million, from ₱242.24 million y-o-y, as more debt was availed in 2019 to support the Company's planned capital expenditures including land banking initiative and project development. This included the ₱2.00 billion corporate notes issued in 2019 and ₱5.00 billion corporate notes issued in 2018.

## OTHER INCOME/ EXPENSE

The Company's other operating income likewise increased to ₱53.00 million from ₱33.50 million due an increase in administrative fees charged to the customers. During the year, the company has also recognized an increase in other gains and losses from loss o ₱26.00 million to a gain of ₱120.00 million due to the booked forex gain on the settlement of payables denominated in foreign currency.

Furthermore, the company has recognized an increase in tax expense of 69% from ₱439.00 million to ₱744.00 million attributable to the increase in taxable net income.

**As of December 31, 2019 vs December 31, 2018**

CLI's balance sheet continues to be solidly positioned to support the Company's growth plans. As of December 31, 2019, the Company reported ₱38.28 billion in total assets, a 51% growth from ₱25.43 billion as of December 31, 2018. This is driven by the increased volume of customer receivables due to increase in real estate reservation sales and revenue.

In Millions	December 2019	December 2018	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2019	2018
			Amount	%		
Cash and cash equivalents	₱917	₱949	(₱32)	(3%)	2%	4%
Receivables – net	5,876	4,039	1,837	45%	15%	16%
Contract assets – net	8,893	5,442	3,450	63%	23%	21%
Deposits on land for future development	1,289	1,755	(465)	(27%)	3%	7%
Real estate inventories	9,447	6,257	3,190	51%	25%	25%
Due from related parties	10	21	(11)	(53%)	0%	0%
Prepayments and other current assets	2,266	864	1,401	162%	6%	3%
Investments in associates	16	11	5	46%	0%	0%
Property and equipment – net	355	326	29	9%	1%	1%
Right-of-use assets	175	0	175	100%	0%	0%
Investment properties – net	8,905	5,699	3,206	56%	23%	22%
Fair value of plan assets – net	6	0	6	100%	0%	0%
Other non-current assets – net	129	65	64	99%	0%	0%
<b>Total Assets</b>	<b>38,283</b>	<b>25,428</b>	<b>12,856</b>	<b>51%</b>	<b>100%</b>	<b>100%</b>
Interest-bearing loans and borrowings	16,847	10,641	6,205	58%	44%	42%
Trade and other payables	5,784	2,403	3,381	141%	15%	9%
Contract liabilities	419	458	(39)	(9%)	1%	2%
Customers' deposits	191	43	148	347%	0%	0%
Lease liabilities	140	0	140	100%	0%	0%
Income tax payable	30	18	12	68%	0%	0%
Post-employment defined benefit obligation	0	6	(6)	(100%)	0%	0%
Deferred tax liabilities – net	1,125	537	588	109%	3%	2%
<b>Total Liabilities</b>	<b>24,535</b>	<b>14,106</b>	<b>10,430</b>	<b>74%</b>	<b>64%</b>	<b>55%</b>
Capital stock	1,714	1,714	0	0%	4%	7%
Additional paid-in capital	1,609	1,609	0	0%	4%	6%
Treasury shares	(247)	(212)	(35)	16%	(1%)	(1%)
Revaluation reserves – net	(7)	(12)	6	-47%	0%	0%
Retained earnings	4,623	2,943	1,680	57%	12%	12%
Non-controlling interest	6,056	5,281	775	15%	16%	21%
<b>Total Equity</b>	<b>13,748</b>	<b>11,322</b>	<b>2,426</b>	<b>21%</b>	<b>36%</b>	<b>45%</b>

**ASSETS**

*3% decrease in Cash and Cash Equivalents*

Declined to ₱917.17 million from ₱949.16 million due to increase in cash outflows for purchase of land

and payment to project suppliers and contractors during the year.

*45% increase in Receivables (including Non-Current Portion)*

Increased to ₱5.88 billion from ₱4.04 billion is in line with increase in real estate reservation sales and revenues as construction progress of the units sold are moved to receivables accounts.

*63% increase in Contract Assets (including Non-Current Portion)*

Increased to ₱8.89 billion from ₱5.44 billion is in line with increase in real estate reservation sales and revenues as progress in construction of sold units. Contract assets are yet to be due once projects are fully completed.

*27% decrease in Deposit on Land for Future Development (including Non-Current Portion)*

Decreased to ₱1.29 billion from ₱1.75 billion due to increased project developments during 2019.

*51% increase in Real Estate Inventory*

This refers to the cost of land and development costs of real estate properties that are being developed, and those that are already available for sale. The increase to ₱9.45 billion from ₱6.26 billion is due to progress in construction of ongoing projects.

*53% decrease in Due from Related Parties*

Transactions paid by CLI on behalf of its subsidiaries and affiliates decreased to ₱9.95 million from ₱21.15 million as of December 31, 2018.

*162% increase in Prepayments and Other Current Assets*

Increased to ₱2.27 billion from ₱864.14 million is due to prepayments and input VAT to owner supplied materials to support 38 projects in construction in 2019 versus 24 projects in 2018.

*46% increase in Investments in Associates*

Increased to ₱16.38 million from ₱11.21 million significantly due to incorporation of new joint ventures and affiliates, such as CHDI, YHESPH, and TWDC, during the year.

*9% increase in Property and Equipment – Net*

Increased to ₱355.00 billion from ₱326.00 billion is attributable to office expansion of the company to support the increasing manpower and operations.

*100% increase in Right-of-Use Asset*

Recognition of right-of-use asset from the leasehold rights acquired on leased units classified as finance lease due to implementation of PFRS 16, *Leases*, starting January 1, 2019.

*56% increase in Investment Properties – Net*

Increased to ₱8.90 billion from ₱5.70 billion is attributable to the ongoing construction progress of properties held to earn rental income and/or for capital appreciation.

*100% increase in Fair Value of Plan Assets – net*

Recognition of plan assets – net of liability due to plan contributions exceeding the present value of retirement obligation.

*99% increase in Other Non-Current Assets – Net*

Increased to ₱128.87 million from ₱64.66 million due to additional purchase of computer software and long-term deposits with suppliers.

## **LIABILITIES**

*58% increase in Interest Bearing Loans (including Non-Current Portion)*

Increased to ₱16.85 billion from ₱10.64 billion due to new loan availments made during the year to fund the Company's ongoing projects in construction.

*141% increase in Trade and Other Payables (including Non-Current Portion)*

Increased to ₱5.78 billion from ₱2.40 billion due to increase in payables and accruals to various suppliers and contractors arising from the increased volume of projects in construction.

*9% decrease in Contract Liabilities*

Decreased to ₱419.00 million from ₱458.00 million due to increase in progress completion of units relative to the amount paid by buyers.

*347% increase in Customer Deposit*

Due to the increase in collections from buyers where the revenue criteria for sales recognition have not been met. Increased to ₱191.00 million from ₱43.00 million is in line with increase in reservation sales and project launches during the year.

*68% increase in Income Tax Payable*

Increased to ₱29.73 million from ₱17.73 million due to the higher taxable income.

*100% decrease in Post Employment Defined Benefit Obligation*

Due to availment of the benefit.

*109% increase in Deferred Tax Liabilities – Net*

Increased to ₱1.12 billion from ₱537.04 million due to increase in recognized tax liability on taxable temporary difference in net income.

## **EQUITY**

*16% increase in Treasury Shares*

Increased to ₱247.19 million from ₱212.46 million due to the 8.32 million shares repurchased during the year in relation to its share buy-back program.

*47% decrease in Revaluation Reserve*

Decreased to ₱6.59 million from ₱12.43 million due to the other comprehensive income remeasurements of post-employment defined benefit plans. This is in line with the decrease in post-employment defined benefit liabilities.

*57% increase in Retained Earnings*

Increased to ₱4.62 billion from ₱2.94 billion due to the accumulation of earnings for the year after reducing the ₱332.59 million dividends paid in 2019.

*15% increase in NCI*

Increased to ₱6.06 billion from ₱5.28 billion is significantly due to incorporation of new joint ventures and affiliates investments during the year.

## **OTHER DISCLOSURES RELATED TO THE COMPANY'S FINANCIAL CONDITION AND OPERATIONS**

1. There are no known trends or demands, commitments, events, or uncertainties that will reasonably affect the Company's liquidity.
2. There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation. As of December 31, 2022 and 2021, the Group has capital commitments of about ₱8.81 billion and ₱8.35 billion, respectively, for the construction of real estate inventories, property and equipment, and investment properties.

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations that are not reflected in the consolidated financial statements. As at September 30, 2023 and December 31, 2022, management is of the opinion that losses, if any, from these items will not have a material effect on the Group's consolidated financial statements.

3. There are no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

4. For the last three fiscal years, there are no significant elements of income or loss that arose from the Company's continuing operations.
5. There are no material changes from period to period outside of normal real estate operating cycle.
6. There are no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

## KEY PERFORMANCE INDICATORS

CLI uses a range of financial and operational KPIs to help measure and manage its performance. These KPIs reflect the Company's continuous focus on efficiency, cost control and profitability across all its operations.

Management considers the following as KPIs:

	2019	2020	2021	2022	Sep 30, 2023
Gross Profit Margin <sup>1</sup>	49%	48%	46%	47%	47%
Net Income Margin <sup>2</sup>	29%	25%	24%	23%	23%
EBITDA <sup>3</sup>	₱3.38 billion	₱3.29 billion	₱3.71 billion	₱5.63 billion	₱5.28 billion
EBITDA Margin <sup>4</sup>	40%	40%	33%	36%	41%
Interest Coverage Ratio <sup>5</sup>	6.52	4.69	3.94	5.23	4.01
Return on Average Assets <sup>6</sup>	8%	5%	5%	5%	3%
Return on Average Equity (Parent) <sup>7</sup>	29%	23%	27%	26%	17%
Return on Average Equity (Consolidated) <sup>7</sup>	19%	14%	16%	19%	13%
Current Ratio <sup>8</sup>	2.56	2.41	1.67	1.61	1.56
Net Debt-to-Equity Ratio <sup>9</sup>	1.16	1.48	1.72	1.84	1.82
Debt-to-Equity Ratio <sup>10</sup>	1.23	1.53	1.79	1.90	1.88

	YTD September 30, 2023	YTD September 30, 2022
Gross Profit Margin <sup>1</sup>	47%	45%
Net Income Margin <sup>2</sup>	23%	22%
EBITDA <sup>3</sup>	₱5.28 billion	₱3.84 billion
EBITDA Margin <sup>4</sup>	41%	35%
Interest Coverage Ratio <sup>5</sup>	4.01	3.69
	<b>As of September 30, 2023</b>	<b>As of December 31, 2022</b>
Return on Assets <sup>11</sup>	3%	3%
Return on Equity (Parent) <sup>7</sup>	17%	19%
Current Ratio <sup>8</sup>	1.56	1.72
Net Debt-to-Equity Ratio <sup>9</sup>	1.82	1.83
Debt-to-Equity Ratio <sup>10</sup>	1.88	1.89

1. Gross Profit Margin is gross profit as a percentage of revenues.
2. Net Income Margin is consolidated net income as a percentage of revenues.
3. EBITDA is defined as earnings before interest, tax, depreciation, and amortization from continuing operations, and before exceptional items. Please see table below for EBITDA calculation.
4. EBITDA margin is EBITDA as a percentage of revenues based on the EBITDA calculation below.
5. Interest Coverage ratio is computed by dividing EBITDA to interest paid during the period. For purposes of the covenants, the ratio shall be computed using 12-months trailing EBITDA plus cash balance over interest due for the next year.
6. Return on Average Assets is net income as a percentage of the average assets as at year-end and assets as at end of the immediately preceding year.

7. *Return on Average Equity is net income as a percentage of the average of the equity as at year-end and equity as at end of the immediately preceding year.*
8. *Current Ratio is current assets divided by current liabilities.*
9. *Net Debt-to-Equity Ratio is interest bearing debt less cash and cash equivalents over total equity.*
10. *Debt-to-Equity Ratio is total liabilities over total equity.*
11. *Return on Assets is net income\* as a percentage of assets.*

\* ROE and ROA are computed based on the projected net income for the year.

Below is the reconciliation of "Consolidated Net Income" to "EBITDA".

	September 30, 2023	December 31,		
		2022	2021	2020
<b>Consolidated net income</b>	3,028,090,468	3,607,891,146	2,670,871,617	2,075,727,321
<b>Interest expense</b>	1,088,495,530	693,032,860	488,104,403	396,768,272
<b>Tax expense</b>	1,025,144,337	1,159,713,237	432,719,044	715,853,587
<b>Depreciation and amortization</b>	134,725,936	170,626,662	121,798,863	104,119,622
<b>EBITDA</b>	<b>5,276,456,271</b>	<b>5,631,263,905</b>	<b>3,713,493,927</b>	<b>3,292,468,802</b>

The Company's Gross Profit Margin is dependent on the mix of revenue during the period. For the first nine months of 2023, CLI's Gross Profit Margin increased from 46%, this is due to the higher contribution of premier projects which generated higher margins (31%) compared to only 24% in 2022. Additionally, recurring projects posted lesser revenue contributions during the year, these projects have Gross Profit Margins with over 50% to 60%. Meanwhile, Net Income Margin remains healthy at 23%.

For the period ended September 30, 2023, all other ratios remain healthy with Return on Assets at 5% and Return on Equity (Parent) at 25%. Net Debt to Equity ratio improved to 1.82x from 1.84x to from the capital infusions attributed to joint venture projects. The Company's current ratio projects ample liquidity at 1.56x.

Management together with key officers continue to effectively handle their respective operations and financial requirements despite the pandemic. As a result, CLI's financial position remains liquid and strong.

#### KPIS; CERTAIN FINANCIAL RATIOS

The existing notes facility agreements to which CLI is a party require that it should comply with certain financial ratios, with testing to be done on an annual basis and using CLI's year-end audited consolidated financial statements. The table below reflects the covenants under such notes facility agreements.

Financial Ratios (Consolidated)	Relevant Definitions	Required Ratios under Notes Facility Agreement	2019	2020	2021	2022
Debt to Equity Ratio	Debt-to-Equity Ratio means the result obtained by dividing (i) the amount of interest-bearing liabilities of the Issuer by (ii) the total Equity of the Issuer, in each case as appearing in the latest consolidated audited balance sheet of the Issuer.	A maximum ratio of 2.5:1	1.23	1.53	1.79	1.90
Current Ratio	Current ratio is computed by dividing (i) Total Current Assets over (ii) Current	A minimum ratio of 1:1	2.56	2.41	1.67	1.61

<b>Financial Ratios (Consolidated)</b>	<b>Relevant Definitions</b>	<b>Required Ratios under Notes Facility Agreement</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	Liabilities.					
Interest Coverage Ratio	<p>Interest coverage ratio is computed by dividing EBITDA to interest paid during the period.</p> <p>For purposes of the covenants, the ratio shall be computed using 12-months trailing EBITDA plus cash balance over interest due for the next year.</p>	A minimum ratio of 3:1	6.57	4.69	3.94	5.23



## MANAGEMENT AND CERTAIN SECURITY HOLDERS

### BOARD AND SENIOR MANAGEMENT

The overall management and supervision of the Company is vested in its board of directors. The Company's officers and management team cooperate with its Board by preparing relevant information and documents concerning the Company's business operations, financial condition, and results of operations for its review and action. At present, the Board consists of nine members, including three independent directors in accordance with the requirements of the SRC and the SEC's New Code of Corporate Governance for Publicly Listed Companies. The CLI Board is composed of directors with collective working knowledge, experience, and expertise that are relevant to the real estate industry. The CLI Board has an appropriate mix of competence and expertise and they remain qualified for their positions individually and collectively. All of CLI's directors were re-elected during the Company's annual stockholders' meeting held on June 1, 2023.

#### Members of the Board of Directors

The following are the members of the Board of Directors of CLI:

Name	Age	Position	Citizenship
Jose R. Soberano III	67	Chairman of the Board	Filipino
Ma. Rosario B. Soberano	65	Director	Filipino
Jose Franco B. Soberano	37	Director	Filipino
Beauregard Grant L. Cheng	42	Director	Filipino
Joanna Marie B. Soberano-Bergundthal	36	Director	Filipino
Rufino Luis T. Manotok	73	Independent Director	Filipino
Ma. Aurora D. Geotina-Garcia	73	Independent Director	Filipino
Atty. Ma. Jasmine S. Oporto	64	Independent Director	Filipino
Stephen A. Tan	67	Director	Filipino

The qualifications of the Directors, including their current and past positions held and business experiences, are set forth below:

- *Jose R. Soberano III* has been the Company's Chairman, CEO, and President since its incorporation. He obtained a Bachelor of Arts degree in Economics from the Ateneo De Manila University in 1976 and completed the Strategic Business Economics Program at the University of Asia and Pacific in 2000. In 2015, he completed the Advanced Management Development Program in Real Estate from the Harvard University Graduate School. He previously worked for the Ayala Group of Companies for over 23 years, including various stints in Ayala Investment, Bank of the Philippine Islands, and in Ayala Land, Inc., where he was appointed Senior Division Manager in 1997. He was Vice-President of Cebu Holdings, Inc., the pioneer Ayala Land subsidiary in Cebu City when he resigned in 2000 from Ayala. He served as President of the Rotary Club of Cebu 2011, and President of the Chamber of Real Estate Builders Association-Cebu in 2010. He is currently the (i) Chairman of the Board of the Center for Technology and Enterprise Inc., a socially oriented instruction that offers technical training to less privileged youth; (ii) President of Sri Visayan Foundation Inc and Cebu Country Club, Inc.; (iii) Director and Treasurer of Sugbu Chinese Heritage Museum Foundation Inc.; and (iv) Independent Director of Maybank Investment Banking Group Philippines. Mr. Jose R. Soberano III has more than 20 years of experience in managing and heading companies engaged in real estate development.

- *Ma. Rosario B. Soberano* has served as the Director, Treasurer, and Executive Vice President of the Company since 2003. She received a Bachelor of Science major in Accountancy degree in 1979 and graduated summa cum laude from St. Theresa's College in Cebu. She also obtained a Master's Degree in Business Administration from the University of the Philippines ("UP") – Cebu in 1983. She is a Certified Public Accountant and a licensed real estate broker duly registered with the Professional Regulations Commission and Department of Human Settlements and Urban Development.
- *Jose Franco B. Soberano* has served as Director of the Company since 2010 and joined the Company as COO and Senior Vice-President in 2010. He received a degree in Bachelor of Science in Management, major in Legal Management and minor in Finance, from the Ateneo de Manila University in 2007. In 2012, he obtained a Master's Degree in Real Estate Development from Columbia University in New York City. Prior to joining the Company, he was a project manager at Hewlett-Packard Asia Pacific (HK) Ltd. He is a founding member of the Global Shapers – Cebu Hub, an initiative of the World Economic Forum, and is President of the Sacred Heart School – Ateneo de Cebu Alumni Association since 2014.
- *Beauregard Grant L. Cheng* is currently the CFO and Executive Director of CLI and has occupied such positions since 2019. Before joining CLI, he was a Senior Deal Manager with a rank of Vice-President at BDO Capital & Investment Corporation. He led his project teams in managing various complex capital market transactions and advised companies in a broad array of industries on corporate restructuring and reorganization. Previously, he was a private banker based in Singapore handling accounts for high-net-worth individuals and institutions. He is a registered Chartered Financial Analyst ("CFA") Charter holder and is a member of the CFA Philippines Society. He earned his degree in Bachelor of Science in Manufacturing Engineering and Management as a Star Scholar from De La Salle University Manila and graduated Magna Cum Laude. He was awarded as one of the Top Ten Outstanding Students of the Philippines by the Philippine President. He earned his Masters of Science in Wealth Management with distinction from Singapore Management University and Swiss Finance Institute in Zurich.
- *Joanna Marie B. Soberano-Bergundthal* has served as Director of the Company since 2010 and joined the Company as Vice President and Marketing Director in July 2016. She earned from the University of Asia and the Pacific both her Bachelor and Master of Arts in Communication, Major in Integrated Marketing Communication in 2008 and 2009 respectively. She was Top 1 of her Batch 2008. Prior to joining the Company, she was a Marketing Manager of the Global Team of Nestle based in Switzerland from June 2014 to August 2015 and was Marketing Project Manager based in Thailand from August 2015 to June 2016. In October 2013 to May 2014, she worked as a Marketing Manager of Nestle Philippines.
- *Rufino Luis T. Manotok* joined as one of the Company's Independent Directors in February 2017. He finished Advanced Management Program of Harvard Business School in 1994. He earned his Master of Business Management degree from the Asian Institute of Management in 1973, and Bachelor of Arts, major in Economics from the Ateneo de Manila University in 1971. He is currently an Independent Director of First Metro Investment Corporation and was the Chairman and President of Ayala Automotive Holdings Corporation from 2009 to 2012. From 2007 to 2009, he was Ayala Corporation's Senior Managing Director, CFO, and Chief Information Officer. He was Managing Director, heading Strategic Planning Group of Ayala Corporation from 1998 to 2006.
- *Ma. Aurora D. Geotina-Garcia* joined as one of the Company's Independent Directors in February 2017. She received her Bachelor of Science in Business Administration and Accountancy degree from UP in 1973. She completed her Master of Business Administration ("MBA") from the same university in 1978. She headed SyCip Gorres Velayo & Co.'s ("SGV & Co.") Global Corporate Finance Division from 1992 until her retirement from the partnership in 2001. She was a Senior Adviser to SGV & Co. from the time of her retirement until September 2006. She has served as a consultant to businesses and the government for over 30 years in the area of corporate finance.

She is presently the President of Mageo Consulting Inc. since March 2014, President of CIBA Capital Philippines Inc. since December 2008, and an Independent Director of Queen City Development Bank since 2009.

- *Atty. Ma. Jasmine S. Oporto* joined the Board of Directors of CLI as an Independent Director in August 2018. She obtained her Bachelor of Laws from the UP College of Law, and Bachelor of Landscape Architecture from the same university. She also attended Comparative International and American Law Program of the Center for American and International Law. She is an experienced Chief Legal Officer, Chief Compliance Officer, and Corporate Secretary and has worked in said capacity with publicly listed companies like Aboitiz Equity Ventures, Inc. and Aboitiz Power Corporation. She is also a certified Compliance & Risk Management Professional with the GRC Institute of Australia. In her legal practice, she has intensive experience in working with wide network of external and in-house legal counsels for labor, commercial litigation, securities law, power industry regulation, land, infrastructure capital, and general corporate law.
- *Stephen A. Tan* has been a member of the CLI board as Non-Executive Director since 2019. He is a Certified Public Accountant and a holder of an MBA, with distinction, from Katholieke Universiteit te Leuven in Belgium and a Bachelor of Science in Management Engineering from Ateneo de Manila University. He is also a Hubert H. Humphrey (Fulbright) Fellow in Agricultural Economics at the University of California, Davis. He earned his degree in Accounting from the University of San Carlos. Prior to retiring from CLI as CFO in May 2019, he has also served as CFO and Treasurer at various companies engaged in real estate development, construction, food, and shipbuilding, among others. For more than 30 years, he has been a part-time MBA professor in leading universities in Cebu City.

#### **Executive Officers and Key Personnel**

The following persons are the key executive officers and other officers<sup>4</sup> of CLI:

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Citizenship</b>
Jose R. Soberano III	67	President and CEO	Filipino
Ma. Rosario B. Soberano	65	Treasurer and Executive Vice-President	Filipino
Jose Franco B. Soberano	37	COO and Executive Vice President	Filipino
Beauregard Grant L. Cheng	42	Chief Financial Officer	Filipino
Joanna Marie B. Soberano-Bergundthal	36	Senior Vice-President for Marketing and Assistant Treasurer	Filipino
Janella Mae S. Wu	30	Assistant Vice President for Customer Relations and Corporate Communications	Filipino
Atty. Alan C. Fontanosa	61	Corporate Secretary	Filipino
Atty. Larri-Nil G. Veloso	45	First Vice-President for Legal and Assistant Corporate Secretary	Filipino
Atty. John Edmar G. Garde	35	Compliance Officer, Senior Manager	Filipino
Marilou P. Plando	48	Assistant Vice-President for Risk Management and Chief Risk Officer	Filipino

<sup>4</sup> Officers identified in the latest General Information Sheet of CLI.

Name	Age	Position	Citizenship
Engr. Pedrito A. Capistrano, Jr.	60	First Vice-President for Engineering	Filipino
Marie Rose C. Yulo	55	First Vice-President for Sales	Filipino
Sylvan John M. Monzon	48	Vice-President for Business Development	Filipino
Mark Leo M. Chang	45	Vice-President for External Affairs	Filipino
Rhodora M. Vicencio	50	Vice-President for Property Management	Filipino
Atty. James Abadia	44	Assistant Vice-President for Business Development	Filipino
Julieta R. Castaños	44	Assistant Vice-President for Business Development	Filipino
Clarissa Mae A. Cabalda	34	Investor Relations Officer, Assistant Vice-President for Corporate Finance	Filipino
Suzette Go	53	Data Protection Officer	Filipino

For the description of the business experience of and, as applicable, other directorships of Mr. Jose R. Soberano III, Ma. Rosario B. Soberano, Jose Franco B. Soberano, Beauregard Grant L. Cheng, and Joanna Marie B. Soberano-Bergundthal, please refer to the description set out under the section “Members of the Board of Directors”.

For the other key executive officers and other officers, please see below description.

- *Janella Mae S. Wu* joined the Company as Corporate Communications and Customer Relations Head in January 2020. She obtained her Bachelor of Arts in Integrated Marketing Communications degree from the University of Asia and the Pacific, Manila in 2013 and completed her Master of Science in Strategic Communications at Columbia University, New York in 2020. Prior to graduate school, she worked for the Company as Marketing Manager from 2017 to 2018 and United Laboratories as Brand Manager from 2013 to 2017. She is the daughter of Jose R. Soberano III and Ma. Rosario B. Soberano.
- *Atty. Alan C. Fontanosa* is the Corporate Secretary of CLI. He is a partner at the law firm, SyCip Salazar Hernandez & Gatmaitan (“**SyCip**”). He is also the partner in charge of SyCip’s Cebu Office. He obtained his undergraduate and law degree from the University of San Carlos and was admitted to the Philippine Bar in 1988.
- *Atty. Larri-Nil G. Veloso* is the Vice-President for Legal and serves as the Company’s Assistant Corporate Secretary. An experienced practitioner in Corporate Law, he holds a Bachelor of Arts in Mass Communication from UP and earned his Bachelor of Laws from the University of Southern Philippines Foundation. While finishing law school, he worked for print and online newspapers, occupying various positions in progression from correspondent, staff reporter, copy editor, copywriter, junior editor, group editor, to managing editor. Prior to joining the Company, he was the Corporate Legal Counsel of InfoWeapons Corporation, an American-owned software company specializing in networking appliances, and later promoted as General Manager. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.
- *Atty. John Edmar G. Garde* is the Compliance Officer of CLI. Prior to joining CLI as Legal Counsel-Corporate Finance, he served as Manager/Director in the Business Tax Services of SGV & Co. He

graduated cum laude from the University of San Carlos with a degree in Bachelor of Science in Management Accounting. He also received his law degree from the same university. He is also a Certified Compliance Officer, having garnered the highest rating and certificate of excellence during the 2021 Certification Course for Compliance Officers of the Center for Global Best Practices.

- *Marilou P. Plando* is the Assistant Vice President for Risk Management and Chief Risk Officer of CLI since 2021. Prior to working with CLI, she worked with Aboitiz Equity Ventures as its Legal Business Administrator from 2011 to 2016 then as its Enterprise Risk Manager from 2016 to 2018.
- *Engr. Pedrito A. Capistrano Jr.* is the Vice-President for Engineering of the Company. He is a licensed engineer in the field of Civil Engineering and Geodetic Engineering. He has been working with the Company since August 2011 when he was hired as Project Manager. His more than 34 years of experience has established his solid foundation and credibility in the *construction* and allied fields. Some of the established companies he had worked for were Filinvest Land Inc., Robinsons Land Corporation, Cebu Industrial Park Developers, Inc., AboitizLand, Inc., and Aboitiz Construction Group, Inc. He finished his Bachelor of Science degree in Civil Engineering at Cebu Institute of Technology University in Cebu City and earned his Master of Science in Management Engineering from University of the Visayas also in Cebu City. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.
- *Marie Rose C. Yulo* is the Company's Vice-President for Sales. Prior to this, she was the Assistant Vice-President for both Sales and Marketing from March 2011 until August 2016 when the Company spun off its marketing unit as a separate department to provide focused *attention* to the equally challenging marketing and branding initiative of the Company. She also has significant experience in the areas of travel and tours and banking. She completed her Bachelor of Science degree in Business Administration at the University of San Carlos and earned MBA units from the University of the Visayas. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.
- *Sylvan John M. Monzon* is the Vice-President in-charge of business development for the Company's projects in Mindanao. Prior to CLI, he held various positions in the real estate industry for more than 20 years such as Project Development Assistant Supervisor of Cebu Holdings, Inc., Assistant COO of Ortigas and Company Limited Partnership, and as Head of Business Development of Ortigas and Company Holdings Inc. He graduated with a Bachelor of Science degree in Business Management from the University of Asia and the Pacific in Pasig City, Philippines. He also earned a Certificate in Business Economics from the same university. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.
- *Mark Leo M. Chang* is the Company's Vice-President for External Affairs. He graduated with a degree in Bachelor of Laws (Juris Doctor) from the University of San Carlos School of Law, Cebu City in 2009 and Bachelor in Business Management from UP – Cebu in 1999. In 1998, he was awarded as one of The Outstanding Student Leaders of UP – Cebu by the Junior Jaycees of UP – Cebu Chapter. He previously worked as Senior Manager for External Affairs of Cebu Holdings, Inc., a subsidiary of Ayala Land, Inc. from February 2015 to July 2017 (229ncludeng as Consultant) and as Senior Manager for Permits with Countryside Water Services under Filinvest Development Corporation from August 2017 to June 2018. He held the position of Presidential Staff Officer V functioning as Executive Assistant and Political Officer under the Office of the Presidential Political Adviser Sec. Ronaldo M. Llamas of the Office of the President from April 2011 to December 2014. He also worked as an Intern (Researcher) at SyCip – Cebu Branch from September 2005 to March 2007. He used to be the National President of the Association of Law Students of the Philippines, a federation of law student councils in the country, for Academic Year (“**AY**”) 2008-2009 and President of Lex Circle, law Student Council, for 2 terms in AY 2006-2008. He is one of the founders of Roco for President Youth Movement and Aksyon Kabataan, a youth arm of Aksyon Demokratiko,

the political party of the late Sen. Raul S. Roco in 1998. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

- *Rhodora M. Vicencio* is the Vice President for Property Management of CLI. She has 25 years of experience in property management specializing in residential and commercial real estate, facility administration and leasing. She worked in different real estate companies in the National Capital Region, Cordillera Administrative Region, Bicol Region, Western Visayas, and Central Visayas. She was also a consultant and instrumental in the set-up of local operations of Common Ground Works, Philippines from Malaysia. She graduated from the College of the Holy Spirit in Manila with a double major in Bachelor of Science in Commerce in Marketing and Management. She also attended and completed modules under the Post-Baccalaureate Program for Building and Property Management in De La Salle – College of St. Benilde.
- *Atty. James Abadia* is the Assistant Vice-President and SBU head for Visayas. He holds a law degree from the University of San Carlos. He was a public servant connected with the City of Lapu-Lapu as Legal Officer III (2005-2010) and the City of Mandaue as its City Administrator (2011-2016). He was also connected with the Ramon Aboitiz Foundation Inc. as its Vice President for Social Development and OneMeridaLand Corporation, also as Vice President. He is an associate of the Institute for Solidarity in Asia, a Non-Government Organization advocating good governance in public institutions. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.
- *Julieta R. Castaños* joined the Company as Business Unit Head for Cebu Residential Projects in March 2020. She obtained her Bachelor of Science in Accountancy from the University of San Carlos in 2000. She previously worked at Filinvest Land, Inc. for 14 years with various functions: from April 2005 to January 2009 as Branch Accountant; from January 2009 to January 2012 as Branch Operations Head; from January 2012 to May 2013 and from September 2014 to April 2018 as Senior Manager for Project Development; and from April 2018 to February 2020 as Project *Development* Head for Visayas and North Mindanao. Prior to this, she was with Aboitizland, Inc. from 2002 to 2005 where she held positions in the Accounting Department and ultimately rose to the position of Business Development Manager in March 2013 before leaving the group in September 2014. She was also elected President of the Subdivision and Housing Developers Association, Central Visayas Chapter (“**SHDA-CV**”) from 2015 to 2017 and is currently one of the Board of Advisers of SHDA-CV. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.
- *Clarissa Mae A. Cabalda* is the Investor Relations Officer and Assistant Vice-President for Corporate Finance of CLI since April 2017. She is a Certified Public Accountant and a holder of Master of Arts in Economics. She obtained her undergraduate and Master’s degree from the University of San Carlos. Prior to joining CLI, she previously worked at AboitizLand for 3 years in Corporate Finance. She has also extensive working experience in finance from reputable companies such as SM Prime Holdings, Inc. and KFC Philippines.
- *Paquita Rafols* is the Assistant Vice-President for Accounting and Tax. A Certified Public Accountant, she graduated with the degree of Bachelor of Science in Commerce major in accounting, magna cum laude. She also graduated with a degree of Bachelor of Laws from the University of San Carlos. Prior to CLI, she was AVP for Corporate Services of Aboitiz Power Corporation (APC)-Oil Group and AVP for accounting in Mindanao for Hydro and Oil-fired diesel power plants. Before moving to APC, she was AVP-Comptroller of FBMA Marine, Inc. for 13 years, a ship-building subsidiary of the Aboitiz group of companies. She also spent her career in public practice, as a Managing Consultant at Price Waterhouse handling audit, management, and tax advisory engagements.

- *Suzette Go* is the Data Protection Officer and an IT Project Manager. Before joining CLI in November 2021, Miss Go had experience as an Information Systems Manager, a Compliance Officer for Privacy, and an ISO Management Representative for the publicly listed company Cebu Holdings, Inc., which was a subsidiary of Ayala Land, Inc. At the beginning of her career, she was a Programmer for SM Multistores Corporation, the SM company handling the Department Stores business, and was a Junior Programmer for Philippine Nitto Systems, a Japanese software development company.

### **Significant Employees**

Other than the Directors and Officers identified in the item on Directors and Executive Officers in this Prospectus, there are no other employees of the Company who may have significant influence in the Company's major and/or strategic planning and decision-making.

### **Family Relationships**

As of the date of this Prospectus, family relationships (by consanguinity or affinity within the fourth civil degree) between Directors and members of the Company's senior management are as follows:

1. Ma. Rosario B. Soberano (Director, Treasurer and Executive Vice-President) is the spouse of Jose R. Soberano III (Chairman of the Board, President, and CEO).
2. Jose Franco B. Soberano (Director, COO, and Executive Vice-President), Joanna Marie B. Soberano-Bergundthall (Director, Vice-President for Marketing, and Asst. Treasurer) and Janella Mae B. Soberano (Corporate Communications and Customer Relations Head) are the children of Jose R. Soberano III (Chairman of the Board, President, and CEO) and Ma. Rosario B. Soberano (Director, Treasurer, and Executive Vice-President).

Apart from the foregoing, there are no other family relationships up to the fourth civil degree either by consanguinity or affinity among directors or executive officers of the Company.

### **Involvement in Certain Legal Proceedings**

To the best of the Company's knowledge and belief and after due inquiry and save as indicated below in respect of Ma. Aurora D. Geotina-Garcia (one of the independent directors), none of the Company's other directors, executive officers, or controlling persons of the Company have, in the five-year period prior to the date of this Prospectus:

1. had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses;
3. have been the subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities, or banking activities; or
4. have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and such judgment having not been reversed, suspended, or vacated.

Ma. Aurora D. Geotina-Garcia, one of the independent directors, is a party in the following legal proceedings which were filed against her in her capacity as a former member of the Board of Directors of the Bases Conversion and Development Authority ("**BCDA**"):

1. *Criminal case for libel which is presently pending with the Court of Appeals* – The case involves statements which the BCDA caused to be published in the April 10, 2012 issue of the Philippine Daily Inquirer. At the time of publication, the accused were members of BCDA’s Board of Directors, including Ms. Geotina-Garcia. The private complainant, who is the CEO of CJH Development Corporation, contended that by these publications, the accused deliberately, maliciously, knowingly, and publicly imputed crimes, acts, and omissions against him, which supposedly tarnished, tainted, and besmirched his good name, honor, and reputation.

The trial court granted the accused’s demurrer to evidence and dismissed the case of insufficiency of the prosecution’s evidence. The dismissal was equivalent to an acquittal, which was immediately final and executory.

The private complainant filed a Petition for Certiorari dated December 9, 2020 with the Court of Appeals, alleging grave abuse of discretion on the part of the trial court in granting the accused’s demurrer to evidence and dismissing the case for insufficiency of the prosecution’s evidence. In a Resolution dated May 24, 2021, the Court of Appeals required the respondents to file a comment. The accused filed their comment dated July 19, 2021.

The Court of Appeals issued a Resolution dated 02 June 2022 directing the parties to file their respective memoranda. On 27 July 2022, the accused-respondents filed their Memorandum. Private Complainant filed his Memorandum dated 12 August 2022. The petition has been submitted for decision.

2. *Appeal from the dismissal by the Office of the Ombudsman of criminal charges for acts of the BCDA Board of Directors pending before the Supreme Court* – The case was originally filed with the Office of the Ombudsman, which was dismissed on January 15, 2016. The appeal before the Supreme Court was dismissed in a Decision dated January 13, 2021. The petitioner filed a Motion for Reconsideration dated February 9, 2022.
3. *Appeal from the dismissal by the Office of the Ombudsman of administrative charges for acts of the BCDA Board of Directors pending before the Court of Appeals* – The appeal was dismissed in a Decision dated January 30, 2018, which was affirmed in a Resolution dated May 16, 2018. Ms. Geotina-Garcia is not aware of any appeal or petition filed by CJH Development Corporation from the Court of Appeals’ rulings.

## EXECUTIVE COMPENSATION

The following table sets out the Company’s President and CEO and the five most highly compensated senior officers:

Name	Position
Jose R. Soberano III	President and CEO
Ma. Rosario B. Soberano	Executive Vice-President and Treasurer
Jose Franco B. Soberano	Executive Vice-President and COO
Beauregard Grant L. Cheng	CFO
Joanna Marie B. Soberano-Bergundthal	Vice-President for Marketing

The following table identifies and summarizes the aggregate compensation of the Company’s President & CEO and the five most highly compensated executive officers, and all other officers and directors as a group, for the period ended September 31, 2023, December 31, 2022, 2021, 2020, and 2019.

Position	Period Ended	Basic Compensation (in ₱)	Other Compensation (in ₱)
President and CEO and the four most highly compensated executive officers named above	Sept. 31, 2023	53,483,939.64	20,715,507.99
	2022	51,846,963.70	16,170,904.95
	2021	40,973,625.00	19,965,000.00



	2020	37,248,750.00	18,150,000.00
	2019	33,862,500.00	16,500,000.00
All officers and directors as a group excluding the President and four (4) most highly compensated executive officers	Sept. 31, 2023	68,942,167.35	19,157,807.00
	2022	27,578,355.39	10,607,059.77
	2021	25,071,232.18	9,642,781.61
	2020	22,792,029.26	8,766,165.10
	2019	20,720,026.60	7,969,241.00

Each of the executive officers named above executed an employment contract with the Company and is entitled to receive retirement benefits in accordance with the terms and conditions of the Company's retirement plan.

No bonuses have been declared for the Board of Directors for the last two years. For the ensuing year, the amount of bonuses to be received by the members of the Board of Directors has yet to be approved by it.

There is no plan or arrangement by which the executive officers will receive from the Company any form of compensation in case of a change in control of the Company or change in the officers' responsibilities following such change in control.

There are no outstanding warrants or options held by the Company's chief executive officer, the named executive officers, and all officers and directors as a group.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

*Security Ownership of Record and Beneficial Owners of more than 5% of CLI as of September 31, 2023:*

Title of Class	Name, Address of Record Ownership and Relationship with Issuer	Stockholder Name	No. of Common Shares	Percentage (of common shares)
Common Shares	AB Soberano Holdings Corp., 2877 V. Rama Avenue Guadalupe Cebu City	AB SOBERANO HOLDINGS CORP.	2,288,870,095	63.17%
Common Shares	PCD Nominee Corporation (Filipino)	PCD NOMINEE CORP. (FILIPINO)	1,257,107,018	34.69%
	G/F MSE Bldg. Ayala Ave. Makati City			

*Beneficial Owners of AB Soberano as of September 31, 2023:*

Name	Address	No. of Common Shares Held	% of Ownership
Jose R. Soberano III	2 <sup>nd</sup> St. Villa San Lorenzo, Quijada St., Guadalupe, Cebu City	4,320,000	48%
Ma, Rosario B. Soberano	2 <sup>nd</sup> St. Villa San Lorenzo, Quijada St., Guadalupe, Cebu City	4,320,000	48%

Name	Address	No. of Common Shares Held	% of Ownership
Jose Franco B. Soberano	2 <sup>nd</sup> St. Villa San Lorenzo, Quijada St., Guadalupe, Cebu City	90,000	1%
Joanna Marie S. Bergundthal	2 <sup>nd</sup> St. Villa San Lorenzo, Quijada St., Guadalupe, Cebu City	90,000	1%
Janella Mae B. Soberano-Wu	2 <sup>nd</sup> St. Villa San Lorenzo, Quijada St., Guadalupe, Cebu City	90,000	1%
Jose Gabriel B. Soberano	2 <sup>nd</sup> St. Villa San Lorenzo, Quijada St., Guadalupe, Cebu City	90,000	1%

Security Ownership of Directors and Management (Executive Officers) of CLI as of September 30, 2023:

Directors

Name	Direct	Indirect	Total	Percentage to Total Outstanding Shares
Jose R. Soberano	168,978,250	1,090,845,167	1,259,823,417	34.77%
Ma. Rosario B. Soberano	132,127,500	1,090,845,167	1,222,972,667	33.75%
Jose Franco B. Soberano	20,330,241	22,725,941	43,056,182	1.19%
Joanna Marie B. Soberano-Bergundthal	16,907,191	22,725,941	39,633,132	1.09%
Beauregard Grant L. Cheng	2,453,000	-	2,453,000	0.07%
Stephen A. Tan	11,150	-	11,150	0.00%
Ma. Jasmine S. Oporto	8,920	-	8,920	0.00%
Rufino Luis T. Manotok	2	161,500	161,502	0.00%
Ma. Aurora D. Geotina-Garcia	1	-	1	0.00%
<b>Total</b>	<b>340,816,256</b>	<b>2,227,303,716</b>	<b>2,568,119,972</b>	<b>70.87%</b>

Officers

Name	Direct	Indirect	Total	Percentage to Total Outstanding Shares
Larri-Nil G. Veloso	103,000	-	103,000	0.00%
Marilou P. Plando	26,760	-	26,760	0.00%
<b>Total</b>	<b>129,760</b>	<b>-</b>	<b>129,760</b>	<b>0.00%</b>

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The Company and its Subsidiaries, in their regular conduct of business, have entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, and development, management, marketing, leasing and administrative service agreements. Sales and purchases of goods and services to and from related parties are made on an arm's length basis and at current market prices at the time of the transactions.

However, no other transaction, without proper disclosure, was undertaken by the Group. CLI employees

are also required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are surfaced and brought to the attention of management.

Please refer to the discussion on “*Related Party Transactions*” under the section on “*Description of Business*”.

# CORPORATE GOVERNANCE

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## Compliance Policy and Evaluation System

In accordance with the State's policy to actively promote corporate governance reforms aimed to raise investor confidence, develop capital market and help achieve high sustained growth for the corporate sector and the economy, the Board of Directors, Management, and Employees of CLI commit to the principles and best practices contained in the Manual on Corporate Governance (the "Manual"), a copy of which had been duly filed with the SEC in 2017 as an attachment of the Registration Statement filed by CLI for its Initial Public Offering.

The evaluation system established by the Company in measuring and determining the level of compliance with its Manual of Corporate Governance includes the conduct of annual board and committee assessments. In adherence with its Manual on Corporate Governance and Board Charter, the Board conducted its annual performance evaluation and assessment which includes a review and rating of the performance of the Board, individual directors, board committees, and the management team led by the CEO. In coordination with CLI's I.T. Department, the Compliance Officer rolled out the digitalized performance evaluation and assessment forms, for accomplishment by the required respondents. CLI's evaluation and assessment utilized a 5-point scale rating system, with zero (0) being the lowest (representing "Strongly Disagree" as a response to the statement), and the highest being 5 (representing "Strongly Agree"). The duly accomplished assessment forms were then reviewed, verified, and tabulated by the Office of the Compliance Officer. A summary of the results of the assessments, including the various performance ratings and comments of directors and committee members, were presented and discussed during the respective Corporate Governance Committee and Board meetings.

## Measures Undertaken to Comply with Leading Practices on Good Corporate Governance

CLI is in full compliance with the Code of Corporate Governance and continues to undertake measures to comply with the adopted leading practices on good corporate governance. The Board of Directors and management team of CLI have promoted and implemented various principles and recommendations under SEC Memorandum Circular No. 19, series of 2016 (otherwise, the Code of Corporate Governance for Publicly-Listed Companies), PSE CG Guidelines, as well as recommended practices under the ASEAN Corporate Governance Scorecard. These are all reported by CLI through its comprehensive Integrated Annual Corporate Governance Reports (I-ACGRs) which are submitted to the SEC, uploaded to PSE EDGE, and posted on CLI's website. CLI's improved and enhanced I-ACGRs continue to provide a clear and succinct picture of its compliances with the recommended principles and best practices in corporate governance, at par, if not exceeding industry standards.

In 2021, CLI established and fully implemented its Enterprise Risk Management (ERM) Framework. CLI's ERM Framework is based on ISO 31000:2018, which aims to provide a foundation for effective planning, implementation, monitoring, review, and continued improvement of the organization's risk management. It establishes a methodology for the identification, assessment, and management of risk, responsibilities for risk management, accountabilities for good governance, and mechanisms to report risk-related information.

In 2022, CLI published its first-ever integrated sustainability report in accordance with globally accepted systems and standards for sustainability and corporate disclosure. CLI cross-referenced general and material disclosure topics on the most widely adopted Global Reporting Initiative standards (GRI Standards), the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC). CLI's Sustainability Framework interconnects all the aspects of the Company's operations and provides a snapshot of its EESG profile. It defines the Company's sustainability vision and strategy, goals and objectives, and their alignment and contribution to the UN Sustainable Development Goals (SDGs).

Over the years, CLI has exerted conscious and considerable efforts in enhancing and improving its corporate governance and compliance reporting and disclosures. Primary of which is CLI's I-ACGRs. The improvement of the disclosures in CLI's I-ACGRs was cited by ICD as among the key factors in the improved corporate governance rating of CLI over the past couple of years, culminating in the

conferment of the Company's first-ever Golden Arrows. In addition to the revamped I-ACGRs, CLI has also made conscious and concerted efforts to ensure that the corporate governance disclosures in its structured and unstructured reports, including its Annual Reports, are aligned with the recommended best practices of SEC, ICD, and ACGS standards.

As of the date of this Prospectus, CLI believes that it remains to be substantially in compliance with and has no material deviations from its Manual and as such, no sanctions were imposed on any director, officer or employee on account of non-compliance with the same.

### **Continued improvement of CLI's Corporate Governance**

Recognizing and understanding that good corporate governance is essential to sound strategic business management and sustainable growth and development, CLI fully commits and undertakes to continue to bolster and enhance its corporate governance, not only through its continued and consistent compliance with laws, rules, regulations, and corporate best practices, but also by improving and strengthening CLI's internal controls, risk management, investor and other stakeholder relations, checks and balances, and policies and procedures.

In recognition of its continued efforts and improvements in the area of corporate governance, CLI received its first-ever Golden Arrow, specifically a 2-Golden Arrow Recognition last September 2023, conferred by the Institute of Corporate Directors (ICD) to top Philippine publicly listed companies and insurance companies in corporate governance, based on the 2022 ASEAN Corporate Governance Scorecard (ACGS) and Corporate Governance Scorecard (CGS) Assessment Results, respectively.

## REGULATORY FRAMEWORK

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### Laws on Housing and Land Projects

#### *Republic Act No. 11201: Department of Human Settlements and Urban Development Act*

Republic Act No. 11201, or the Department of Human Settlements and Urban Development Act, which was signed into law on February 14, 2019, created the Department of Human Settlements and Urban Development (the “**DHSUD**”), through the consolidation of the Housing and Land Use Regulatory Board (“**HLURB**”) and the Housing and Urban Development Coordinating Council (“**HUDCC**”).<sup>5</sup> The DHSUD has been mandated to act as the primary national government entity responsible for the management of housing, human settlement, and urban development, and the sole and main planning and policymaking, regulatory, program coordination, and performance monitoring entity for all housing, human settlement, and urban development concerns, primarily focusing on the access to and the affordability of basic human needs. Its powers and functions include the regulation of housing and real estate development.

The DHSUD exercises administrative supervision over the following housing agencies, which shall remain attached for purposes of policy and program coordination, monitoring, and evaluation: (a) National Housing Authority (NHA), (b) National Home Mortgage Finance Corporation (NHMFC), (c) Home Development Mutual Fund (HDMF), and (d) Social Housing Finance Corporation (SHFC).

The Human Settlements Adjudication Commission (the “**HSAC**”) was reconstituted from the HLURB and is mandated to adjudicate, among others, disputes relating to real estate development, homeowners’ association, and appeals from decision of local and regional planning and zoning bodies. Hence, the adjudicatory functions of the HLURB are transferred to the HSAC, and the HLURB is attached to the DHSUD for policy, planning, and program determination only.

On July 19, 2019, the implementing rules and regulations (“**IRR**”) of Republic Act No. 11201 were approved. These describe in more detail the functions of the DHSUD and enumerate the functions of the HLURB that were transferred to it, such as, among others, its regulatory functions, including the formulation, promulgation, and enforcement of rules, standards, and guidelines over subdivisions, condominiums, and similar real estate developments. The IRR of Republic Act No. 11201 also enumerates the oversight and monitoring functions of the DHSUD and its powers and functions in relation to public housing and urban development.

#### *Presidential Decree No. 957: The Subdivision and Condominium Buyers’ Protective Decree*

Presidential Decree No. 957, or the Subdivision and Condominium Buyers’ Protective Decree (as amended, “**PD 957**”), is the principal statute regulating the development and sale of real property as part of a condominium or subdivision project. It was enacted to ensure that real estate subdivision owners, developers, operators, and/or sellers provide and properly maintain roads, drainage, sewerage, water systems, lighting systems, and other similar basic requirements in order to guarantee the health and safety of home and lot buyers. PD 957 covers condominium and subdivision projects for residential, commercial, industrial, and recreational areas, as well as open spaces and other community and public areas in the project. The DHSUD is the administrative agency of the government, which, together with local government units, enforces PD 957 and has jurisdiction over real estate trade and business. As mentioned above, the DHSUD has assumed the functions of the HUDCC and the planning and regulatory functions of the HLURB, while the HSAC has assumed the adjudication functions of the HLURB.

All subdivision and condominium plans for residential, commercial, industrial, and other development projects are required to be filed with and approved by the DHSUD and the relevant local government

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<sup>5</sup> In view of this law, Republic Act No. 11201, references to “HLURB” in the laws and regulations mentioned in this section “Regulatory Framework” such as P.D. No. 957, HLURB Resolution No. 985, Series of 2019, HLURB Memorandum Circular No. 03, Series of 2016, B.P. No. 220 and its IRR, Executive Order No. 71, Series of 1993, Republic Act No. 7279, Republic Act No. 9646, Republic Act No. 4726 and Environmental Laws and Safety Standards, have been changed to “DHSUD”. Such similar references have been also used elsewhere in this Prospectus.

unit where the project is situated. Approval of such plans is conditional on, among other things, the developer's financial, technical, and administrative capabilities. Before it is approved, the subdivision plan must comply with the Subdivision Standards and Regulations. On the other hand, the condominium plan, in addition to complying with the same procedure, must also comply with Presidential Decree No. 1096, or the National Building Code, with respect to the building(s) in the condominium project. The owner or developer is required to submit the condominium plan in accordance with the requirements of the National Building Code to the building official of the city or municipality where the property lies and the same will be acted upon subject to the conditions and in accordance with the procedure prescribed in Section 6 of Republic Act No. 4726, or the Condominium Act.

Alterations of approved condominium plans affecting significant areas of the project, such as infrastructure and public facilities, also require prior approval of the DHSUD and the city or municipal engineer.

The development of subdivision and condominium projects can only commence after the relevant government bodies have issued the required development permit and the necessary building or construction permits in accordance with the requirements of the city or municipality where the property lies. The issuance of a development permit is dependent on, among other things: (i) compliance with the required project standards and technical requirements that may differ depending on the nature of the project; and (ii) issuance of the barangay clearance, the locational and zoning clearance, permits issued by the Department of Environment and Natural Resources ("**DENR**") such as the Environmental Compliance Certificate ("**ECC**"), conversion order or exemption clearance from the Department of Agrarian Reform ("**DAR**"), permit to drill from the National Water Resources Board, and such other permits and approvals. In cases where the property involved is located in an area already classified as residential, commercial, industrial, or other similar development purposes, a DAR conversion order shall no longer be required as a precondition for issuance of Certificate of Registration and License to Sell.

Developers who sell lots or units in a subdivision or a condominium project are required to register the project with and obtain a License to Sell from the DHSUD. Subdivision or condominium units may only be sold or offered for sale after a License to Sell has been issued by the DHSUD. Further, to ensure that the owner or developer of a proposed subdivision or condominium project shows firm commitment to proceed with a project, current DHSUD regulations require minimum developments before the issuance of a License to Sell: (a) for subdivision projects, proof of land clearing and grubbing, road tracing and entrance gate if included in the brochure or advertisement; and (b) for condominium projects, excavation per approved plan/excavation permit is required.

As a requisite for the issuance of a License to Sell, developers are required to file with the DHSUD any of the following to guarantee the construction and maintenance of roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision or condominium project, and compliance with applicable laws, rules, and regulations:

1. a surety bond callable upon demand equivalent to 20% of the development cost of the unfinished portion of the approved plan, issued by a duly accredited bonding company (whether private or government) and acceptable to the DHSUD;
2. a real estate mortgage executed by the applicant developer as mortgagor in favor of the Republic of the Philippines, as represented by the DHSUD as mortgagee over property other than that subject of the application, free from any liens and encumbrance, and provided that the value of the property, computed on the basis of the zonal valuation of the Bureau of Internal Revenue, shall be at least 20% of the total development cost; or
3. other forms of security equivalent to 10% of the development cost of the unfinished portion of the approved plan which may be in the form of the following:
  - a) a cash bond;
  - b) a fiduciary deposit made with the cashier and/or disbursing officer of the DHSUD;
  - c) a certificate of guaranty deposit issued by any bank or financing institution of good standing in favor of the DHSUD for the total development cost;
  - d) a letter from any bank of recognized standing certifying that so much has been set aside from the bank account of the developer in favor of the DHSUD, which amount may

- be withdrawn by the DHSUD at any time the developer fails or refuses to comply with its duties and obligations under the bond contract; or
- e) any irrevocable credit line to be utilized in the development of the project from any bank of recognized standing and a refinancing re-structuring program indicating sources of funding from duly accredited funding institutions.

The DHSUD is vested with quasi-judicial powers and regulatory functions necessary for the enforcement and implementation of PD 957. Among these regulatory functions are: (i) regulation of the real estate trade and business; (ii) registration of subdivision lots and condominium projects; (iii) issuance of License to Sell subdivision lots and condominium units in the registered units; (iv) approval of performance bond and the suspension of License to Sell; (v) registration of dealers, brokers, and salesman engaged in the business of selling subdivision lots or condominium units; (vi) revocation of registration of dealers, brokers, and salesmen; (vii) approval of mortgage on any subdivision lot or condominium unit made by the owner or developer; (viii) granting of permits for the alteration of plans and the extension of period for completion of subdivision or condominium projects; (ix) approval of the conversion to other purposes of roads and open spaces found within the project which have been donated to the city or municipality concerned; (x) regulation of the relationship between lessors and lessees; and (xi) hear and decide cases on unsound real estate business practices, claims involving refund filed against project owners, developers, dealers, brokers, or salesmen, and cases of specific performance.

The DHSUD is also authorized, *motu proprio* or upon verified complaint filed by a buyer of a subdivision lot or condominium unit, to revoke the registration of any subdivision or condominium project and the License to Sell any subdivision lot or condominium unit in said project upon showing that the owner or dealer:

- a) is insolvent;
- b) has violated any of the provisions of PD 957, or any applicable rule or regulation of the DHSUD, or any undertaking under his/its bond;
- c) has been or is engaged or is about to engage in fraudulent transactions;
- d) has made any misrepresentation in any preliminary prospectus, brochure, circular, or other literature about the subdivision project or condominium project that has been distributed to prospective buyers; or
- e) does not conduct business in accordance with law or sound business principles.

Project Permits and Licenses to Sell may be suspended, cancelled, or revoked by the DHSUD, by itself or upon a verified complaint from an interested party, for reasons such as involvement in fraudulent transactions, misrepresentation, and/or failure to conduct business in accordance with law or sound business principles. A License or Permit to Sell may only be suspended, cancelled, or revoked after a written notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the DHSUD's rules of procedure and other applicable laws.

*HLURB Resolution No. 985, Series of 2019: 2019 Real Estate Development Monitoring Rules of HLURB*

On June 17, 2019, the then HLURB (now the DHSUD) released HLURB Resolution No. 985 entitled Approving the 2019 Administrative Rules of Procedure in the Monitoring of Real Estate Development Projects and Imposition of Sanctions for Violation of PD 957 and Other Related Laws and their Implementing Rules and Regulations. This is primarily aimed at ensuring the faithful observance by owners and/or developers of their obligation to fully develop the project on time and in accordance with the approved development plan, contractual stipulations, sales representations, and pertinent conditions imposed in clearances, permits, and licenses.

The Regional Officer shall have jurisdiction and power to investigate land use or development projects in real estate transactions and verify reports of alleged violations of the laws, rules, and regulations implemented by the DHSUD. The Regional Officer may issue an Authority to Monitor specific projects, issue cease-and-desist orders restraining the commission or continuance of acts, impose fines and penalties for violations of law, rules, and regulations, cite any person in direct contempt, and issue writs or alias writs of execution to enforce orders and rulings of the Regional Office.

*HLURB Memorandum Circular No. 03, Series of 2016: The 2015 Guidelines on Time Completion*



HLURB Memorandum Circular No. 03, Series of 2016, or the 2015 Guidelines on Time Completion (the “**HLURB 2015 Guidelines**”), provides that projects required by law to be registered with the DHSUD such as industrial, commercial, and residential subdivisions, residential or commercial condominiums, and similar projects, such as memorial parks, should be completed within one year from the date of the issuance of the License to Sell, or any other period fixed by the DHSUD (“**Time of Completion**”). Failure to comply with the Time of Completion will: (1) entitle buyers to exercise their rights under PD 957 and the Civil Code of the Philippines in addition to other rights and remedies under other laws; and (2) subject the owner or developer to administrative fines, sanctions, and penalties which may include the suspension of the License to Sell and issuance of a cease-and-desist order.

The DHSUD shall rely on the work program or program of development submitted during the application for a Certificate of Registration and License to Sell in determining the applicable Time of Completion of a project.

Residential subdivision projects are subject to different Times of Completion for the land and the housing components. The Time of Completion for land development, which includes land clearing and grubbing, road construction, installation of power and water distribution system, construction of drainage and sewerage systems, and other developments, will depend on the work program or program of development submitted by the owner or developer. All subdivision amenities and facilities such as clubhouse, playgrounds, sports facilities, and other infrastructure included in the approved project plans, brochures, prospectus, printed matters, letters, or any forms of advertisement shall be developed and completed within the period for the project’s land development. Meanwhile, the completion and delivery of any housing unit purchased shall be explicitly provided in the contract to sell or any purchase agreement, and absent any indication thereof, will not exceed one year from the date of purchase.

For condominium projects, all facilities and amenities included in the approved project plans, brochures, prospectus, printed matters, letters, or any forms of advertisement shall be completed in accordance with the work program or program of development of the project. The Time of Completion as stated in the License to Sell shall be binding and obligatory upon the owner or developer, but if it provides a shorter period in any form of advertisement, it shall be bound by the shorter period.

The HLURB 2015 Guidelines also provides that the Time of Completion which shall include the date, time, and year shall be indicated in the License to Sell of the project, which shall be binding and obligatory on the part of the owner or developer, unless a shorter period of completion or delivery is represented in any form of advertisement. The Time of Completion should be indicated in any advertisement of a project.

As a general rule, the Time of Completion is non-extendible, except in the following instances and upon the posting of a bond or security:

1. Existence of sub-soil conditions discoverable only after actual excavation and would require additional excavation time;
2. Occurrence of a fortuitous event completely independent of the will of the owner or developer that requires reconstruction or causes delays in the project, and renders its completion within the original approved period impossible in a normal manner;
3. Issuance of a lawful order of a court, other government agency, or local government unit that temporarily enjoins the development of the project, unless such issuance is caused by the fault, mistake, or negligence of the owner or developer.

If an owner or developer wishes to apply for additional time due to the foregoing grounds, it shall file a sworn application with the Regional Field Office of the DHSUD where the project is registered, including a proof of notice to all lot or unit buyers, a revised work program with computation of remaining cost of completion and other requirements, within 60 days from the discovery of the unfavorable sub-soil conditions, the occurrence of the fortuitous event, or from receipt of the order or issuance of a court or government body.

The owner or developer of a project that is not completed on time will be given a Notice of Alleged Reported Violation requiring it to explain under oath why no administrative fine and sanction and cease-

and-desist order should be imposed against it. Should the owner or developer fail to comply with the order or justify the non-completion of a project, an order imposing administrative fine and sanction shall be issued, and the owner or developer shall be required to submit additional documentations on the project.

Upon review of the submitted documents, a final order shall be issued requiring the completion of the project within such period as may be fixed by the DHSUD, and a performance bond shall be secured conditioned on this undertaking. In case of non-completion of the project within the approved Time of Completion, an administrative fine shall be imposed in accordance with the approved Schedule of Fines and other existing DHSUD guidelines, the License to Sell shall be suspended, and a cease-and-desist order shall be issued enjoining the owner or developer from further selling any lot, including any building or improvement thereon, or any unit in a project, from advertising the project and from collecting amortization payment, until the completion of the project and issuance of a Certificate of Completion.

*DHSUD Department Order No. 2020-010, Series of 2020 and DHSUD Department Order No. 2021-009, Series of 2021*

During the onset of the COVID-19 pandemic, the DHSUD issued Department Order No. 2020-010, Series of 2020 (“**D.O. 2020-010**”), which granted an additional one year to owners and developers of covered projects to respond to the circumstances brought about by the surge in COVID-19. The additional time was for the completion of projects affected by the stoppage of development during the community quarantine periods. The additional one year is reckoned from the end of the Time of Completion of the project as indicated in the License to Sell.

In 2021, the DHSUD issued Department Order No. 2021-009, Series of 2021, (“**D.O. 2021-009**”). Under this issuance, in addition to the one-year additional Time of Completion under D.O. 2020-010, all projects were granted a maximum of one-year additional time reckoned from the end of the Time of Completion of the project as indicated in the License to Sell or availed under D.O. 2020-010. To avail of the same, the project must be registered and licensed with the DHSUD, or the DHSUD and the owner or developer must apply for such additional time with the DHSUD.

Any owner or developer availing of additional Time of Completion must submit an application letter and a revised work program based on the requested extended period of completion and must file a performance bond supported by a notarized fact sheet duly signed by a licensed architect or engineer and indicating therein the remaining cost of the project. Upon approval, the Regional Office shall send a letter of approval to the owner or developer, stating therein such additional period of time granted.

Provided however, that all projects with Time of Completion ending before March 2020 granted or as provided on the License to Sell are not covered by the above issuances and are, thus, governed by the DHSUD 2015 Guidelines.

*DHSUD Department Order No. 2023-007, Series of 2023*

Department Order No. 2023-004, Series of 2023 authorizes the issuance of Certificates of Registration and Licenses to Sell for projects with certificates of title annotated with lien or encumbrance under Section 4, Rule 74 of the Rules of Court or Section 7 of Republic Act No. 26, provided that the rules and requirements are strictly complied with.

The applications for the issuance of the Certificate of Registration or License to Sell for projects with certificates of title annotated with lien or encumbrance under Section 4, Rule 74 of the Rules of Court may be accepted and/or granted provided that: (1) the application is filed within the two-year period from date of inscription of the annotation; and (2) the developer shall: (a) post an adequate surety bond to answer for any claim that might be charged against the property; and (b) execute and submit an undertaking under oath that he shall immediately cause the cancellation of the annotation after the lapse of the two-year period, there being no timely petition filed by any excluded heir or creditor. If the application is filed after the two-year period from date of inscription, a bond shall not be required, provided the developer submits proof of filing of appropriate petition for the cancellation of such annotation.

The application for the issuance of the Certificate of Registration or License to Sell for a project with a

reconstituted certificate of title annotated with lien or encumbrance under Republic Act No. 26 may only be accepted and/or granted provided that: (1) the two-year period has lapsed and no petition was filed by any person for the annotation of any right or interest not noted on the reconstituted title; (2) the developer shall submit proof of filing of the appropriate petition for the cancellation of the annotation; and (3) the developer shall post a bond.

*B.P. 220: An Act Authorizing the Ministry of Human Settlements to Establish and Promulgate Different Levels of Standards and Technical Requirements for Economic and Socialized Housing Projects in Urban and Rural Areas from those Provided under Presidential Decrees Numbered Nine Hundred Fifty-Seven, Twelve Hundred Sixteen, Ten Hundred Ninety-Six, and Eleven Hundred Eighty-Five*

B.P. 220 and its Implementing Rules and Regulations (“**BP 220 IRR**”) apply to the development of economic and socialized housing projects in urban and rural areas. Likewise, they apply to the development of either a house and lot or a house or lot only (“**Covered Project**”).

Under B.P. 220 and the BP 220 IRR, the Covered Project must be approved by the DHSUD or the local government unit, as the case may be, before it commences. The approval of the Preliminary Subdivision Development Plan is valid only for a period of 180 days from approval. Further, the development design and plans must undergo survey and evaluation conducted by the DHSUD. The BP 220 IRR adopted the rules set out by PD 957 and its IRR.

The BP 220 IRR also set forth the minimum design standards and technical guidelines which are different from those under PD 957 (The Subdivision and Condominium Buyers’ Protective Decree), Presidential Decree No. 1216 (Defining Open Space in Residential Subdivision), Presidential Decree No. 1096 (National Building Code of the Philippines), and Presidential Decree No. 1185 (Fire Code of the Philippines). However, possible variations of the guidelines and standards may be allowed by the DHSUD should the strict observance of such cause unnecessary hardship based on specific regional, cultural, and economic setting.

A developer who intends to sell the subdivision or condominium should register the project and obtain a License to Sell from the DHSUD. The notice on Application for Certificate of Registration must be published at the expense of the applicant, and a billboard notice must be posted on the project site until the issuance of the Licenses to Sell. Failure to publish the notice within two weeks from receipt of notice to publish by DHSUD will require the developer to re-file the application for the Certificate of Registration.

In addition to the requirements of registration and License to Sell, the BP 220 IRR also requires the submission of a performance bond and payment of prescribed fees. The BP 220 IRR also proscribes any sale within two weeks from the registration of the project.

The BP 220 IRR also provides for several obligations of the developer, such as the initiation of organization and registration of a homeowner’s association, and the donation of roads and open spaces found in the project to local government units of the area after their completion had been certified by the board.

Failure on the part of the developer to develop the project in accordance with the approved project plans within the time specified shall subject the developer to administrative sanctions and penalties. The above-mentioned Guidelines on Time of Completion is also applicable to the projects under B.P. 220. Further, the DHSUD mandates subdivision and condominium developers to submit a copy of the special/temporary permit from the Professional Regulation Commission and of the separate permit from the Department of Labor and Employment (“**DOLE**”) for foreign architects who signed on plans required under the IRR of PD 957 and B.P. 220.

*Executive Order No. 71, Series of 1993*

Under Executive Order No. 71, Series of 1993, cities and municipalities assume the powers of the DHSUD over the following:

- a) approval of preliminary as well as final subdivision schemes and development plans of all subdivisions, residential, commercial, industrial, and for other purposes;
- b) approval of preliminary as well as final subdivision schemes and development plans of all

- c) economic and socialized housing projects; evaluation and resolution of opposition against issuance of development permits for any of said projects; and
- d) monitoring the nature and progress of its approved land development projects to ensure their faithfulness to the approved plans and specifications.

*Republic Act No. 7279: Urban Development and Housing Act of 1992*

Republic Act No. 7279, as amended by Republic Act No. 10884, or the Urban Development and Housing Act of 1992, requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15% of the total subdivision area or total subdivision project cost, and at least 5% of condominium area or project cost, at the option of the developer, within the same city or municipality whenever feasible, and in accordance with the standards set by the DHSUD and other existing laws. Alternatively, the developer may opt to buy socialized housing bonds issued by various accredited government agencies or enter into joint venture arrangements with other developers engaged in socialized housing development.

*Republic Act No. 9646: Real Estate Service Act of the Philippines*

Real estate dealers, brokers, and salesmen are also required to register with the DHSUD before they can sell lots or units in a registered subdivision or condominium project. Furthermore, no person shall practice or offer to practice real estate service in the Philippines unless he/she has satisfactorily passed the licensure examination given by the Professional Regulatory Board of Real Estate Service. Under Republic Act No. 9646, or the Real Estate Service Act, the real estate service practitioners required to take the licensure examination are:

1. Real estate consultants — duly registered and licensed natural persons who, for a professional fee, compensation, or other valuable consideration, offer or render professional advice and judgment on: (i) the acquisition, enhancement, preservation, utilization, or disposition of lands or improvements thereon; and (ii) the conception, planning, management, and development of real estate projects;
2. Real estate appraisers — duly registered and licensed natural persons who, for a professional fee, compensation, or other valuable consideration, perform or render, or offer to perform services in estimating and arriving at an opinion of or act as an expert on real estate values, such services of which shall be finally rendered by the preparation of the report in acceptable written form; or
3. Real estate brokers — duly registered and licensed natural persons who, for a professional fee, commission, or other valuable consideration, act as an agent of a party in a real estate transaction to offer, advertise, solicit, list, promote, mediate, negotiate, or effect the meeting of the minds on the sale, purchase, exchange, mortgage, lease, joint venture, or other similar transactions on real estate or any interest therein.

*Republic Act No. 4726: The Condominium Act*

Under The Condominium Act, the owner of a project shall, prior to the conveyance of any condominium therein, register a Declaration of Restrictions (“**Declaration**”) relating to such project, which restrictions shall constitute a lien upon each condominium unit in the project, and shall insure to and bind all condominium owners in the project. Such liens, unless otherwise provided, may be enforced by any condominium owner in the project or by the management body of such project. The Register of Deeds shall enter and annotate the Declaration upon the certificate of title covering the land included within the project.

The Declaration shall provide for the management of the project by anyone of the following management bodies: a condominium corporation, an association of the condominium owners, a board of governors elected by condominium owners, or a management agent elected by the owners or by the board named in the Declaration. The Declaration shall also provide for voting majorities, quorums, notices, meeting date, and other rules governing such body or bodies.

Further, any transfer or conveyance of any unit or an apartment, office or store, or other space shall include the transfer or conveyance of the undivided interests in the common areas, or, in a proper case, the membership or shareholdings in the condominium corporation. A condominium corporation shall not, during its existence, sell, exchange, lease, or otherwise dispose of the common areas owned or held by it in the condominium project unless authorized by the affirmative vote of a simple majority of the registered owners with prior notification to all registered owners. Further, the condominium corporation may expand or integrate the project with another upon the affirmative vote of a simple majority of the registered owners, subject only to the final approval of the DHSUD.

### **Real Estate Sales on Installments**

*Republic Act No. 6552: Maceda Law*

The provisions of Republic Act No. 6552, or the Maceda Law, apply to all transactions or contracts involving the sale or financing of real estate on installment payments (including residential condominium units but excluding industrial and commercial lots).

Under the Maceda Law, where a buyer of real estate has paid at least two years of installments, the buyer is entitled to the following rights in case he/she defaults in the payment of succeeding installments:

1. To pay, without additional interest, the unpaid installments due within the total grace period earned by him/her, which is fixed at the rate of one month for every one year of installment payments made. However, the buyer may exercise this right only once every five years during the term of the contract and its extensions, if any.
2. If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50% of the total payments made, and in cases where five years of installments have been paid, an additional 5% every year (but with a total not to exceed 90% of the total payments). Provided, that the actual cancellation of the contract shall take place after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

The computation of the total number of installment payments made includes down payments, deposits, or options on the contract.

In the event that the buyer has paid less than two years of installments, the seller shall give the buyer a grace period of not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

### **Zoning and Land Use**

*Republic Act No. 7160: Local Government Code of the Philippines*

A city or municipality may, through an ordinance passed by the *Sanggunian*, after conducting public hearings for the purpose, authorize the reclassification of agricultural lands, and provide for the manner of their utilization or disposition in the following cases: (i) when the land ceases to be economically feasible and sound for agriculture; or (ii) where the land shall have substantially greater economic value for residential, commercial, or industrial purposes, as determined by the *Sanggunian* concerned; provided that such reclassification shall be limited to the following percentage of total agricultural land area at the time of the passage of the ordinance:

1. For Highly Urbanized and Independent Component Cities, 15%;
2. For Component Cities and First to Third Class Municipalities, 10%;
3. For Fourth to Sixth Class Municipalities, 5%.

Zoning ordinances may also limit land use. Once enacted, a comprehensive land use plan approved by the relevant local government unit may restrict land use in accordance with such land use plan. Zoning ordinances may also classify lands as commercial, industrial, residential, or agricultural. Lands may also

be further re-classified based on a local government unit's future projection of needs.  
*Republic Act No. 6657: Comprehensive Agrarian Reform Law of 1988*

Under Republic Act No. 6657, as amended, or the Comprehensive Agrarian Reform Law of 1988, and such other rules and regulations currently in effect in the Philippines, land classified for agricultural purposes as of or after June 15, 1988 cannot be converted to non-agricultural use without the prior approval of the DAR.

*Republic Act No. 11231: Agricultural Free Patent Reform Act*

Republic Act No. 11231, otherwise known as the Agricultural Free Patent Reform Act, removes restrictions imposed on the registration, acquisition, encumbrance, alienation, transfer, and conveyance of lands covered by free patents to allow the efficient and effective utilization of these lands. Under this law, agricultural public lands alienated or disposed in favor of qualified public land applicants under Section 44 of Commonwealth Act No. 141, as amended, shall not be subject to restrictions imposed under Sections 118, 119, and 121 thereof regarding acquisitions, encumbrances, conveyances, transfers, or dispositions. Agricultural free patent shall now be considered as title in fee simple and shall not be subject to any restriction on encumbrance or alienation.

This law has retroactive effect and any restriction regarding acquisitions, encumbrances, conveyances, transfers, or dispositions imposed on agricultural free patents issued under Section 44 of Commonwealth Act No. 141, as amended, before the effectivity of this law shall be removed and are immediately lifted.

### **Property Registration and Nationality Restrictions**

*Presidential Decree No. 1529: Property Registration Decree*

The Philippines has adopted a system of land registration, which evidences land ownership that is binding on all persons. Once registered, title to registered land becomes indefeasible after one year from the date of entry of the decree of registration except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription. Presidential Decree No. 1529, as amended, or the Property Registration Decree, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper survey, application, publication, service of notice, and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment to the Court of Appeals and ultimately to the Supreme Court within 15 days from receiving notice of judgment. Upon finality of judgment, the appropriate Register of Deeds may issue an Original Certificate of Title ("**OCT**"). The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR's issuance of a patent. The patent becomes the basis for issuance of the OCT by the Register of Deeds. All land patents (*i.e.*, homestead, sales, and free patents) must be registered with the appropriate Register of Deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

The act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned, and in all cases under the said decree, the registration shall be made in the office of the Register of Deeds for the province or city where the land lies. Every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument, or entry affecting registered land, if filed or entered in the office of the Register of Deeds for the province or city where the land to which it relates lies, shall be constructive notice to all persons from the time it is registered, filed, or entered in the records of the Register of Deeds.

All interests in registered land less than ownership (such as liens created by mortgages and leases) shall be registered by filing with the Register of Deeds the instrument which creates or transfers or claims such interests and by a brief memorandum thereof made by the Register of Deeds upon the certificate of title and signed by him. A similar memorandum shall also be made on the owner's duplicate.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the Register of Deeds. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment of the sales price. In the event a mortgage over the lot or unit is outstanding at the time of the issuance of the title to the buyer, the owner or developer shall redeem the mortgage or the corresponding portion thereof within six months from such issuance in order that the title over any fully paid lot or unit may be secured and delivered to the buyer. To evidence ownership of condominium units, the Register of Deeds issues a Condominium Certificate of Title.

*Article XII, Section 7 of the Constitution; Commonwealth Act No. 141*

Article XII, Section 7 of the Constitution, in relation to Chapter 5 of the Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, pursuant to Republic Act No. 4726 (as amended), with respect to condominium developments, the ownership of condominium units where the common areas in the condominium project are co-owned by the owners of the separate units or owned by a corporation is limited to up to 40% foreign equity.

*Republic Act No. 7042, as amended: Foreign Investments Act of 1991*

Republic Act No. 7042, otherwise known as the Foreign Investments Act of 1991, as amended, and the Twelfth Regular Foreign Investment Negative List, provide that certain investment areas and economic activities are nationalized or partly nationalized, such that the operation and/or ownership thereof are wholly or partially reserved for Filipinos. Under these regulations, ownership of private lands and condominium units is partly nationalized with up to only 40% foreign equity.

## **Environmental Laws and Safety Standards**

### *Environmental Impact Statement System*

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an ECC prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau (“**EMB**”), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement (“**EIS**”) to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination (“**IEE**”) to the proper DENR Regional Office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges is considered an environmentally critical project for which an EIS and an ECC are mandatory. In determining the scope of the EIS System, two factors are considered: (i) the nature of the project and its potential to cause significant negative environmental impacts; and (ii) the sensitivity or vulnerability of environmental resources in the project area.

The EIS refers to both the document and the study of a project’s environmental impact, including a discussion of the direct and indirect consequences of the project to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures for projects in environmentally critical areas.

While an EIS or an IEE may vary from project to project, as a minimum, each contains all relevant information regarding the project’s environmental effects. The entire process of organization, administration, and assessment of the effects of any project on the quality of the physical, biological, and socio-economic environment as well as the design of appropriate preventive, mitigating, and

enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a government certification that the proposed project or undertaking will not cause a significant negative environmental impact that the proponent has complied with all the requirements of the EIS System, and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund (“**EGF**”) when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property, and the environment or where the project requires rehabilitation or restoration. The EGF is intended to meet any damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund (“**EMF**”) when an ECC is eventually issued. In any case, the establishment of an EMF must not be later than the initial construction phase of the project. The EMF shall be used to support the activities of a multi-partite monitoring team organized to monitor compliance with the ECC and applicable laws, rules, and regulations.

While a development project may not fall under the categories wherein an ECC is required, it is still required to obtain a Certificate of Non-Coverage (“**CNC**”) from the EMB or the DENR Regional Office. The applicant must submit a Project Description to the EMB, which will then evaluate whether or not an ECC is required for the project. If an ECC is not required, then the EMB will issue a CNC to be submitted to the DHSUD.

Aside from the EIS and IEE, engineering, geological, and geo-hazard assessments are also required for ECC applications covering subdivisions, housing, and other land development and infrastructure projects.

#### *Presidential Decree No. 1096: National Building Code of the Philippines*

Under the National Building Code of the Philippines, in order for a person or corporation to erect, construct, alter, repair, move, convert, or demolish any building or structure, a building permit must first be secured from the Building Official assigned at the place where the building work is to be done. A building permit is a written authorization granted by the building official to an applicant allowing him to proceed with the construction of a building after plans, specifications, and other pertinent documents required for the construction of the structure have been found to be in conformity with the National Building Code of the Philippines.

All buildings or structures as well as accessory facilities thereto shall conform in all respects to the principles of safe construction under the National Building Code of the Philippines and must be suited to the purpose for which they are designed. Buildings or structures and all parts thereof as well as all facilities found therein shall be maintained in safe, sanitary, and good working condition.

The land or site upon which will be constructed any building or structure, or any ancillary or auxiliary facility thereto, shall be sanitary, hygienic, or safe. In the case of sites or buildings intended for use as human habitation or abode, the same shall be at a safe distance, as determined by competent authorities, from streams or bodies of water and/or sources of air considered to be polluted; from a volcano or volcanic site and/or any other building considered to be a potential source of fire or explosion.

Aside from the building permit under the National Building Code of the Philippines, an applicant in specific instances may be required to secure a Height Clearance Permit from the Civil Aviation Authority of the Philippines.

#### *Republic Act No. 9514: Fire Code of the Philippines*

Republic Act No. 9514, otherwise known as the Fire Code of the Philippines, seeks to ensure public safety and promote economic development by preventing and suppressing all kinds of destructive fires. Compliance with the following requirements is expected from building owners, administrators, and occupants: inspection requirements, safety measures for hazardous materials, safety measures for hazardous operations or processes, provisions on fire safety construction, protective and warning systems, and abatement of fire hazards. Non-compliance with the said requirements may result in the



imposition of administrative fines and penalties.

*Presidential Decree No. 1067: The Water Code of the Philippines*

Presidential Decree No. 1067, otherwise known as The Water Code of the Philippines, requires a water permit for the utilization, exploitation, and appropriation of natural bodies of water, except in certain instances provided under the Water Code of the Philippines. Examples of the use of water include domestic, municipal, irrigation, power generation, fisheries, livestock raising, industrial, and recreational. Only citizens of the Philippines, of legal age, as well as juridical persons, who are duly qualified by law to exploit and develop water resources, may apply for water permits. Any person who desires to obtain a water permit shall file an application who shall make known said application to the public for any protests. The right to the use of water is deemed acquired as of the date of filing of the application for a water permit in case of approved permits, or as of the date of actual use in a case where no permit is required. All water permits granted shall be subject to conditions of beneficial use, adequate standards of design and construction, and such other terms and conditions as may be imposed. Such permits shall specify the maximum amount of water which may be diverted or withdrawn, the maximum rate of diversion or withdrawal, the time or times during the year when water may be diverted or withdrawn, the point or points of diversion or location of wells, the place of use, the purposes for which water may be used, and such other requirements as may be deemed desirable.

Appropriation of water without obtaining the necessary water permit when applicable may expose such entity to the imposition of penalties. Water permits may be also revoked after due notice and hearing on grounds of non-use; gross violation of the conditions imposed in the permit; unauthorized sale of water; willful failure or refusal to comply with rules and regulations or any lawful order; pollution, public nuisance, or acts detrimental to public health and safety; when the appropriator is found to be disqualified under the law to exploit and develop natural resources of the Philippines; when, in the case of irrigation, the land is converted to non-agricultural purposes; and other similar grounds.

*Republic Act No. 9275: The Philippine Clean Water Act of 2004*

The Clean Water Act of 2004 or Republic Act No. 9275 aims to protect the country's water bodies from pollution from land-based sources (*i.e.*, industries and commercial establishments, agriculture, and community or household activities) in the pursuit of economic growth in a manner consistent with the protection, preservation, and revival of the quality of the country's fresh, brackish, and marine waters. It provides for a comprehensive and integrated strategy to prevent and minimize pollution through a multi-sectoral and participatory approach involving all the stakeholders.

It requires owners or operators of facilities that discharge regulated effluents (*i.e.*, wastewater from commercial facilities) to secure a permit to discharge from the DENR. The discharge permit shall be the legal authorization granted by the DENR to discharge wastewater. The discharge permit shall specify among others, the quantity and quality of effluent that said facilities are allowed to discharge into a particular water body, with compliance schedule and monitoring requirement.

*Republic Act No. 8749: The Philippine Clean Air Act of 1999*

In pursuit of balancing development and environmental protection, the Clean Air Act of 1999 or Republic Act No. 8749 was enacted to create a holistic national program of air pollution management and encourage cooperation and self-regulation among citizens and industries through the application of market-based instruments. It sets air quality standards and emission limits for different industries and sources of air pollution. The DENR is granted authority to issue permits as it may determine necessary for the prevention and abatement of air pollution. Said permits cover emission limitations for the regulated air pollutants to help attain and maintain the ambient air quality standards. Non-compliance or violations of the law or its rules and regulations may expose the violator to the imposition of fines and penalties.

*Republic Act No. 9003: The Ecological Solid Waste Management Act of 2000*

Republic Act No. 9003, otherwise known as The Ecological Solid Waste Management Act of 2000, aims to ensure the protection of the public health and environment by adopting a systematic, comprehensive, and ecological solid waste management program using environmentally-sound methods that maximize

the utilization of valuable resources and encourage resource conservation and recovery. It also provides guidelines for avoidance and reduction of solid waste through various measures, such as mandatory segregation of solid wastes and recycling. The law extends both fiscal and non-fiscal incentives to those who have undertaken outstanding and innovative projects, technologies, processes, and techniques or activities in re-use, recycling, and reduction. Violations therewith may result in the imposition of fines and penalties.

### **Business Permits**

Before any corporation may commence business operations within a locality, it must secure the requisite permits, clearances, and licenses from the relevant local government unit where it is situated. Usually, it is assumed that a corporation has complied with all of the permitting requirements of the local government unit if it is issued a business permit. These permits, clearances, and licenses must be renewed on an annual basis. Requirements and deadlines vary depending on the locality.

Failure to obtain the necessary business permit means that a corporation may not be allowed to operate its business within the relevant locality. The local government unit may impose fines and penalties for failure of an entity to register, which fines and penalties may vary depending on the locality. The local government unit may also shut down the existing operations of a business establishment until the permits, clearances, and licenses are obtained and the corresponding fees and penalties as assessed by the local government unit are settled.

### **Real Property Taxation**

*Republic Act No. 7160: Local Government Code of the Philippines*

Real property taxes are payable annually or quarterly based on the property's assessed value. Assessed values are determined by applying the assessment levels (fixed by ordinances of the concerned *Sanggunian*) against the fair market values of real property. Under Republic Act No. 7160, as amended, or the Local Government Code of the Philippines, the assessed value of property and improvements varies depending on the location, use, and nature of the property. Land is ordinarily assessed at 20% to 50% of its fair market value; buildings may be assessed up to 80% of their fair market values and machinery may be assessed at 40% to 80% of its fair market value. Real property taxes may not exceed 2% of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1% in all other areas. A province, city, or municipality within Metro Manila may also levy and collect an annual tax of 1% on the assessed value of real property which shall be in addition to the basic real property tax to accrue exclusively to the Special Education Fund of the local government unit where the property is located.

In the event there are unpaid real property taxes relating to real property, such taxes constitute a lien on the property which shall be superior to any other lien, mortgage, or encumbrance of any kind whatsoever, and shall be extinguished only upon payment of the delinquent taxes and penalties. Failure to pay the real property tax will result in the payment of interest at the rate of 2% per month on the unpaid amount or a fraction thereof, until the delinquent tax shall have been fully paid; provided, however, that in no case shall the total interest on the unpaid tax or portion thereof exceed 36 months.

### **Construction License**

A regular contractor's license is required to be obtained from the Philippine Contractors Accreditation Board ("**PCAB**"). In applying for and granting such license, PCAB takes into consideration the applicant-contractor's qualifications and compliance with certain minimum requirements in the following criteria: (i) financial capacity; (ii) equipment capacity; (iii) experience of the firm; and (iv) experience of technical personnel. Philippine laws also require a contractor to secure construction permits and environmental clearances from appropriate government agencies prior to actually undertaking each project.

In the case of *Philippine Contractors Accreditation Board v. Manila Water Co., Inc.* (G.R. No. 217590, 10 March 2020), the Supreme Court held that foreigners can obtain regular licenses from the PCAB. It ruled that the construction industry is not one which the Constitution has reserved exclusively for Filipinos. Neither do the laws enacted by Congress show any indication that foreigners are proscribed from entering into the same projects as Filipinos in the field of construction. "Private Domestic

Construction Contracts” has also been removed from the Foreign Investments Negative List since 1998. This means that the restriction on foreign investments in private construction contracts was already lifted as early as 1998. Thus, the provision requiring foreigners to obtain a special license has been declared null and void, along with the provision limiting the regular license to construction firms at least 60% of which is owned by Filipinos. In light of this ruling, foreigners can now obtain regular licenses from the PCAB.

### **Referral to Arbitration**

Executive Order No. 1008 vests the Construction Industry Arbitration Commission (“**CIAC**”) with original and exclusive jurisdiction over disputes arising from, or connected with, contracts entered into by parties involved in construction in the Philippines, whether the dispute arises before or after the completion of the contract, or after the abandonment or breach thereof. These disputes may involve government or private contracts. The jurisdiction of the CIAC may include, but is not limited to, violation of specifications for materials and workmanship, violation of the terms of agreement interpretation and/or application of contractual time and delays, maintenance and defects, payment, default of employer or contractor, and changes in contract cost.

CIAC may acquire jurisdiction in two ways, either by providing an arbitration clause in the contract between the parties, or by agreement of the parties to submit the dispute to the CIAC. Thus, the fact that the parties incorporated an arbitration clause in their contract is sufficient to vest the CIAC with jurisdiction over any construction controversy, notwithstanding any reference made to another arbitral body. CIAC’s jurisdiction over construction disputes is conferred by law, and thus, cannot be waived by mere agreement of the parties.

### **Liability of Engineers, Architects, and Contractors**

Under Republic Act No. 386 or the Civil Code of the Philippines, as amended, the engineer or architect who drew up the plans and specifications for a building is liable for damages if, within 15 years from the completion of the structure, the same should collapse by reason of a defect in those plans and specifications, or due to defects in the ground. The contractor is likewise responsible for the damages if the edifice falls, within the same period, on account of construction defects or the use of materials of inferior quality, or due to any violation of the terms of the construction contract. If the engineer or architect supervises the construction, he shall be solidarily liable with the contractor. The acceptance of the building after completion does not imply waiver of any of the causes of action by reason of any of the aforementioned defects. The action arising therefrom must be brought within 10 years following the collapse of the building.

### **Board of Investments**

The Board of Investments (“**BOI**”), an agency attached to the Department of Trade and Industry, was created under the Omnibus Investment Code of 1987. The BOI is responsible for the regulation and promotion of investments in the Philippines by promoting and assisting local and foreign investors to venture in desirable areas of business or economic activities.

Under the Corporate Recovery and Tax Incentives for Enterprises Law (“**CREATE Law**”), registered business enterprises specified in the Strategic Investment Priorities Plan (“**SIPP**”) enjoy tax and duty incentives to the extent of their approved registered project or activity under the SIPP. Generally, these incentives include the grant of income tax holiday (“**ITH**”), Special Corporate Income Tax (“**SCIT**”) rate, enhanced deductions, duty exemption on importation of capital equipment, raw materials, spare parts, or accessories, and value-added tax exemption on importation and value-added tax zero-rating on local purchases.

Depending on both the location and industry priority of the registered project or activity as determined in the SIPP, the ITH incentive may be granted for a period of four years to seven years followed by 5% SCIT or enhanced deductions for 10 years for export enterprises and for domestic market enterprises under the SIPP engaged in activities that are classified as “critical”; provided, that in no case shall the enhanced deductions be granted simultaneously with the SCIT.

The domestic market enterprise under the SIPP engaged in activities that are classified as “critical” shall

refer to those enterprises belonging to industries identified by the National Economic and Development Authority to be crucial to national development.

For domestic market enterprises under the SIPP not classified as “critical”, ITH for four to seven years followed by SCIT or enhanced deductions for five years shall be granted; provided, that only domestic market enterprises, which have an investment capital of not less than ₱500,000,000.00 shall be eligible for the SCIT.

In addition to the incentives above, projects or activities of registered enterprises located in areas recovering from an armed conflict or a major disaster, as determined by the Office of the President, shall be entitled to two additional years of ITH.

Projects or activities registered prior to the effectivity of the CREATE Law or under the incentive system provided herein that shall, in the duration of their incentives, completely relocate from the National Capital Region, shall be entitled to three additional years of ITH; provided, that the additional incentive shall commence at the completion of the relocation of operations.

The period of availment of the foregoing incentives shall commence from the actual start of commercial operations with the registered business enterprise availing of the tax incentives within three years from the date of registration, unless otherwise provided in the SIPP and its corresponding guidelines.

Further to BOI Memorandum Circular No. 2023-005, qualified housing projects are only eligible to ITH and duty exemption on capital equipment, raw materials, spare parts, or accessories. 25% of a project’s construction materials must be sourced from domestic manufacturers. Additionally, projects that are eligible for five to six years of ITH are required to submit proof of compliance of 300 trees or 500 trees, respectively, planted within the project location itself and/or within the community where the project will be located within one year prior to availing the ITH.

Based on the latest BOI guidelines, economic and low-cost housing projects must meet the following criteria to qualify for registration: (a) the selling price of each housing unit shall not exceed ₱3,000,000.00 and shall not fall below the price ceiling of socialized housing based on the prevailing price ceiling issued by the DSHUD (*i.e.*, ₱2,500,000.00); (b) the project must be located outside the National Capital Region; (c) the project must have a minimum of 100 livable dwelling units in a single site or building; (d) the project must be new or expanding economic/low-cost housing project; and (e) for residential condominium projects, at least 51% of the total gross floor area must be devoted to housing units.

Economic housing projects with selling price not exceeding ₱2,500,000.00 are required to comply with the socialized housing requirement by building socialized housing units in an area equivalent to at least 15% of the total registered project area or total BOI-registered project cost for subdivision housing and 15% of the total floor area of qualified saleable housing units for residential condominium projects.

Further, low-cost housing projects with selling price exceeding ₱2,500,000.00 but not exceeding ₱3,000,000.00 must build socialized housing units in an area equivalent to at least 20% of the total registered project area or total BOI-registered project cost for subdivision housing and 20% of the total floor area of qualified saleable housing units for residential condominium projects.

### **Anti-Money Laundering Act and its Amendments**

Republic Act No. 9160, or the Anti-Money Laundering Act of 2001 (as amended, “**AMLA**”), criminalizes, among other acts, the act of making the proceeds or money from an unlawful activity appear to have originated from legitimate sources. To monitor or detect these transactions, covered institutions or persons are required to report (a) transactions that meet a minimum threshold amount; and (b) transactions considered suspicious, regardless of whether such meet the minimum threshold amount, to the Anti-Money Laundering Council (“**AMLC**”).

In 2013, the AMLA was amended by Republic Act No. 10365 to consider the failure to report covered or suspicious transactions a money laundering offense. The AMLA was further amended in 2021 by Republic Act No. 11521, which took effect on 30 January 2021, making real estate developers (“**REDS**”), real estate brokers (“**REBs**”), covered persons. Thus, REDs and REBs are now required to report

covered and suspicious transactions to the AMLC.

A covered transaction refers to a single cash transaction involving an amount in excess of ₱7,500,000.00 or its equivalent in any other currency.

While suspicious transactions are those: (i) with no underlying legal or trade obligation, purpose, or economic justification; (ii) client is not properly identified; (iii) the amount involved is not commensurate to the client's financial capacity; (iv) perceived to be structured to avoid being reported or are related to any unlawful activity; (v) involves any circumstance that deviates from the client's profile or past transactions with covered persons; and (vi) any transaction that is similar or analogous to any of the foregoing.

Under Section 42 of AMLC Regulatory Issuance (B) No. 1 Series of 2018, all covered and suspicious transactions must be reported to the AMLC within five days from occurrence. For suspicious transactions, "occurrence" is the date of determination of the suspicious nature of the transaction, which shall be made not more than 10 days from date of transaction.

To enable covered persons to file reports, Sec. 4, Rule 22 of the 2018 Implementing Rules and Regulations ("**2018 AMLA IRR**") provides that all covered persons shall register with the AMLC's electronic reporting system in accordance with the registration and reporting guidelines. Registration with the AMLC is online and free. The 2018 AMLA IRR further provides that for existing covered persons who were not yet registered shall not be cited for non-registration, provided that they shall apply for registration 30 working days from effectivity of the 2018 AMLA IRR. Newly covered persons shall apply for registration within 30 working days from the issuance of license by their respective government agencies. REDs and REBs must have registered with the AMLC by March 16, 2021.

#### *Company Policies on Anti-Money Laundering and Countering the Financing of Terrorism*

AMLC Regulatory Issuance No. 03, series of 2021 or the 2021 Anti-Money Laundering / Counter-Terrorism Financing Guidelines for Designated Non-Financial Businesses and Professions provides that REDs and REBs must apply the following principles in their businesses: (a) conformity with high ethical standards and observance of good corporate governance; (b) know sufficiently their customers and clients; (c) adopt and effectively implement an appropriate Anti-Money Laundering and/or Countering the Financing of Terrorism risk management system; (d) comply fully with existing Anti- Money Laundering and Terrorist Financing laws and regulations; and (e) full cooperation with the AMLC.

The following are also required: (a) designation of Compliance Officer and/or Office; (b) implementation of a money laundering and terrorism financing prevention program; (c) establishment of an internal controls and internal audit program; (d) adoption of a policy on customer due diligence; (e) adoption of a monitoring and reporting system; (f) keeping of records of customers' transactions and documents during customer due diligence for five years; (g) creation of a relevant employee training program on anti-money laundering and countering terrorist financing; (h) adoption of written procedures for cooperating and complying with investigations, assessments, directives and orders of the AMLC, appropriate government agencies and the courts; and (i) identification and assessment of money laundering/ terrorist financing risks that may arise in relation to the development of new products and business practices.

#### **Philippine Competition Act**

Republic Act No. 10667, or the Philippine Competition Act ("**PCA**"), is the primary competition policy of the Philippines. It aims to enhance economic efficiency and promote free and fair competition in trade, industry, and all commercial economic activities.

The PCA prohibits and imposes sanctions on:

1. Anti-competitive agreements between or among competitors, which restrict competition as to price or other terms of trade, and those fixing price at an auction or in any form of bidding, including cover bidding, bid suppression, bid rotation and market allocation, and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting, or lessening competition;

2. Practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict, or lessen competition; and
3. Merger or acquisitions which substantially prevent, restrict, or lessen competition in the relevant market or in the market for goods or services.

The PCA, as amended, provides for mandatory notification to the Philippine Competition Commission (“**PCC**”) where the value of such transaction exceeds ₱2,900,000,000.00, and where the size of the ultimate parent entity of either party exceeds ₱7,000,000,000.00 (“**Size of Party**”). Notification is also mandatory for joint venture transactions if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2,900,000,000.00; or (b) the gross revenues generated in the Philippines by the assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2,900,000,000.00.

The PCC may conduct investigation of any merger that it has reasonable grounds to believe is likely to substantially prevent, restrict, or lessen competition in the market. There may be reasonable grounds to believe that a merger is likely to or has substantially prevent, restrict, or lessen competition in the market where there are preliminary indications that customers may be adversely affected, there are possibilities for foreclosure, a high degree of market concentration exists, either of the merger parties has high market shares, the merger takes place in a critical industry, among others.

### **Special Economic Zone**

The Philippine Economic Zone Authority (“**PEZA**”) is the government agency that operates, administers, and manages designated special economic zones. It is tasked to promote investments, extend assistance, register, grant incentives to, and facilitate the business operations of investors in export-oriented manufacturing and service facilities inside PEZA special economic zones. The Special Economic Zone Act of 1995 provides for the legal framework and mechanisms for the creation, operation, administration, and coordination of special economic zones in the Philippines.

An Ecozone is a comprehensive land use plan generally created by proclamation of the President of the Philippines. These are areas earmarked by the government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers. PEZA-registered enterprises located in an Ecozone are entitled to fiscal and non-fiscal incentives such as ITH and duty-free importation of equipment, machinery, and raw materials.

Enterprises offering IT services (such as call centers and other Business Process Outsourcing firms using electronic commerce) are entitled to fiscal and non-fiscal incentives if they are PEZA-registered located in a PEZA-registered IT Park, IT Building, or Ecozone. An IT Park is an area which has been developed into a complex capable of providing infrastructure and support facilities required by IT enterprises, as well as amenities required by professionals and workers involved in IT enterprises, or easy access to such amenities. An IT Building is an edifice, a portion or the whole of which, provides such infrastructure, facilities, and amenities.

PEZA requirements for the registration of an IT Park or IT Building vary depending on whether it is located within or outside Metro Manila. These PEZA requirements include clearances or certifications issued by the city or municipal legislative council, the DAR, the National Water Resources Board, and the DENR.

Pursuant to CREATE Law, for corporations / enterprises currently registered with investment promotion agencies have been given the following sunset provisions:

- a. Those enjoying the ITH are allowed to continue with the availment of the ITH for the remaining period of the ITH as specified in the terms and conditions of their registration;
- b. Those granted ITH but have not yet availed of the incentive may use the ITH for the period as specified in the terms and conditions of their registration;

- c. Those granted ITH and are entitled to the 5% tax on gross income earned incentive after the ITH shall be allowed to avail of the 5% tax on gross income provided the 5% tax shall be allowed for only 10 years; and
- d. Those availing of the 5% tax on gross income earned shall be allowed to continue availing the tax incentive at the rate of 5% for 10 years.

## **Data Privacy Law**

### *Republic Act No. 10173: Data Privacy Act of 2012*

The Data Privacy Act of 2012 was enacted to protect the fundamental human right to privacy while ensuring the free flow of information and regulating the collection, recording, organization, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure or destruction of personal data, all in compliance with international standards set for data protection through the National Privacy Commission. It applies to the processing of all types of information, whether that be of individuals or legal entities, except for publicly available information or those required for public functions. The law provides that when an entity collects personal data, the purpose and extent of processing of such information collected must be legitimate and declared specifically to the owner of the personal information (*i.e.*, whether such information will be used for marketing, data-sharing, and the like), and that consent must be obtained from the owner. This requirement applies to all data collectors and data processors. The term “data collectors” refers to a natural or juridical person who controls or supervises the person collecting, storing, or processing the relevant personal information, while the term “data processors” refers to a natural or juridical person who processes the information, whether or not outsourced by the data collector.

The processing of personal information shall be allowed, subject to compliance with the requirements of the Data Privacy Act of 2012 and other laws allowing disclosure of information to the public and adherence to the principles of transparency, legitimate purpose, and proportionality. Personal information that is collected must be retained only for a reasonable period of time. Such a reasonable period of time is the reasonable amount of time the collector needs the information for its purposes, and the collector must notify the owner of the personal information of that duration. The data collector must implement appropriate measures for the storage and protection of the collected personal information from accidental alteration, destruction, disclosure, and unlawful processing. Furthermore, the data controller must assign compliance officer(s) to ensure compliance with the provisions of the data privacy law and its accompanying implementing rules and regulations.

The data subject is entitled to the following: (1) right to be informed; (2) right to object; (3) right to access; (4) right to rectification; (5) right to erasure or blocking; (6) right to damages; (7) right to file a complaint; and (8) right to data portability.

## **Labor Laws**

### *Republic Act No. 11199: Social Security Act of 2018*

An employer or any person who uses the services of another person in business, trade, industry, or any undertaking is required under Republic Act No. 11199, or the Social Security Act of 2018, to ensure coverage of employees following procedures set out by the law and the Social Security System (“**SSS**”). Under the Social Security Act of 2018, an employer must deduct from its employees their monthly contributions in an amount corresponding to his salary, wage, compensation, or earnings during the month in accordance with the monthly salary credits, the schedule, and the rate of contributions as may be determined and fixed by the Social Security Commission, pay its share of contribution, and remit these to the SSS within a period set by law and/or SSS regulations. This enables the employees or their dependents to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits, and maternity-leave benefits.

The failure of the employer to comply with any of its obligations may lead to the imposition of a fine of not less than ₱5,000.00 nor more than ₱20,000.00, or imprisonment for not less than six years and one day nor more than 12 years, or both, at the discretion of the court. The erring employer will also be liable to the SSS for damages equivalent to the benefits to which the employee would have been entitled had his name been reported on time to the SSS and for the corresponding contributions and penalties

thereon.

*Republic Act No. 9679: Home Development Mutual Fund Law of 2009*

Under Republic Act No. 9679, or the Home Development Mutual Fund Law of 2009, all employees who are covered by the SSS must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings program as well as a fund providing affordable shelter financing to Filipino workers. Coverage under the Pag-IBIG Fund is compulsory for all SSS members and their employers. Under the law, an employer must deduct and withhold 2% of the employee's monthly compensation, up to a maximum of ₱5,000.00, and likewise make a counterpart contribution of 2% of the employee's monthly compensation, and remit the contributions to the Pag-IBIG Fund. Refusal of an employer to comply, without any lawful cause or with fraudulent intent, particularly with respect to registration of employees as well as collection and remittance of contributions, is punishable by a fine of not less but not more than twice the amount involved, or imprisonment of not more than six years, or both such fine and imprisonment. When the offender is a corporation, the penalty will be imposed upon the members of the governing board and the president or general manager, without prejudice to the prosecution of related offenses under the Revised Penal Code and other laws, revocation and denial of operating rights and privileges in the Philippines and deportation when the offender is a foreigner.

*Republic Act No. 10606: the National Health Insurance Act of 2013; Republic Act No. 11223: Universal Health Care Act*

Employers are likewise required to ensure enrollment of its employees in a National Health Insurance Program (“**NHIP**”) administered by the Philippine Health Insurance Corporation (“**PhilHealth**”), a government corporation attached to the Department of Health tasked with ensuring sustainable, affordable, and progressive social health insurance pursuant to the provisions of Republic Act No. 10606, or the National Health Insurance Act of 2013.

On February 20, 2019, Republic Act No. 11223, or the Universal Health Care Act, was enacted, which amended certain provisions of the National Health Insurance Act of 2013. Under the said law, all Filipino citizens are now automatically enrolled into the National Health Program. However, membership is classified into two types: (i) direct contributors; and (ii) indirect contributors. Direct contributors refer to those who have the capacity to pay premiums, are gainfully employed and are bound by an employer-employee relationship, or are self-earning, professional practitioners, migrant workers, including their qualified dependents, and lifetime members. On the other hand, indirect contributors refer to all others not included as direct contributors, as well as their qualified dependents, whose premium shall be subsidized by the national government including those who are subsidized as a result of special laws. Every member is also granted immediate eligibility for health benefit package under the program.

Any employer who deliberately or through inexcusable negligence, fails or refuses to register employees regardless of their employment status, accurately and timely deduct contributions from the employee's compensation, or accurately and timely remit or submit the report of the same to PhilHealth shall be punished with a fine of ₱50,000.00 for every violation per affected employee, or imprisonment of not less than six months but not more than one year, or both such fine and imprisonment, at the discretion of the court.

Any employer who deducts, directly or indirectly, from the compensation of the covered employees or otherwise recover from them the employer's own contribution on behalf of such employees shall be punished with a fine of ₱5,000.00 multiplied by the total number of affected employees or imprisonment of not less than six (6) months but not more than one (1) year, or both such fine and imprisonment, at the discretion of the court.

*DOLE Department Order No. 174-17*

The Labor Code of the Philippines recognizes subcontracting arrangements, whereby a principal puts out or farms out with a contractor the performance or completion of a specific job, work, or service within a definite or predetermined period, regardless of whether such job, work, or service is to be performed or completed within or outside the premises of the principal. Such arrangements involve a “trilateral relationship” among: (i) the principal who decides to farm out a job, work, or service to a contractor; (ii)



the contractor who has the capacity to independently undertake the performance of the job, work, or service; and (iii) the contractual workers engaged by the contractor to accomplish the job, work, or service.

On March 16, 2017, the DOLE issued Department Order No. 174-17 or Rules Implementing Articles 106 to 109 of the Labor Code of the Philippines, as Amended (“**D.O. No. 174-17**”), under the principle that non-permissible forms of contracting and subcontracting arrangements undermine the constitutional and statutory right to security of tenure of workers. D.O. No. 174-17 empowered the Secretary of Labor and Employment to regulate contracting and subcontracting arrangement by absolutely prohibiting labor-only contracting, and restricting job contracting allowed under the provisions of the Labor Code of the Philippines.

Labor-only contracting, which is totally prohibited, refers to an arrangement where:

- a.
    - i. The contractor or subcontractor does not have substantial capital (refers to paid-up capital stock/shares or net worth of at least ₱5,000,000.00), or
    - ii. The contractor or subcontractor does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others,

*and*

  - iii. The contractor’s or subcontractor’s employees recruited and placed are performing activities which are directly related to the main business operation of the principal;
- or*
- b. The contractor or subcontractor does not exercise the right to control over the performance of the work of the employee.

D.O. No. 174-17 expressly requires the registration of contractors with the Regional Office of the DOLE where it principally operates, without which, a presumption that the contractor is engaged in labor-only contracting arises.

D.O. No. 174-17 provides that in the event that there is a finding that the contractor or subcontractor is engaged in labor-only contracting and other illicit forms of employment arrangements, the principal shall be deemed the direct employer of the contractor’s or subcontractor’s employees. Further, in the event of violation of any provision of the Labor Code of the Philippines, including the failure to pay wages, there exists a solidary liability on the part of the principal and the contractor for purposes of enforcing the provisions of the Labor Code of the Philippines and other social legislations, to the extent of the work performed under the employment contract.

## PHILIPPINE TAXATION

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*The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Offer Shares, as well as declaration of dividends to holders thereof (“Preferred Share Transactions”). This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Preferred Share Transactions and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Preferred Share Transactions under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Preferred Share Transactions in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.*

*The tax treatment of a holder of Offer Shares may vary depending upon such holder’s particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a holder of Offer Shares.*

### **PROSPECTIVE PURCHASERS OF THE OFFER SHARES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE PREFERRED SHARE TRANSACTIONS, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.**

*As used in this section, the term “resident alien” refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a “non-resident alien” is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a “nonresident alien engaged in trade or business within the Philippines,” otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a “nonresident alien individual not engaged in trade or business within the Philippines.” A “domestic corporation” is a corporation created or organized in the Philippines or under its laws. A “resident foreign corporation” is a foreign corporation or a non-domestic corporation engaged in trade or business within the Philippines; and a “nonresident foreign corporation” is a foreign corporation or non-domestic corporation not engaged in trade or business within the Philippines.*

### **Philippine Taxation**

On 1 January 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (“**TRAIN Law**”), took effect. The TRAIN Law amended certain provisions of the National Internal Revenue Code of 1997 (“**Tax Code**”) by simplifying income tax, estate and donor’s taxes, expanding the VAT base and introducing additional items that would be subject to excise taxes. It is the first of five packages of the Comprehensive Tax Reform Program (“**CTRP**”) of the Philippine government.

On 11 April 2021, Republic Act No. 11534, or the Corporate Recovery and Tax Incentives for Enterprises Act (or the “**CREATE Act**”) took effect. The CREATE Act is the second package of the tax reform program of the Philippine government which brought about numerous changes with respect to corporate income tax rates, capital gains tax on the sale of shares of stock not traded in the stock exchange, among others.

Below are some of the salient provisions of the CREATE Act:

- (i) Effective 1 July 2020, corporate income tax is reduced from 30% to 25% imposed upon the taxable income derived during each taxable year from all sources within and without the Philippines by every domestic corporation.<sup>6</sup>

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<sup>6</sup> The term 'corporation' shall include one person corporations, partnerships, no matter how created or organized, joint stock companies, joint accounts, associations, or insurance companies, but does not include general professional partnerships and a joint venture or consortium formed for the purpose of undertaking construction projects or engaging in petroleum, coal, geothermal and other energy operations pursuant to an operating consortium agreement under a service contract with the Government.

Corporations with a net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million, excluding the land on which the particular business entity's office, plant and equipment are situated during the taxable year for which the tax is imposed, shall be taxed at 20%.

- (ii) Effective 1 July 2020, income tax at the rate of 25% of the taxable income derived from all sources within the Philippines is imposed on foreign corporations engaged in trade or business in the Philippines.
- (iii) Effective 1 January 2021, a foreign corporation not engaged in trade or business in the Philippines shall pay a tax equal to 25% of the gross income received during each taxable year from all sources within the Philippines.
- (iv) Effective 1 July 2020 until 30 June 2023, the minimum corporate income tax rate (“**MCIT**”) is reduced from 2% to 1%. Any excess of the MCIT over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Subject to certain conditions, the MCIT may be suspended for corporations which suffer losses on account of a prolonged labor dispute, or because of force majeure, or because of legitimate business reverses.
- (v) Effective 1 January 2022, regional operating headquarters shall be subject to the regular corporate income tax of 25%.
- (vi) The improperly accumulated earnings tax shall no longer be imposed on corporations upon the effectivity of the CREATE Act onwards.
- (vii) A final tax at the rate of 15% is imposed upon the net capital gains realized during the taxable year from the sale, barter, exchange or other disposition of shares of stock in a domestic corporation, except shares sold or disposed of through the stock exchange.

## **Tax on Sale, Exchange or Disposition of Shares**

### Shares Listed and Traded Through the PSE

Without prejudice to the application of an income tax treaty, every sale, barter, exchange, or other disposition of shares of stock listed and traded through the PSE, other than the sale by a dealer in securities, shall be subject to a stock transaction tax at the rate of 6/10 of 1% of the gross selling price or gross value in money of the shares of stock sold, bartered, exchanged or otherwise disposed which shall be paid by the seller or transferor. This stock transaction tax is classified as a percentage tax imposed in lieu of a capital gains tax. A value-added tax (“**VAT**”) of 12% is imposed on the commission earned by the PSE-registered broker who facilitated the sale, barter, exchange or disposition through the PSE.

However, instead of the stock transaction tax, the tax on sale, exchange or disposition of shares not listed and trade through the PSE shall apply for the sale of a listed company' shares during a trading suspension since the sale thereof may be effected only outside the trading system of the PSE.

On 7 November 2012, the BIR issued Revenue Regulations No. 16-2012 which provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the minimum public ownership (“**MPO**”) requirement after 31 December 2012 will be subject to capital gains tax and documentary stamp tax.

Pursuant to the PSE Amended Rule on Minimum Public Ownership, listed companies are required, at all times, to maintain a minimum percentage of listed securities held by the public of 10.0% or 20.0%, as applicable, of the listed companies' issued and outstanding shares, exclusive of any treasury shares. For purposes of determining compliance with the MPO, shares held by the following are generally considered “held by the public”: (i) individuals (for as long as the shares held are not of a significant size (*i.e.*, less than 10.0%) and are non-strategic in nature); (ii) trading participants (for as long as the shares held are non-strategic in nature); (iii) investment and mutual funds; (iv) pension funds; (v) PCD nominees if this account constitutes a number of shareholders, none of which has

significant holdings (provided that if an owner of shares under the PCD Nominee has a shareholding that is 10% or more of the total issued and outstanding shares, then this shareholder is considered a principal stockholder); and (vi) social security funds.

Listed companies which become non-compliant with the MPO on or after 1 January 2013 will be suspended from trading for a period of not more than six (6) months and will automatically be delisted if it remains non-compliant with the MPO after the lapse of the suspension period. Suspended or delisted shares will not be traded on the exchange. In addition, sale of shares of listed companies that do not maintain the MPO is not considered publicly listed for taxation purposes and should, therefore, be subjected to capital gains tax and DST.

On 4 August 2020, the PSE issued Guidelines on MPO Requirement for Initial and Backdoor Listings, effective immediately. Under the guidelines, companies applying for initial listing through an initial public offering are required to have a minimum public offer size of 20% to 33% of its outstanding capital stock, as follows:

<b>Market Capitalization</b>	<b>Minimum Public Offer</b>
Not exceeding ₱500 million	33% or ₱50 million, whichever is higher
Over ₱500 million to ₱1 billion	25% or ₱100 million, whichever is higher
Over ₱1 billion	20% or ₱250 million, whichever is higher

A company listing through an initial public offering is required to maintain at least 20% public ownership level at all times, whether the listing is initial or through backdoor listing. For companies doing a backdoor listing, the 20% MPO requirement shall be reckoned from the actual issuance or transfer (as may be applicable) of the securities which triggered the application of the Backdoor Listing Rules or from actual transfer of the business in cases where the Backdoor Listing Rules are triggered by a substantial change in business.

In accordance with the SEC Memorandum Circular No. 13 Series of 2017 issued on 1 December 2017, the MPO requirement on initial public offerings is increased from 10.0% to 20.0%. For existing publicly listed companies, the existing rules and/or guidelines of an exchange on minimum public float duly approved by the SEC still apply. The PSE rule on MPO requires that listed companies shall, at all times, maintain a minimum percentage of listed securities held by the public of 10.0% or 20.0%, as applicable, of the listed companies' issued and outstanding shares, exclusive of any treasury shares. Pursuant to PSE Circular No. 2020-0076, the 20% MPO requirement will also apply to companies applying for listing by way of introduction and companies undertaking a backdoor listing. Notwithstanding such rules, however, real estate investment trusts must comply with the minimum public ownership requirement prescribed by the REIT Act of 2009.

#### Shares Not Listed and Traded Through the PSE

The net capital gains realized by an individual taxpayer or a domestic corporation (other than a dealer in securities) during each taxable year from the sale, exchange or disposition of shares of stock in a Philippine corporation listed at and effected outside the facilities of the PSE, are subject to capital gains tax at the final rate of 15% of the net capital gains realized during the taxable year. Net capital gains realized by resident and non-resident foreign corporations during each taxable year from the sale, exchange or disposition of shares of stock in a Philippine corporation listed at but effected outside of the facilities of the local stock exchange, are also subject to the final tax rate of 15% based on the net capital gains realized during the taxable year.

Further, if the fair market value of the shares of stock in a Philippine corporation sold outside the facilities of the PSE exceeds the consideration received, the amount by which the fair market value exceeds the selling price shall be deemed a gift that is subject to donor's tax; provided, however, that a sale, exchange or other transfer of property made in the ordinary course of business (a transaction which is bona fide, at arm's length, and free from any donative intent), will be considered as having been made for an adequate and full consideration in money or money's worth and will not be subject to donor's tax.

The foregoing, however, is without prejudice to the application of an income tax treaty providing for exemption from capital gains tax. In such a case, for a person to avail itself/himself of the exemption, an application for tax treaty relief has to be filed with and approved by the BIR.

No change in ownership of shares shall be recorded in the stock and transfer book of a Philippine corporation, unless a Certificate Authorizing Registration has been secured from the BIR, certifying that capital gains and documentary stamp taxes relating to the sale or transfer have been paid or, where applicable, tax treaty relief has been confirmed by the International Tax Affairs Division (“ITAD”) of the BIR in respect of the capital gains tax, or other conditions that should be met.

### **Tax on Dividends**

Under the Tax Code, tax on cash or property dividends received from a domestic corporation shall vary depending on who the recipient is, as follows:

- a. citizens or residents of the Philippines (including resident aliens) – final tax rate of 10%;
- b. non-resident alien individuals engaged in trade or business within the Philippines – final tax rate of 20% based on the gross amount of dividends, subject to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile of such non-resident alien individuals;
- c. non-resident alien individuals not engaged in trade or business within the Philippines - tax rate of 25%, subject to applicable preferential tax rates under tax treaties executed between the Philippines and the country of residence or domicile of such non-resident foreign individuals;
- d. domestic corporations and resident foreign corporations – exempt from tax;
- e. non-resident foreign corporations – final tax rate of 25%. The 25% final tax rate may be reduced to a lower rate of 15% if the tax sparing rule applies, which is when:
  - (i) the country where the non-resident foreign corporation is domiciled imposes no tax on foreign sourced dividends; or
  - (ii) the country of domicile of the non-resident foreign corporation allows a credit against the tax due from the nonresident foreign corporation on taxes deemed to have been paid in the Philippines; provided, effective July 1, 2020, the credit against tax due shall be equivalent to 15%, which represents the difference between the regular income tax on corporations and the 15% tax on dividends.

To avail itself of the 15% preferential tax rate, a non-resident foreign corporation must file an application with the BIR for a confirmatory ruling on its entitlement pursuant to Revenue Memorandum Order No. 46-20 (*Guidelines and Procedures for the Availment of the Reduced Rate of 15% on Intercompany Dividends Paid by a Domestic Corporation to a Non-resident Foreign Corporation Pursuant to Section 28 (B) (5) (b) of the Tax Code, as amended, dated 23 December 2020*). The application has to be filed with the BIR-ITAD within 90 days from “the remittance of the dividends or from the determination by the foreign tax authority of the deemed paid tax credit/non-imposition of tax because of the exemption, whichever is later.” A domestic corporation is not required to first secure a ruling from the BIR in order to use the tax sparing rate when it remits the dividends. However, it is required to determine if under the law of the country of domicile of the non-resident foreign corporation, such non-resident foreign corporation is granted the applicable “deemed paid” tax credit, or an exemption from income tax on such dividends.

If the regular tax rate is withheld by the Company instead of the reduced rates applicable under an income tax treaty, the non-resident foreign corporation may file a claim for refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund. Taxes on dividends shall be withheld by the company declaring the dividends and remitted to the BIR in behalf of its shareholders.

The foregoing, however, is without prejudice to the applicable preferential tax rates under income tax treaties executed between the Philippines and the country of residence or domicile of a non-resident alien or non-resident foreign corporation. The BIR prescribed certain procedures for availment of tax

treaty relief on dividends under Revenue Memorandum Order No. 14-2021 (*Streamlining the Procedures and Documents for the Availment of Treaty Benefits dated 31 March 2021*), as clarified by Revenue Memorandum Circular No. 77-21 (*Clarification on Certain Provisions of Revenue Memorandum Order No. 14-21, dated 15 June 2021*). Availment of the tax treaty relief benefits requires compliance with the following:

- (i) The non-resident income recipient should submit to the withholding agent or income payor the submitted Application Form for Treaty Purposes, Tax Residency Certificate duly issued by the foreign tax authority, and the relevant provision of the applicable tax treaty on whether to apply a reduced rate of, or exemption from, withholding at source on the income derived by the nonresident income recipient. The documents should be submitted to each withholding agent or income payor prior to the payment of income for the first time. The failure to provide the said documents when requested may lead to the withholding using the regular withholding rates without the tax treaty benefit rate.
- (ii) When the preferential tax rates have been applied by the withholding agent, it shall file with the ITAD a request for confirmation on the propriety of the withholding tax rates applied by the withholding agent. On the other hand, if the regular withholding rates have been imposed on the income, the non-resident income recipient shall file a tax treaty relief application (“**TTRA**”) with ITAD. In either case, each request for confirmation and TTRA shall be supported by the documentary requirements set out in the issuance.
- (iii) The request for confirmation shall be filed by the withholding agent at any time after the payment of withholding tax but shall in no case be later than the last day of the 4<sup>th</sup> month following the close of each taxable year. On the other hand, the filing of the TTRA may be filed by the nonresident income recipient at any time after the receipt of the income.

If the BIR determines that the withholding tax rate applied is lower than the rate that should have been applied on an item of income pursuant to the treaty, or that the non-resident taxpayer is not entitled to treaty benefits, it will issue a BIR ruling denying the request for confirmation or TTRA. Consequently, the withholding agent shall pay the deficiency tax plus penalties.

If the withholding tax rate applied is proper or higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient’s entitlement to treaty benefits. In the latter case, the taxpayer may apply for a refund of excess withholding tax.

For property dividends, taxes such as VAT, DST and local transfer tax may be imposable depending on the type of property distributed as dividends. Stock dividends distributed pro rata to all holders of shares are not subject to Philippine income tax. A stock dividend constitutes income if it gives the shareholder an interest different from that which his former stock holdings represented. A stock dividend does not constitute income if the new shares confer no significantly different rights or interest than did the old. The sale, exchange or disposition of shares received as property dividends by the holder is subject to either capital gains tax and documentary stamp tax or stock transaction tax.

### **Documentary Stamp Tax (“DST”)**

There shall be a DST imposed on every original issue of shares of stock by any association, company or corporation, in the amount of ₱2.00 on each ₱200.00, or fractional part thereof, of the par value, of such shares of stock issued. In case of an original issue of shares of stock without par value, the amount of the documentary stamp tax herein prescribed shall be based on the actual consideration for the issuance of such shares of stock.

The transfer of shares, other than by original issuance, by way of sale, agreement to sell, or memoranda of sale, or deliveries, or transfer of shares or certificates of stock in any association, company, or corporation shall be subject to DST of ₱1.50 on each ₱200.00, or fractional part thereof, of the par value of such stock sold or transferred. In the case of stock without par value, the amount of the DST herein prescribed shall be equivalent to 50% of the DST paid upon the original issue of said stock.

The DST is payable by either the transferor or transferee of the shares. However, if the transferor enjoys exemption from the DST, the transferee who is not exempt shall be directly liable for the same.

The sale, barter or exchange of shares of stock listed and traded at the PSE is exempt from DST. In addition, the borrowing and lending of securities executed under the Securities Borrowing and Lending Program of a registered exchange, or in accordance with regulations prescribed by the appropriate regulatory authority, are likewise exempt from documentary stamp tax. However, the securities borrowing and lending agreement should be duly covered by a master securities borrowing and lending agreement acceptable to the appropriate regulatory authority, and should be duly registered and approved by the BIR.

### **Estate and Donor's Tax**

Shares of a domestic corporation transferred by way of succession is subject to Philippine estate tax. Philippine donor's tax, on the other hand, shall apply if such shares are transferred by way of donation.

Estate tax is equivalent to 6% of the net estate of the deceased, while donor's tax is 6% of the total gifts in excess of ₱250,000.00 gift made during the calendar year by the donor.

When property (other than real property subject to capital gains tax) is transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the property exceeded the value of the consideration shall be deemed a gift or donation subject to donors' tax. However, a sale, exchange, or other transfer of property made in the ordinary course of business, or a transaction made at arm's length and free from donative intent, will be considered as made for an adequate and full consideration in money or money's worth, and will not be subject to donors' tax.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor. Based on present rules, the estate tax and the donor's tax, in respect of the Offer Shares, shall not be collected:

- (i) If the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or
- (ii) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

### **Tax on Transactions Outside the Philippines**

Gain from sale of shares a domestic corporation is deemed derived entirely from Philippine sources, regardless of the place of sale and thus, subject to Philippine income tax. The transfer of such shares by donation or succession is subject to the donors' tax or estate tax.

Note that the tax treatment of a non-resident shareholder in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such shareholder. This Prospectus does not discuss the tax considerations of non-resident shareholders under laws other than those of the Philippines.

### **Preferential Rates Under Income Tax Treaties**

Below is a summary of some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

	<b>Dividend</b>	<b>Stock Transaction Tax (for Sale of Shares Listed and Traded Through PSE)</b>	<b>Capital Gains Tax (for Sale of Shares not Listed and Traded Through PSE)</b>
<b>Canada</b>	25% <sup>7</sup>	0.60% <sup>8</sup>	May be exempt <sup>9</sup>
<b>China</b>	15% <sup>10</sup>	Exempt <sup>11</sup>	May be exempt <sup>3</sup>
<b>France</b>	15% <sup>12</sup>	Exempt <sup>13</sup>	May be exempt <sup>3</sup>
<b>Germany</b>	15% <sup>14</sup>	Exempt <sup>15</sup>	May be exempt <sup>3</sup>
<b>Japan</b>	15% <sup>16</sup>	0.60% <sup>2</sup>	May be exempt <sup>3</sup>
<b>Singapore</b>	25% <sup>17</sup>	0.60% <sup>2</sup>	May be exempt <sup>3</sup>
<b>United Kingdom</b>	25% <sup>18</sup>	0.60% <sup>2</sup>	Exempt <sup>19</sup>
<b>United States</b>	25% <sup>20</sup>	0.60% <sup>2</sup>	May be exempt <sup>3</sup>

<sup>7</sup> 15% if the recipient company controls at least 10% of the voting power of the company paying the dividends.

<sup>8</sup> If the stock transaction tax is not expressly included in the tax treaty, the income recipient will be subject to stock transaction tax at the rate of 0.6% of the gross selling price or gross value in money of the shares of stock sold, bartered, exchanged or otherwise disposed as provided under Tax Code, as amended by TRAIN Law.

<sup>9</sup> Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.

<sup>10</sup> 10% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends.

<sup>11</sup> Article 2(1)(b) of the RP-China Tax Treaty with respect to Taxes on Income was signed on 18 November 1999.

<sup>12</sup> 10% if the recipient company holds directly at least 10% of the voting shares of the company paying the dividends.

<sup>13</sup> Article 1 of the Protocol to the Tax Convention between the Government of the Republic of the Philippines and the Government of the French Republic signed on 9 January 1976 was signed in Paris, France on 26 June 1995.

<sup>14</sup> 5% if the recipient company holds directly at least 70% of the capital of the company paying the dividends; 10% if the recipient company holds directly at least 25% of the capital of the company paying the dividends.

<sup>15</sup> Article 2 (3)(a) of RP-Germany Tax Treaty with respect to Taxes on Income and Capital signed on 9 September 2013.

<sup>16</sup> 10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends.

<sup>17</sup> 15% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15% of the outstanding shares of the voting shares of the paying company were owned by the recipient company.

<sup>18</sup> 15% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends.

<sup>19</sup> Under the RP-UK Tax Treaty, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.

<sup>20</sup> 20% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation. Notwithstanding the rates provided under the RP-US Tax Treaty with respect to Taxes on Income, corporations which are residents of the United States may avail of the 15% withholding tax rate under the tax-sparing clause of the Philippine Tax Code provided certain conditions are met.



## THE PHILIPPINE STOCK MARKET

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*The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company, the Joint Lead Underwriters, or any of their respective subsidiaries, affiliates or advisors in connection with the offer and sale of the Preferred Shares.*

### Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was established on August 8, 1927, and the Makati Stock Exchange, which was established on May 27, 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Philippine government resulted in the unification of the two bourses into the PSE. The PSE was incorporated on December 23, 1992 by officers of both the Makati and the Manila Stock Exchanges. On March 4, 1994, the SEC granted the PSE its license to operate as a securities exchange and simultaneously canceled the licenses of the two exchanges. The PSE maintains a single, unified trading floor in Bonifacio Global City in Taguig City.

On June 29, 1998, the Philippine SEC granted the Self-Regulatory Organization status to the PSE, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 3, 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC.

The PSE has an authorized capital stock of ₱120 million. As of September 30, 2023, the PSE has 85,598,798 issued and outstanding shares, of which 3,513,952 are treasury shares, resulting in 82,084,846 total shares outstanding. Each of the 184 member-brokers was granted 50,000 common shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member broker allowing the use of the PSE's trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President of the PSE.

On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE's Main Board or the Small, Medium and Emerging Board. In 2013, the PSE issued Rules on Exchange Traded Funds ("**ETF**") which provides for the listing of ETFs on an ETF Board separate from the PSE's existing boards. Previously, the PSE allowed listing on the First Board, Second Board, or the SME Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated June 6, 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in a company's articles of incorporation of the Issuer. Each index represents the numerical average of the prices of component shares.

The PSE has a benchmark index, referred to as the PSEi (previously "**PHISIX**"), which as at the date thereof reflects the price movements of selected shares listed on the PSE, based on traded prices of shares from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective April 3, 2006, simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi is composed of shares of 30 selected companies listed on the PSE. On July 26, 2010, the PSE launched a new trading system, PSE Trade.

With the increasing calls for good corporate governance and the need to consistently provide full, fair, accurate and timely information, the PSE has adopted an online daily disclosure system to support the provision of material information coming from listed companies and enhance access to such reports by the investing public. In December 2013, the PSE replaced its online disclosure System with a new disclosure system, the PSE Electronic Disclosure Generation Technology ("**EDGE**"). The PSE EDGE, a

new disclosure system co-developed with the Korea Exchange, went live. The PSE EDGE system provided a dedicated portal for listed company disclosures and also offered a free-to download mobile application for easy access by investors, with a variety of features to (i) further standardize the disclosure reporting process of listed companies on the PSE, (ii) improve investors' disclosure searching and viewing experience, and (iii) enhance overall issuer transparency in the market.

The main index for PSE is the PSEi, which is a capitalization-weighted index composed of stocks representative of the Industrial, Properties, Services, Holding Firms, Financial and Mining & Oil Sectors of the PSE. It measures the relative changes in the free float-adjusted market capitalization of the 30 largest and most active common stocks listed at the PSE. The selection of companies in the PSEi is based on a specific set of public float, liquidity and market capitalization criteria. There are also six sector-based indices as well as a broader all shares index.

In June 2015, the PSE Trade system was replaced by PSE Trade XTS which utilizes NASDAQ's X-stream Technology. The PSEtrade XTS, which replaced the NSC trading platform provided by NYSE Euronext Technologies SAS, is equipped to handle large trading volumes. It is also capable of supporting the future requirements of the PSE should more products and services be introduced.

In November 2016, the Exchange received regulatory approvals to introduce new products in the stock market – the Dollar Denominated Securities and the Listing of PPP Companies.

In June 2018, the PSE received approval from the Philippine SEC to introduce short selling in the equities market.

The PSE launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of ten guidelines embodying principles of good business practice and is based on internationally recognized corporate governance codes and best practices.

The table below sets out movements in the composite index as of the last business day of each calendar year from 1995 to 2022, and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

<b>Year</b>	<b>Composite Index at Closing</b>	<b>Number of Listed Companies</b>	<b>Aggregate Market Capitalization (in ₱ billions)</b>	<b>Combined Value of Turnover (in ₱ billions)</b>
1995	2,594.2	205	1,545.7	379.0
1996	3,170.6	216	2,121.1	668.8
1997	1,869.2	221	1,251.3	586.2
1998	1,968.8	222	1,373.7	408.7
1999	2,142.9	225	1,936.5	781.0
2000	1,494.5	229	2,576.5	357.7
2001	1,168.1	231	2,141.4	159.6
2002	1,018.4	234	2,083.2	159.7
2003	1,442.4	236	2,973.8	145.4
2004	1,822.8	235	4,766.3	206.6
2005	2,096.0	237	5,948.4	383.5
2006	2,982.5	239	7,173.2	572.6
2007	3,621.6	244	7,977.6	1,338.3
2008	1,872.9	246	4,069.2	763.9
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	245	8,697.0	1,422.6
2012	5,812.7	254	10,952.7	1,771.7
2013	5,889.8	257	11,931.3	2,546.2
2014	7,230.6	263	14,251.7	2,130.1
2015	6,952.1	265	13,465.1	2,172.5
2016	6,840.6	265	14,438.8	1,929.5
2017	8,558.4	267	17,583.1	1,958.4

2018	7,466.0	267	16,146.7	1,736.8
2019	7,815.3	271	16,710.0	1,770.0
2020	7,139.7	271	15,890.0	1,770.0
2021	7,122.63	276	18,081.1	2,233.1
2022	6,566.4	286	16,558.5	1,788.7
2023	6,450.04	283	16,740.2	(data not available)

Source: *Philippine Stock Exchange, Inc. and PSE Annual Reports*

### Amended REIT Listing Rules

On February 7, 2020, the PSE issued Memorandum No. 2020-0005 on the Amended Listing Rules for Real Estate Investment Trusts (“**Amended REIT Listing Rules**”). Under the Amended REIT Listing Rules, a REIT must meet the following criteria in addition to the criteria in the PSE Listing Rules:

- A REIT must be a stock corporation established in accordance with the Revised Corporation Code of the Philippines and the rules and regulations promulgated by the Commission principally for the purpose of owning income-generating real estate assets.
- A REIT must have a dividend policy of distributing annually at least ninety percent (90%) of its distributable income as dividends to its shareholders in accordance with the REIT Act of 2009 and its IRR.
- A REIT must be a public company upon and after listing, and to be considered as such, a REIT must have at least one thousand (1,000) public shareholders each owning at least fifty (50) shares of any class of shares who in the aggregate own at least one-third (1/3) of the outstanding capital stock.
- A REIT must have a minimum paid-up capital of ₱ 300 million.
- At least seventy-five percent (75%) of the deposited property of the REIT must be invested in, or consist of, income-generating real estate; provided, that a REIT shall not invest in real estate located outside the Philippines which exceeds more than forty percent (40%) of its deposited property and, provided further, that the REIT shall at all times secure a special authority from the securities and exchange commission in making such investment outside the Philippines.
- At least 1/3 of the board of directors of a REIT must be independent directors, which in no case shall be less than two (2).
- A REIT must appoint a qualified fund manager and property manager in accordance with the REIT Act of 2009 and its IRR, as may be amended.
- Directors or officers of the REIT, fund manager, property manager, distributor and other REIT participants are subjected to the fit and proper rule under the REIT Act of 2009 and its IRR.
- A newly formed REIT which invokes the track record or operating history of its income generating real estate assets shall submit audited financial statements and any other supporting documents that reflect the back record or operating history of the REIT's income-generating real estate assets for the applicable period.
- The Articles of Incorporation and By-Laws of the REIT shall provide that all of the shares of stock of the REIT shall be issued in the form of uncertificated securities and an investor may not require the REIT to issue a certificate in respect of any share recorded in their name.
- Pursuant to Section 8 of these Rules, the REIT shall submit a firm undertaking on the part of its sponsors/promoters which transferred income-generating real estate to the REIT to reinvest in real estate or infrastructure projects in the Philippines any monies realized by such sponsors/promoters from (a) the subsequent sale of REIT shares or other securities issued in exchange of income generating real estate transferred by such sponsors/promoters to the REIT; or (b) the sale of any income-generating real estate to the REIT. The firm undertaking shall also state the firm commitment to regularly report to the REIT the status of implementation of the Reinvestment Plan.

### Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment of purchases

of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Generally, equities trading on the PSE starts at 9:30 a.m. until 12:00 p.m., when there will be a one-hour lunch break. In the afternoon, trading resumes at 1:00 p.m. and ends at 3:00 p.m. Trading days are Monday to Friday, except legal holidays and days when the BSP clearing house is closed and such other days as may be declared by the Philippine SEC or the PSE, to be a non-trading day.

Minimum trading lots range from five to 1,000,000 shares depending on the price range and nature of the security traded. The minimum trading lot for a company's shares is 100 shares. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated through the enforcement of static and dynamic thresholds.

The upper static threshold enforces a 50%-, while the lower static threshold enforces as 30%-, trading band within which the price of a stock is allowed to move. When the price of a listed security moves up by 50% (price ceiling) or down by 30% (floor price) on a particular day (to be reckoned from the last closing price or the last adjusted closing price, whichever is higher), the price of that security is automatically frozen by the PSE, unless there is an official statement from the corporation or a government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the subject corporation fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading shall be allowed only when the disclosure of the subject corporation is disseminated, subject again to the trading ban.

The dynamic threshold is the maximum allowable price difference between an update in the Last Traded Price ("LTP") of a given stock or group of stocks and its preceding LTP that is equal to a percentage set by the PSE, subject to the classification of a stock or a group of stocks based on its trade frequency. The Dynamic Threshold of a listed stock may vary from 10%, 15% and 20% depending on its trade frequency.

In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- In case the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50% of the previous day's reference or closing price, or the last adjusted closing price); otherwise, such order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60% static threshold will be rejected by the PSE.
- In case the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (i.e., 20% for security cluster A and newly listed securities, 15% for security cluster B and 10% for security cluster C); otherwise, such order will be rejected by the PSE.

### **Non-Resident Transactions**

When the purchase/sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

## Settlement

The Securities Clearing Corporation of the Philippines (“**SCCP**”) is a wholly owned subsidiary of the PSE and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP started its commercial operations on January 3, 2000 received its permanent license to operate on January 17, 2002. It is responsible for:

- synchronizing the settlement of funds and the transfer of securities through delivery versus payment clearing and settlement of transactions of clearing members, who are also PSE trading participants;
- guaranteeing the settlement of trades in the event of a trading participant’s default through the implementation of its fails management system and administration of the Clearing and Trade Guaranty Fund; and
- performance of risk management and monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three days after transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book entry system of the PDTC. Each PSE trading participant maintains a cash settlement account with one of the nine existing settlement banks of SCCP which are BDO Unibank, Inc., Rizal Commercial Banking Corporation, Metropolitan Bank & Trust Company, Deutsche Bank, Union Bank of the Philippines, The Hongkong and Shanghai Banking Corporation Limited, Maybank Philippines, Inc., Asia United Bank, and China Banking Corporation. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its Central Clearing and Central Settlement (“**CCCS**”) system on May 29, 2006. CCCS employs multilateral netting, whereby the system automatically offsets “buy” and “sell” transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the central counterparty to each PSE-eligible trade cleared through it.

## Scripless Trading

In 1995, the PDTC (formerly the Philippine Central Depository, Inc.), was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the Philippine SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders’ meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, BDO, RCBC, Metrobank, DB, HSBC, Unionbank, and Maybank Philippines.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares in favor of the PCD Nominee Corporation (“**PCD Nominee**”), a corporation wholly owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares lodged in the PDTC. “Immobilization” is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of the PCD Nominee through the PDTC

participant will be recorded in the issuing corporation's registry. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the Philippine SEC. No consideration is paid for the transfer of legal title to the PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant-custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP Central Clearing and Central Settlement system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged, and the shares will no longer be eligible for settlement through the PCD system. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry is in the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of the PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD Nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

### **Amended Rule on Lodgment of Securities**

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the Revised Listing Rules.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

- For a new company to be listed at the PSE as of July 1, 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on the listing date.
- On the other hand, for an existing listed company, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCD Nominee jumbo certificates and upon such advice the PDTC shall surrender all PCD Nominee jumbo certificates to the transfer agent for cancellation. The transfer agent shall issue a registry confirmation advice to PDTC evidencing the total number of shares registered in the name of PCD Nominee in the listed company's registry as of confirmation date.

Further, the PSE apprised all listed companies and market participants on May 21, 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgement of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the PSE.

For listing applications, the amended rule on lodgment of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering;
- The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the Philippine SEC in the case of a listing by way of introduction;
- New securities to be offered and applied for listing by an existing listed company; and
- Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof, to wit:

*“For new companies to be listed at the PSE as of July 1, 2009 the usual procedure will be observed but the Transfer Agent of the companies shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the Depository Participants on listing date.”*

*“On the other hand, for existing listed companies, the PDTC shall wait for the advice of the Transfer Agents that it is ready to accept surrender of PCNC jumbo certificates and upon such advice the PDTC shall surrender all PCNC jumbo certificates to the Transfer Agents for cancellation. The Transfer Agents shall issue a Registry Confirmation Advice to PCNC evidencing the total number of shares registered in the name of PCNC in the Company's registry as a confirmation date.”*

### **Issuance of Stock Certificates for Certificated Shares**

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a registry confirmation advice to the PDTC covering the new number of shares lodged under PCD Nominee.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the

relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

### **Amended Rule on Minimum Public Ownership**

On December 1, 2017, the Philippine SEC issued SEC Memorandum Circular No. 13, Series of 2017 ("**SEC MC 13-2017**") on the rules and regulations on minimum public ownership ("**MPO**") on initial public offerings.

Under SEC MC 13-2017, companies filing a registration statement pursuant to Sections 8 and 12 of the SRC and with intention to list their shares for trading in an exchange shall apply for registration with a public float of at least 20% of the companies' issued and outstanding shares. It shall, at all times, maintain an MPO of at least 20%. If the MPO of the company falls below 20% at any time after registration, such company shall bring the public float to at least 20% within a maximum period of 12 months from the date of such fall.

The determination of whether shareholdings are considered public or non-public is based on: (a) the amount of shareholdings and its significance to the total outstanding shares; (b) the purpose of investment; and (c) the extent of involvement in the management of the company.

The shares held by the following are generally considered as held by the public: (i) individuals whose shares are not of significant size and which are non-strategic in nature; (ii) PSE trading participants (such as brokers) whose shareholdings are non-strategic in nature; (iii) investment funds and mutual funds; (iv) pension funds which hold shares in companies other than the employing company or its affiliates; (v) PCD Nominee provided that none of the beneficial owners of the shares has significant holdings (i.e., shareholdings by an owner of 10% or more are excluded and considered non-public); and (vi) Social Security funds.

If an investment in a listed company is meant to partake of sizable shares for the purpose of gaining substantial influence on how the company is being managed, then the shareholdings of such investor are considered non-public. Ownership of 10% or more of the total issued and outstanding shares of a listed company is considered significant holding and therefore non-public.

Listed companies which become non-compliant with the minimum public ownership requirement will be suspended from trading for a period of not more than six months and will be automatically delisted if it remains non-compliant with the said requirement after the lapse of the suspension period.

Notwithstanding the quarterly public ownership report requirement of the PSE, listed companies listed on the PSE are required to (a) establish and implement an internal policy and procedure to monitor its MPO levels on a continuous basis; and (b) immediately report to the Philippine SEC within the next business day if its MPO level falls below 20%. Listed companies are also required to submit to the Philippine SEC a time-bound business plan describing the steps that the company will take to bring the public float to at least 20% within a maximum period of 12 months from, within ten days from knowledge that its MPO has become deficient. Listed companies are also required to submit to the Philippine SEC a public ownership report and progress report on any such submitted business plan within 15 days after end of each month until such time that its MPO reaches the required level.

The MPO requirement also forms part of the requirement for the registration of securities. Non-compliance with these MPO requirements subject publicly listed companies to administrative sanctions, including suspension and revocation of their registration with the SEC.

On August 4, 2020, the PSE issued Memorandum CN-No. 2020-0076 (Guidelines on MPO Requirement for Initial and Backdoor Listings), effective immediately. Under the guidelines, companies applying for initial listing through an IPO are required to have a minimum public offer size of 20% to 33% of its outstanding capital stock, as follows:

**Market Capitalization**  
Not exceeding ₱500 million

**Minimum Public Offer**  
33% or ₱50 million, whichever is higher



Over ₱500 million to ₱1 billion  
Over ₱1 billion

25% or ₱100 million, whichever is higher  
20% or ₱250 million, whichever is higher

A company listing through an IPO is required to maintain at least 20% public ownership level at all times, whether the listing is initial or through backdoor listing. A company applying for listing by way of introduction is required to have at least 20% public float upon and after listing. For companies doing a backdoor listing, the 20% MPO requirement shall be reckoned from the actual issuance or transfer (as may be applicable) of the securities which triggered the application of the Backdoor Listing Rules or from actual transfer of the business in cases where the Backdoor Listing Rules are triggered by a substantial change in business.

## INDEPENDENT AUDITORS AND COUNSEL

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### Legal Matters

All legal issues relating to the issuance of the Offer Shares shall be passed upon by SyCip Salazar Hernandez & Gatmaitan (“**SyCipLaw**”) as counsel for the Joint Lead Underwriters, and by the Issuer’s in-house legal counsels.

SyCipLaw may, from time to time, be engaged by the Issuer to advise in its transactions and perform legal services on the same basis that they provide such services to their other clients.

[●], an independent external counsel for Issuer, issued the opinion on the legality and validity of the Offer, on the taxation applicable to the Offer, and the permits and licenses held by the Issuer.

The named independent legal counsels have not acted and will not act as promoter, underwriter, voting trustee, officer, or employee of the Issuer.

### Independent Auditors

Punongbayan & Araullo (“**P&A**”) Grant Thornton, the independent auditors, audited the financial statements of the Issuer as of and for the years ended December 31, 2022, 2021, and 2020, [and reviewed the interim statements as of and for the nine-month period ended September 30, 2023 and 2022] which are all included in the Prospectus. For the Issuer’s financial year ended December 31, 2022 financial statements, P&A’s engagement and signing partner was Mailene Sigue-Bisnar (CPA Reg. No. 0090230; Partner- No. 90230-SEC, until December 31, 2025).

The following is the summary of the audit and non-audit fees paid to P&A for the fiscal years ended December 31, 2023, 2022, and 2021 (exclusive of the 12% VAT):

	2023	2022	2021
Audit and non-audit fees	₱5,712,000	₱4,340,000	₱2,230,600

Total fees paid to P&A for the fiscal year ended December 31, 2022, that include annual audit and special audit fees was ₱4,340,000 before VAT. The increase in External Audit Fees is basically due to the increase in the number of projects that were operational in 2022. The Special Audit engagement was for the issuance of arrangement letter and comfort letter relative to the Offer.

Total fees paid to P&A for the year ended December 31, 2023 amounted to ₱5,712,000. This includes external audit fees which increased due to an additional number of projects that became operational. There is also a special engagement to review September 30, 2023 financial statements for the issuance of a comfort letter relative to the Offer.

CLI’s Audit Committee also evaluates and determines the non-audit work, if any, of the external auditor. It approves all non-audit services conducted by the external auditor and disallows the same if it will conflict with its duties as an external auditor or will otherwise pose a threat to its independence.

For the fiscal year ended December 31, 2022, the CLI Audit Committee reviewed, evaluated, and pre-approved the non-audit services of the external auditor. The non-audit services conducted by P&A pertain to tax services, specifically on the review of CLI’s Information Return on Transactions with Related Party (BIR Form 1709). The scope of work involves the consultancy, review, and guidance on the preparation and filing of BIR Form 1709 to the BIR, as attachment to the FY2022 Annual Income Tax Return. The non-audit fees of the aforementioned tax services amounted to ₱69,000.00 (exclusive of the 12% VAT).

For the 2022-2023 term of directors, CLI’s Audit Committee is composed of four qualified non-executive directors, three of whom, including the Chairperson, are independent directors. All the members of the Audit Committee have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing, and finance. Ma. Aurora D. Geotina-Garcia, the Chairperson of the CLI Audit Committee, has not been appointed as the Chairman / Chairperson of the CLI Board or of any other

committee.

P&A has no shareholdings in the Issuer, or any right, whether legally enforceable or not, to nominate or to subscribe to the securities of the Issuer, in accordance with the professional standards on independence set by the Board of Accountancy and Professional Regulation Commission.

The named independent auditor has not acted and will not act as promoter, underwriter, voting trustee, officer, or employee of the Issuer. CLI has no disagreements with P&A on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

## **FINANCIAL INFORMATION**

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The succeeding pages set forth the audited financial statements of CLI as of December 31, 2022, 2021, and 2020 and consolidated interim financial statements as of and for the nine months ended September 30, 2023 and 2022.