

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, BUT HAS NOT YET BECOME EFFECTIVE. THESE SECURITIES MAY NOT BE SOLD NOR OFFERS TO BUY THE SAME BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS OFFER SUPPLEMENT SHALL NOT CONSTITUTE AN OFFER TO SELL OR BE CONSIDERED A SOLICITATION OF AN OFFER TO BUY.



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

## PRELIMINARY OFFER SUPPLEMENT

Offer of [up to] ₱5.0 Billion Fixed Rate Bonds with  
An Oversubscription Option of up to ₱3.0 Billion

Consisting of

- [●]% p.a. 3.5 Year-Series A Bonds Due 2026
- [●]% p.a. 5.5 Year-Series B Bonds Due 2028
- [●]% p.a. 7 Year-Series C Bonds Due 2029

at an Issue Price of 100% of Face Value

Under its up to ₱15.0 Billion Debt Securities Program  
Subject of Shelf Registration

The Bonds shall be listed and traded through the  
Philippine Dealing & Exchange Corp.

**JOINT ISSUE MANAGERS,  
JOINT LEAD UNDERWRITERS AND JOINT BOOKRUNNERS**



**BPI Capital  
Corporation**



This Preliminary Offer Supplement is dated as of June 27, 2022.

**THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS OFFER SUPPLEMENT 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.**

10th Floor, Park Centrale Tower  
Jose Ma. Del Mar St.  
B2 L3, Cebu IT Park  
Brgy. Apas, Cebu City  
Philippines  
Tel. Nos. +63 32 231-4870 / 231-4914  
Hotline +63 32 254-1254  
[www.cebulandmasters.com](http://www.cebulandmasters.com)

Cebu Landmasters, Inc. (“**CLI**”, the “**Issuer**”, or “**Company**”) filed with the Securities and Exchange Commission of the Philippines (“**SEC**”) a registration statement (the “**Registration Statement**”) together with a Preliminary Prospectus dated June 27, 2022 (the “**Prospectus**” and, as the context may require, the term includes this Offer Supplement (as defined below)) relating to the shelf registration and continuous offer and sale to the public in the Philippines, of fixed rate bonds with an aggregate principal amount of up to ₱15,000,000,000.00 (the “**Debt Securities Program**”). The SEC is expected to issue an order rendering the Registration Statement filed by the Issuer effective and a corresponding permit to offer securities for sale covering the Bonds (as such term is defined below).

The bonds under the Debt Securities Program would be issued in tranches within a period of three years from the effectivity of the registration statement, subject to applicable regulations (the “**Shelf Period**”). As stated in the Prospectus, the specific terms of the bonds to be issued for each tranche under the Debt Securities Program will be determined by the Issuer considering the prevailing market conditions and provided in an offer supplement to be issued at the time of the relevant offering.

This is the preliminary offer supplement (the “**Offer Supplement**”) in respect of the offer and sale by the Issuer, under its Debt Securities Program, of Peso-denominated fixed rate bonds in the Philippines with an aggregate principal amount of [up to] ₱5,000,000,000.00 (the “**Base Offer**”), with an oversubscription option of up to ₱3,000,000,000.00, exercisable by BPI Capital Corporation (“**BPI Capital**”) and China Bank Capital Corporation (“**China Bank Capital**” and together with BPI Capital, the “**Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners**”) in consultation with the Issuer (the “**Offer**”, and the bonds subject of the Offer, the “**Bonds**”, and the oversubscription option, the “**Oversubscription Option**”). The Bonds will be issued at par (or 100% of face value) on [September 23, 2022] (or such other date as the Issuer and the Joint Lead Underwriters may agree in writing with advice to relevant entities, the “**Issue Date**”).

The Bonds will be comprised of 3.5-year Bonds due 2026 (the “**Series A Bonds**”), 5.5-year Bonds due 2028 (the “**Series B Bonds**”) and/or 7-year Bonds due 2029 (the “**Series C Bonds**”). The Series A Bonds shall have a term of 3.5 years from the Issue Date with a fixed interest rate equivalent to [●]% *per annum*. The Series B Bonds shall have a term of 5.5 years from the Issue Date with a fixed interest rate equivalent to [●]% *per annum*. The Series C Bonds shall have a term of 7 years from the Issue Date with a fixed interest rate equivalent to [●]% *per annum*. [Prior to the Offer Period, the Issuer may, in consultation with the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, decide that the Base Offer and any exercised Oversubscription Option shall be limited to one or two series of Bonds (instead of all three series), and this Offer Supplement will be amended accordingly to reflect such decision.]

Interest on the Bonds shall be calculated on a 30/360-day count basis and shall be paid quarterly in arrears commencing on [December 23], 2022 as the first Interest Payment Date, and [March 23], [June 23], [September 23] and [December 23] of each year as the subsequent Interest Payment Dates while the Bonds are outstanding. In the event that that any Interest Payment Date is not a Business Day, such Interest Payment Date shall be paid on the immediately succeeding Business Day without any adjustment to the amount due. The last Interest Payment Date shall fall on the relevant Maturity Date, or the immediately succeeding Business Day if such day is not a Business Day, without any adjustment to the amount due, provided that if the Issue Date is set at a date other than [September 23, 2022], then the Interest Payment Dates will be automatically adjusted to the numerically corresponding dates at every quarter following the actual Issue Date.

Subject to the consequences of default as may be contained in the Trust Agreement, and unless otherwise redeemed or purchased prior to the relevant Maturity Date, the Bonds will be redeemed at

par or 100% of the face value thereof on the relevant Maturity Date. For a more detailed discussion on the terms and conditions of the Bonds (including the redemption of the Bonds), please refer to the discussion under the section “*Description of the Bonds*” of this Offer Supplement.

The Bonds shall be issued in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter. The Bonds shall be traded in denominations of ₱10,000.00 in the secondary market.

In the event that the Oversubscription Option is partly exercised or not exercised at all during the Offer Period (as such term is defined under the section “*Glossary of Terms*” of this Offer Supplement), the unexercised portion shall be placed under shelf registration to be issued within the Shelf Period and, consequently, the bonds under shelf registration will be automatically increased by such principal amount of the Oversubscription Option bonds that will not be taken up or exercised.

Upon issuance, the Bonds shall constitute the direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, contingent or otherwise, other than indebtedness mandatorily preferred by operation of Applicable Law (as such term is defined under the section “*Glossary of Terms*” of this Offer Supplement), and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors’ rights generally and by general principles of equity (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines), but in the event of insolvency, such financial obligations shall be absolute and unconditional only to the extent permitted by Applicable Law relating to creditors’ rights generally. The Bonds shall effectively be subordinated in right of payment to, among others, all of the Issuer’s secured debts to the extent of the value of the assets securing such debt.

The Bonds have been rated PRS [●] with a [●] by Philippine Rating Services Corporation (“**PhilRatings**”). [A rating of PRS [●] is assigned to long-term debt securities of the [●] quality with [●] credit risk.] A rating of PRS [●] is the [●] credit rating on PhilRatings’ long-term credit rating scale. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by PhilRatings.

The Issuer expects to raise gross proceeds of up to ₱5.0 billion, and up to a maximum of ₱8.0 billion if the oversubscription option is fully exercised. Without exercising the Oversubscription Option, the net proceeds are estimated to be ₱[4.94 billion], after deducting fees, commissions, and expenses relating to the issuance of the Bonds. If the oversubscription option is fully exercised, the net proceeds are estimated to be approximately ₱[7.9 billion], after deducting fees, commissions, and expenses relating to the issuance of the Bonds. Proceeds of the Offer shall be used (i) to partially finance capital expenditures of the Issuer’s various projects; and (ii) for general corporate purposes. For a more detailed discussion on the use of proceeds of the Offer, see “*Use of Proceeds*” of this Offer Supplement.

BPI Capital Corporation and China Bank Capital Corporation have been appointed as the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners for the Offer (the “**Joint Lead Underwriters**”). The Joint Lead Underwriters will in the aggregate receive a fee of up to [42.1053] basis points on the underwritten principal amount of the Bonds issued, which is inclusive of underwriting and participation commissions, including any fees to be paid to the selling agents (the “**Selling Agents**”) that may be appointed by the Joint Lead Underwriters. For a more detailed discussion on the Joint Lead Underwriters and the underwriting fees to be received by them, see “*Plan of Distribution*” of this Offer Supplement.

Any of the Joint Lead Underwriters and the Selling Agents may acquire for their own account a portion of the Bonds.

The Issuer reserves the right to withdraw the offer and sale of the Bonds at any time, and any Joint Lead Underwriter reserves the right to reject any application to purchase the Bonds in whole or in part and to allot to any prospective purchaser less than the full amount of the Bonds sought by such purchaser. If the Offer is withdrawn or discontinued, the Issuer shall subsequently notify the SEC and, as applicable, the Philippine Dealing & Exchange Corp. (“**PDEX**”).

It is expected that the Bonds will be delivered in book-entry form against payment thereof to the Philippine Depository & Trust Corp. (“**PDTC**”), which has been appointed as the Registrar of the Bonds. It is intended that upon issuance, the Bonds shall be issued in scripless form, with PDTC maintaining the scripless Registry of Bondholders.

The Issuer will apply for the listing of the Bonds in the PDEX. However, there is no assurance that such a listing will actually be achieved either before or after the Issue Date of the Bonds or whether such a listing will materially affect the liquidity of the Bonds on the secondary market. Such listing will be subject to the Issuer’s execution of a listing agreement with PDEX that may require the Issuer to make certain disclosures, undertakings and payments on an ongoing basis.

The Offer will be conducted exclusively in the Philippines and pursuant to the requirements under Applicable Laws in the Philippines that may be different from those of other countries and jurisdictions. No action has been or will be taken by the Issuer or any person on behalf of the Issuer to permit an offering of the Bonds in any jurisdiction other than the Philippines, where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, nor may any offering material relating to the Bonds be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any Applicable Laws of any such country or jurisdiction.

The Issuer (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in the Prospectus and this Offer Supplement, which in the context of the issue and offering of the Bonds, is material (including all information required by the Applicable Laws in the Philippines), is correct, and that there is no material misstatement or omission of fact which would make any statement in the Prospectus and this Offer Supplement 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 and this Offer Supplement 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 by the Joint Lead Underwriters, the Trustee or the Registry and Paying Agent (as such terms are respectively defined under the section “*Glossary of Terms*” of this Offer Supplement) or their respective affiliates or legal advisers as to the accuracy, completeness or sufficiency of the information contained in the Prospectus and this Offer Supplement, and nothing contained in the Prospectus and this Offer Supplement is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Underwriters, the Trustee or the Registry and Paying Agent or their respective affiliates or legal advisers. The Prospectus and this Offer Supplement are 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 Trustee or the Registry and Paying Agent or their respective affiliates or legal advisers that any recipient of the Prospectus and this Offer Supplement should purchase the Bonds.

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 Bonds other than as contained in the Prospectus and this Offer Supplement. 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 and this Offer Supplement is as of the date hereof, unless otherwise indicated. Neither the delivery of the Prospectus and this Offer Supplement nor any sale made pursuant to the Prospectus and this Offer Supplement shall, under any circumstances, create any implication that the information contained herein 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.

**This document constitutes the Offer Supplement relating to the Offer described herein. Unless defined in this Offer Supplement, terms used herein shall be deemed to be defined as set forth in the Prospectus. This Offer Supplement contains the terms of this Offer and must be read in conjunction with the Prospectus. Full information on the Issuer and this Offer is only available on the basis of the combination of this Offer Supplement, the Prospectus, and all other Bond Agreements (as such term is defined**

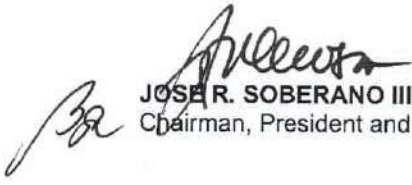
below). All disclosures, reports, and filings of the Company and submitted to the SEC, PSE, and the PDEx pursuant to the Revised Corporation Code, the Securities Regulation Code, and the Revised Disclosure Rules of the PSE and the Disclosure Rules of the PDEx (“Company Disclosures”), and information (including disclaimers) contained in the Prospectus are deemed incorporated by reference in this Offer Supplement. Investors should review all information contained in the Prospectus, this Offer Supplement, the Bond Agreements, and the Company Disclosures.

**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 ISSUE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR 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 OFFER SUPPLEMENT SHALL NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY.**

*[Signature page follows.]*

**CEBU LANDMASTERS, INC.**

By:

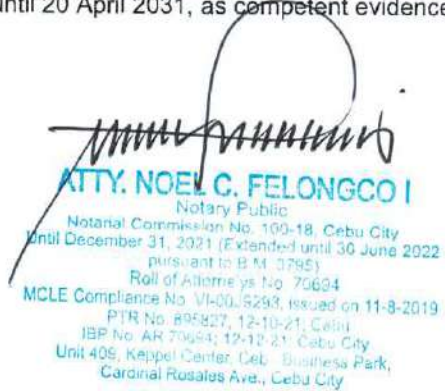


**JOSE R. SOBERANO III**  
Chairman, President and Chief Executive Officer

REPUBLIC OF THE PHILIPPINES )  
CITY OF Cebu City ) s.s

SUBSCRIBED AND SWORN to before me this 27 JUN 2022, affiant exhibiting to me his Philippine Passport with No. P6678430B valid until 20 April 2031, as competent evidence of identity.

Doc. No. : 493 ;  
Page No. : 100 ;  
Book No. : 4 ;  
Series of 2022.



**ATTY. NOEL C. FELONGCO I**  
Notary Public  
Notarial Commission No. 100-18, Cebu City  
until December 31, 2021 (Extended until 30 June 2022  
pursuant to B.M. 0795)  
Roll of Attorneys No. 70694  
MCLE Compliance No. VI-00-5293, issued on 11-8-2019  
PTR No. 895827, 12-10-21, Cebu  
JBP No. AR 70694; 12-12-21, Cebu City  
Unit 409, Keppel Center, Cebu Business Park,  
Cardinal Rosales Ave., Cebu City

## **TABLE OF CONTENTS**

---

---

GLOSSARY OF TERMS .....	7
SUMMARY OF THE OFFER .....	18
DESCRIPTION OF THE BONDS .....	26
USE OF PROCEEDS.....	56
PLAN OF DISTRIBUTION .....	59
CAPITALIZATION AND INDEBTEDNESS .....	64
INDEPENDENT AUDITORS AND COUNSEL .....	65

## GLOSSARY OF TERMS

---

In this Offer Supplement, unless the context otherwise requires, the following terms shall have the meanings set forth below.

<b>“Affiliate”</b>	With respect to any Person, any other Person (a) directly or indirectly Controlling, Controlled by, or under direct or indirect common Control with, such Person, or who is a director or officer of such Person or (b) any Subsidiary of such Person or of any Person referred to in clause (a) of this definition.
<b>“Applicable Law”</b>	Any (i) statute, law, regulation, ordinance, rule, judgment, order, decree, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority; and (ii) any directive, guideline, policy or requirement of any Governmental Authority having the force and effect of law.
<b>“Applicant”</b>	Any Person who submits a duly accomplished Application to Purchase, together with all requirements set forth therein.
<b>“Application” or “Application to Purchase”</b>	The application form accomplished and submitted by an Applicant for the purchase of a specified amount of the relevant series of the Bonds, together with all the requirements set forth in such application form, whether originally signed in the form prescribed attached in the Registry and Paying Agency Agreement, or electronically submitted through e-SIP.
<b>“Base Offer”</b>	The offer and sale by the Issuer, under its Debt Securities Program, of Peso-denominated fixed rate bonds in the Philippines with an aggregate principal amount of [up to] ₱5,000,000,000.00.
<b>“BIR”</b>	Philippine Bureau of Internal Revenue.
<b>“Board” or “Board of Directors”</b>	Board of Directors of the Issuer.
<b>“Bonds”</b>	Collectively, the Philippine Peso-denominated fixed rate bonds consisting of up to three series, namely, the Series A Bonds with a term of three 3.5 years due 2026, the Series B Bonds with a term of 5.5 years due 2028, and the Series C Bonds with a term of 7 years due 2029, to be issued by the Issuer with an aggregate principal amount of [up to] ₱5,000,000,000.00 and with an oversubscription option of up to ₱3,000,000,000.00.
<b>“Bond Agreements”</b>	Collectively, the Trust Agreement (including for the avoidance of doubt, the Terms and Conditions and the Master Certificates of Indebtedness to be issued pursuant to the Trust Agreement), the Underwriting Agreement, and the Registry and Paying Agency Agreement, and any amendments thereto.
<b>“Bondholder”</b>	A Person whose name appears, at any relevant time, as the registered owner of the Bonds in the Registry of Bondholders.
<b>“BPI Capital”</b>	BPI Capital Corporation, a corporation duly licensed and authorized to operate in the Philippines, with address at the 11th Floor, Ayala North Exchange Tower 1, 6796 Ayala Avenue corner Salcedo Street, Makati City, Philippines.



<b>“BSP”</b>	Bangko Sentral ng Pilipinas.
<b>“Business Day”</b>	A day, other than Saturday, Sunday or legal holiday, on which the facilities of the Philippine banking system are open and available for clearing, and banks are open for business in Makati City and Cebu City, and the Philippine Clearing House Corporation has clearing and settlement operations in accordance with BSP issuance.
<b>“Change of Control”</b>	Each of the events described as such under the section <i>“Description of the Bonds – Early Redemption by Reason of Change of Control”</i> .
<b>“Change in Law or Circumstance”</b>	Each of the events described as such under the section <i>“Description of the Bonds – Early Redemption by Reason of Change in Law or Circumstance”</i> .
<b>“China Bank Capital”</b>	China Bank Capital Corporation, a corporation duly licensed and authorized to operate in the Philippines, with address at the 28/F BDO Equitable Tower, 8751 Paseo de Roxas, Makati City, Philippines.
<b>“CLI”</b>	Cebu Landmasters, Inc. and, as the context may require, its Subsidiaries.
<b>“Closed Period”</b>	Has the meaning given to such term under paragraph c) of the section <i>“Description of the Bonds - Transfers: Tax Status”</i> .
<b>“Closure Default”</b>	Has the meaning given to such term under the section <i>“Description of the Bonds - Events of Default”</i> .
<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 Company and submitted to the SEC, the PSE, and the PDEX pursuant to the Revised Corporation Code, the Securities Regulation Code, the Revised Disclosure Rules of the PSE, and the Disclosure Rules of the PDEX.
<b>“Control”</b>	As applied to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The terms “Controlling”, “Controlled by” and “under common Control with” shall have correlative meanings.
<b>“Current Ratio”</b>	Has the meaning given to such term under the section <i>“Description of the Bonds - Financial Covenants”</i> .
<b>“Data Privacy Act”</b>	Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012.
<b>“Debt Securities Program”</b>	Continuous offer and sale to the public in the Philippines within the Shelf Period, of fixed rate bonds with an aggregate principal amount of up to ₱15,000,000,000.00, subject of the shelf-registration with the SEC.

<b>“Debt-to-Equity Ratio”</b>	Has the meaning given to such term under the section <i>“Description of the Bonds - Financial Covenants”</i> .
<b>“Declaration of Default”</b>	Has the meaning given to such term under the section <i>“Description of the Bonds - Consequences of Default”</i> .
<b>“Default Payment Date”</b>	Has the meaning given to such term under the section <i>“Description of the Bonds - Consequences of Default”</i> .
<b>“Disruption Event”</b>	<p>Either or both of:</p> <p>a. a material disruption to those payment communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the transactions contemplated by the Trust Agreement to be carried out which disruption is not caused by, and is beyond the control of, any of the parties; or</p> <p>b. the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a party preventing that party from: (i) performing its payment obligations under the Trust Agreement and the Registry and Paying Agency Agreement; or (ii) communicating with other relevant parties (including, but not limited to, the Trustee and the Registrar and Paying Agent) in accordance with the terms of the Trust Agreement and the Registry and Paying Agency Agreement.</p>
<b>“Equity”</b>	Has the meaning given to such term under the section <i>“Description of the Bonds - Financial Covenants”</i> .
<b>“e-SIP”</b>	The e-Securities Issue Portal of the Philippine Dealing System Holdings Corp.
<b>“Event of Default”</b>	Each of the events described as such under the section <i>“Description of the Bonds - Events of Default”</i> .
<b>“Excluded Taxes”</b>	Has the meaning given to such term under the section <i>“Description of the Bonds - Payment of Additional Amounts – Taxation”</i> .
<b>“Final Redemption Amount”</b>	100% of the face value of the Series A Bonds, or Series B Bonds, or Series C Bonds, as the case may be, on the Maturity Date of such series.
<b>“Government”</b>	The Government of the Republic of the Philippines.
<b>“Governmental Approval”</b>	Any authorization, consent, concession, grant, approval, right, franchise, privilege, registration, certificate, license, permit or exemption from, by or with any Governmental Authority, whether given or withheld by express action or deemed given or withheld by failure to act within any specified time period.
<b>“Governmental Authority”</b>	Any government agency, authority, bureau, department, court, tribunal, legislative body, statutory or legal entity (whether autonomous or not), commission, corporation, or instrumentality, whether national or local, of the Republic of the Philippines.
<b>“Group”</b>	Cebu Landmasters, Inc. and its Subsidiaries.

<b>“Insolvency Default”</b>	Has the meaning given to such term under the section <i>“Description of the Bonds - Events of Default”</i> .
<b>“Interest Coverage Ratio”</b>	Has the meaning given to such term under the section <i>“Description of the Bonds - Financial Covenants”</i> .
<b>“Interest Payment Date”</b>	Has the meaning given to such term under the section <i>“Description of the Bonds – Interest Payment Dates and Interest Payment Computation”</i> .
<b>“Issue Date”</b>	[September 23, 2022] or such other date as the Issuer and the Joint Lead Underwriters may agree in writing with advice to SEC, PDTC and PDEX.
<b>“Issuer”</b>	Cebu Landmasters, Inc.
<b>“ITAD”</b>	International Tax Affairs Division of the BIR.
<b>“Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners or “Joint Lead Underwriters”</b>	BPI Capital and China Bank Capital.
<b>“Lien”</b>	With respect to any property or asset, (a) any mortgage, lien, pledge, charge, security interest, encumbrance or other preferential arrangement of any kind in respect of such property or asset, including, without limitation, any preference or priority under Article 2244(14)(a) of the Civil Code of the Philippines, as the same may be amended from time to time, in each case, to the extent securing payment or performance of a debt prior to any general creditor of such Person; and (b) the right of a vendor, lessor, or similar party under any conditional sales agreement, capital lease or other title retention agreement relating to such property or asset, and any other right of or arrangement with any creditor to have its claims satisfied out of any property or asset, or the proceeds therefrom, prior to any general creditor of the owner thereof.
<b>“Majority Bondholders”</b>	<p>(a) With respect to matters relating only to the Series A Bonds, Bondholders representing more than 50% of the outstanding principal amount of the Series A Bonds;</p> <p>(b) With respect to matters relating only to the Series B Bonds, Bondholders representing more than 50% of the outstanding principal amount of the Series B Bonds;</p> <p>(c) With respect to matters relating only to the Series C Bonds, Bondholders representing more than 50% of the outstanding principal amount of the Series C Bonds’ or</p> <p>(d) With respect to matters affecting the Series A Bonds, the Series B and the Series C Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Bonds.</p>
<b>“Master Certificate of Indebtedness”</b>	With respect to each series of the Bonds, the bond certificate issued by the Issuer in the name of the Trustee for the benefit of the

	Bondholders covering the entire principal amount of the relevant series of the Bonds purchased during the Offer Period and to be issued by the Issuer on the Issue Date, which shall be substantially in the form attached as Annex B of the Trust Agreement.
<b>“Material Adverse Effect”</b>	A material adverse effect on (a) the condition (financial or otherwise), results of operations, or business affairs of the Issuer or any of its Subsidiaries, taken as a whole, whether or not arising in the ordinary course of business, (b) the Offer, (c) the ability of the Issuer to observe and comply with the provisions of and perform its obligations under the Bonds and the Bond Agreements, or (d) the validity or enforceability of the Bonds or any of the Bond Agreements. For purposes of determining compliance by the Issuer with its representations and warranties, and its covenants, or declaring an Event of Default, the determination of “Material Adverse Effect” shall be based on the reasonable opinion of the Majority Underwriters acting in good faith.
<b>“Maturity Date”</b>	<p>(a) With respect to the Series A Bonds, the 6<sup>th</sup> month after the 3<sup>rd</sup> anniversary of the Issue Date, or on [March 23, 2026];</p> <p>(b) With respect to the Series B Bonds, the 6<sup>th</sup> month after the 5<sup>th</sup> anniversary of the Issue Date, or on [March 23, 2028]; and</p> <p>(c) With respect to the Series C Bonds, the 7<sup>th</sup> anniversary of the Issue Date, or on [September 23, 2029];</p> <p>provided, in each case, that if the relevant Maturity Date falls on a day that is not a Business Day, then the payment of the principal shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and the principal to be paid.</p>
<b>“Offer”</b>	The public offer for sale, distribution and issuance of the Bonds by the Issuer to investors.
<b>“Offer Period”</b>	The period when the Bonds are publicly offered for sale, distribution and issuance by the Issuer to investors, commencing at 9:00 a.m. on [September 12, 2022] and ending at 5:00 p.m. on [September 16, 2022], or on such other date as the Issuer and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners may agree upon.
<b>“Offer Supplement”</b>	This document so titled as Offer Supplement dated [●] issued by the Issuer in relation to the Offer.
<b>“Optional Redemption Date”</b>	<p>Each of the dates indicated as an “<i>Optional Redemption Date</i>” for the relevant Series under the section “<i>Description of the Bonds – Early Redemption Option</i>”, provided that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of the Optional Redemption Price shall be made by the Issuer on the next Business Day, without adjustment to the amount of accrued interest and Optional Redemption Price to be paid.</p> <p>For avoidance of doubt, there is no early redemption option for the Series A Bonds.</p>

<p><b>“Optional Redemption Price”</b></p>	<p>Each of the percentage indicated as an “<i>Optional Redemption Date</i>” for the relevant Series under the section “<i>Description of the Bonds – Early Redemption Option</i>”.</p> <p>For avoidance of doubt, there is no early redemption option for the Series A Bonds.</p>
<p><b>“Oversubscription Option”</b></p>	<p>The option of the Joint Lead Underwriters, in consultation with the Issuer, to increase the offer size of [up to] ₱5,000,000,000.00 by up to an additional ₱3,000,000,000.00 worth of Bonds to cover oversubscriptions, if any.</p>
<p><b>“P&amp;A”</b></p>	<p>Punongbayan &amp; Araullo (P&amp;A Grant Thornton).</p>
<p><b>“Paying Agent”</b></p>	<p>PDTC. 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 Registry and Paying Agency Agreement, as the same may be amended from time to time.</p>
<p><b>“Payment Date”</b></p>	<p>As the context may require, each Interest Payment Date, the Maturity Date for the relevant series of the Bonds, the relevant Redemption Date, and as applicable, other dates for payment of other amounts.</p>
<p><b>“Payment Default”</b></p>	<p>Has the meaning given to such term under the section “<i>Description of the Bonds - Events of Default</i>”.</p>
<p><b>“PDEX”</b></p>	<p>The Philippine Dealing &amp; Exchange Corp., a domestic corporation duly registered with the SEC to operate an exchange and trading market for fixed income securities and a member of the Philippine Dealing System Group of Companies.</p>
<p><b>“PDEX Rules”</b></p>	<p>The PDEX Rules for the Fixed Income Securities Market, as amended, and as the same may be revised from time to time, as well as all other related rules, guidelines, and procedures that may be issued by PDEX.</p>
<p><b>“PDTC”</b></p>	<p>The Philippine Depository and Trust Corp.</p>
<p><b>“Penalty Interest”</b></p>	<p>Has the meaning given to such term under the section “<i>Description of the Bonds - Penalty Interest</i>”.</p>
<p><b>“Permit to Sell”</b></p>	<p>The Certificate of Permit to Sell or Offer for Sale of Securities issued by the SEC in respect of the Offer.</p>
<p><b>“Permitted Lien”</b></p>	<p>(a) Any Lien over any asset, including, but not limited to assets purchased, leased, or developed in the ordinary course of business, to secure: (i) the payment of the purchase or acquisition price, or cost of leasehold rights, of such asset or another asset; or (ii) the payment of the cost and expenses for the development of such asset, or for the construction of new projects in the ordinary course of business; or (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefore) incurred for the purpose of financing the purchase, lease or development of such asset or another asset; or (iv) the normal rediscounting of receivable activities of the Issuer made in the ordinary course of business;</p>

	<p>(b) Any Lien created for the purpose of paying current taxes, assessments, or other governmental charges which are not delinquent or remain payable, without any penalty, or the validity of which is contested in good faith by appropriate proceedings diligently conducted by the Issuer upon stay of execution of the enforcement thereof and adequate reserves having been provided for payment thereof to the extent required in accordance with generally accepted accounting principles in the Philippines as interpreted by the Auditor, or where penalties and consequences for a delay in the payment thereof will not result in a Material Adverse Effect. For purposes of this paragraph, "Auditor" means P&amp;A or any auditing firm which is affiliated with an internationally recognized firm of independent public accountants as the Issuer may from time to time appoint as its auditors;</p> <p>(c) Any Lien to secure, in the normal course of the business of the Issuer or its Affiliates: (i) statutory or regulatory obligations; (ii) surety or appeal bonds; (iii) bonds for release of attachment, stay of execution or injunction; or (iv) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases;</p> <p>(d) Any Lien: (i) imposed by, or arising by operation of, Applicable Law, such as carriers', warehousemen's, mechanics', landlords', materialman's liens and other similar liens arising in the ordinary course of business; (ii) arising out of pledges or deposits under workmen's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits or similar legislation; and (iii) arising out of the set-off provision in the normal course of its financial arrangements, provided that, the Bondholders hereunder shall also have, to the extent permitted by Applicable Law and upon notice to the Issuer, a similar right of set-off</p> <p>(e) Any Lien in favor of banks, insurance companies, other financial institutions, and Philippine government agencies, departments, authorities, corporations or other juridical entities, which secure a preferential financing obtained by the Issuer under a governmental program under which creation of a security is a prerequisite in order to obtain such financing, and which cover assets of the Issuer which have an aggregate appraised value, determined in accordance with generally accepted appraisal principles and practices consistently applied not exceeding five percent (5%) of the Issuer's total assets based on the most recent interim financial statements;</p> <p>(f) Any Lien established in favor of insurance companies and other financial institutions in compliance with the applicable requirements of the Office of the Insurance Commission on admitted assets;</p> <p>(g) Any Lien over or affecting any asset of any company which becomes a member of the Group after the date of the Trust Agreement, where the Lien is created prior to the date on which that company becomes a member of the Group;</p>
--	--

	<p>(h) Any Lien created by or resulting from any litigation or legal proceeding which is effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings and with respect to which the Issuer or its Subsidiary, as applicable, has established adequate reserves on its books in accordance with PFRS;</p> <p>(i) Any Lien securing indebtedness under hedging transactions (including foreign currency and interest rate swap and derivative transactions) entered into in the ordinary course of business and designed solely to protect the Issuer or its Subsidiaries from fluctuations in interest rates or currencies or commodities and not for speculation, provided that any such indebtedness shall not exceed the amount of ₱500 million;</p> <p>(j) Any Lien created with the prior written consent of the Majority Bondholders;</p> <p>(k) Any Lien existing on the date of the Trust Agreement; and</p> <p>(l) Any extension, renewal, supplement, or replacement (or successive extensions, renewals, supplements, or replacements) in whole or in part of any Lien referred to in paragraphs (a) to (i) above, or any indebtedness or obligation secured thereby; provided that such extension, renewal, supplement, or replacement is limited to all or any part of the same property that secured the Lien extended, renewed, supplemented, or replaced (plus any construction, repair, or improvement on such property) and shall secure no larger amount of indebtedness or obligation than that existing at the time of such extension, renewal, supplement, or replacement.</p>
<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>“PFRS”</b>	Philippine Financial Reporting Standards, which includes statements named PFRS and Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), issued by the Financial Reporting Standards Council (FRSC) or, at any time, generally accepted accounting principles in the Philippines in conformity with international accounting standards in effect at such time.
<b>“Philippines”</b>	The Republic of the Philippines.
<b>“₱”, “Philippine Peso”, or “Pesos”</b>	The lawful and official currency of the Philippines.
<b>“Philippines”</b>	Republic of the Philippines.
<b>“PhilRatings”</b>	Philippine Rating Services Corporation.
<b>“Prospectus”</b>	Collectively and as relevant, the Prospectus dated [June 27], 2022, and as the context may require, this Offer Supplement, in each case

	prepared and issued by the Issuer in connection with the Offer, and all amendments, supplements and addenda thereto.
<b>“PSE”</b>	The Philippine Stock Exchange, Inc.
<b>“Record Date”</b>	As used with respect to any Payment Date, (a) two Business Days immediately preceding the relevant Payment Date, which shall be the cut-off date in determining the Bondholders entitled to receive interest, principal or such other payments due under the Bonds or (b) such other date as the Issuer may duly notify PDTC.
<b>“Redemption Date”</b>	The date when the Bonds (or any series thereof) are redeemed earlier than the relevant Maturity Date in accordance with the Terms and Conditions of the Bonds; provided that if the relevant Redemption Date falls on a day that is not a Business Day, then the payment of the principal and accrued interest (if any) shall be made by the Issuer on the next Business Day, without adjustment to the amount of principal and interest to be paid. For the avoidance of doubt, the term “Redemption Date” includes Optional Redemption Date.
<b>“Registrar”</b>	PDTC. The term includes, wherever the context permits, all other Person or Persons for the time being acting as registrar or registrars under the Registry and Paying Agency Agreement.
<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 Bonds and rendered effective by the SEC.
<b>“Registry of Bondholders” or “Register of Bondholders”</b>	The electronic registry book of the Registrar containing the official information on the names and addresses of the Bondholders and the amount of the Bonds they respectively hold, including all transfers and assignments thereof or any liens or encumbrances thereon, to be maintained by the Registrar pursuant to and under the terms of the Registry and Paying Agency Agreement.
<b>“Registry and Paying Agency Agreement”</b>	The Registry and Paying Agency Agreement dated [●], 2022, and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between the Issuer and the Registrar and Paying Agent in relation to the Bonds.
<b>“Revised Corporation Code”</b>	Revised Corporation Code of the Philippines, Republic Act No. 11232.
<b>“SEC”</b>	Securities and Exchange Commission of the Philippines.
<b>“Selling Agents”</b>	The institutions which may be appointed in such capacity by the Joint Lead Underwriters.
<b>“Series A Bonds”</b>	The Bonds to be issued by the Issuer, with an aggregate principal amount of ₱[●], and in case the Oversubscription Option is exercised in respect of this Series, up to such additional amount of Oversubscription Option as may have been exercised, having a term beginning on the Issue Date and ending on the 6 <sup>th</sup> month following the 3 <sup>rd</sup> anniversary of the Issue Date or on [March 23, 2026], with a fixed interest rate equivalent to [●]% <i>per annum</i> .
<b>“Series B Bonds”</b>	The Bonds to be issued by the Issuer, with an aggregate principal amount of ₱[●], and in case the Oversubscription Option is



	exercised in respect of this Series, up to such additional amount of Oversubscription Option as may have been exercised, having a term beginning on the Issue Date and ending on the 6 <sup>th</sup> month following the 5 <sup>th</sup> anniversary of the Issue Date or on [March 23, 2028], with a fixed interest rate equivalent to [●]% <i>per annum</i> .
<b>“Series C Bonds”</b>	The Bonds to be issued by the Issuer, with an aggregate principal amount of ₱[●], and in case the Oversubscription Option is exercised in respect of this Series, up to such additional amount of Oversubscription Option as may have been exercised, having a term beginning on the Issue Date and ending on the 7 <sup>th</sup> anniversary of the Issue Date or on [September 23, 2029], with a fixed interest rate equivalent to [●]% <i>per annum</i> .
<b>“Shelf Period”</b>	Period of three years from the effectivity of the Registration Statement, subject to applicable regulations, within which bonds under the Debt Securities Program may be issued.
<b>“SRC”</b>	Securities Regulation Code of the Philippines (Republic Act No. 8799) and its implementing rules, as amended.
<b>“Subsidiary”</b>	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.
<b>“Tax Code”</b>	Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, and its implementing rules and regulations, as amended from time to time.
<b>“Tax Categories”</b>	Has the meaning given to such term under the section <i>“Description of the Bonds”</i> .
<b>“Terms and Conditions of the Bonds”</b>	Has the meaning given to such term under <i>“Description of the Bonds”</i> , pursuant to which the Issuer issues, and the Bondholders subscribe for, the Bonds.
<b>“Trust Agreement”</b>	The agreement executed by and between the Issuer and the Trustee dated on or about [●] in connection with the distribution and sale by the Issuer of the Bonds.
<b>“Trustee”</b>	China Banking Corporation – Trust and Asset Management Group. The term includes, wherever the context permits, all other Person or Persons for the time being acting as trustee or trustees under the Trust Agreement as the same may be amended from time to time.
<b>“Underwriting Agreement”</b>	The Underwriting Agreement dated [●], and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between and among the Issuer and the Joint Lead Underwriters in relation to the Bonds.
<b>“VAT”</b>	Value-added tax.

### Principles of Construction

Titles of sections, subsections and clauses in this Offer Supplement are used for convenience of reference only and do not limit or affect the interpretation of the sections, subsections and clauses hereof. In case of conflict between the provisions of this Offer Supplement and the Bond Agreements, the provisions of the Bond Agreements shall prevail.

Unless the context otherwise requires, references in this Offer Supplement to “Section” or “Sections” are references to the Section or Sections of this document.

Any reference to “days” shall mean calendar days, unless the term “Business Days” is used. A “day” shall be construed as successive periods of 24 hours each.

## SUMMARY OF THE OFFER

The following summary should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Offer Supplement, including, but not limited to, the discussion on the “Description of the Bonds” and “Plan of Distribution”. This overview may not contain all the information that prospective investors should consider before deciding to invest in the Bonds. Accordingly, any decision by a prospective investor to invest in the Bonds should be based on a consideration of the Prospectus, this Offer Supplement, the Bond Agreements and the Company Disclosures as a whole.

Prospective Bondholders must make their own appraisal of the Issuer and the Offer and must make their own independent verification of the information contained herein and the other aforementioned documents and any other investigation they may deem appropriate for the purpose of determining whether to participate in the Offer. They 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 substitutes for the prospective investor’s independent evaluation and analysis. Prospective Bondholders are likewise encouraged to consult their respective legal counsels and accountants in order to be better advised of the circumstances surrounding the Bonds.

Capitalized terms used but not defined herein have the meanings given to them in the “Glossary of Terms” in this Offer Supplement.

<b>Issuer</b>	Cebu Landmasters, Inc. (“ <b>Issuer</b> ” or “ <b>CLI</b> ”), a company incorporated under the laws of the Philippines
<b>Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners</b>	BPI Capital Corporation China Bank Capital Corporation
<b>Issue</b>	SEC-registered Peso-denominated fixed rate bonds to be issued from the up to ₱15,000,000,000.00 Debt Securities Program of the Issuer, subject of shelf-registration with the SEC.  The Bonds constitute the direct, unconditional, unsubordinated and unsecured obligations of the Issuer.
<b>Manner of Offering</b>	Public offering in the Philippines
<b>Issue Amount</b>	Base Offer of [up to] ₱5,000,000,000.00 with an Oversubscription Option of up to ₱3,000,000,000.00.  The Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners shall have the option, in consultation with the Issuer, to increase the Base Offer by up to ₱3,000,000,000.00 in the event of an oversubscription.  In the event that the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the unexercised portion shall be placed under shelf registration to be issued within the Shelf Period and, consequently, the bonds under shelf registration will be automatically increased by such principal amount of the Oversubscription Option bonds that will not be taken up or exercised.
<b>Series</b>	The Bonds will be issued in three series consisting of:  (A) Series A Bonds: [●]% <i>per annum</i> due 2026 (B) Series B Bonds: [●]% <i>per annum</i> due 2028

	<p>(C) Series C Bonds: [●]% <i>per annum</i> due 2029</p> <p>[Prior to the Offer Period, the Issuer may, in consultation with the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners, decide that the Base Offer and any exercised Oversubscription Option shall be limited to one or two series of Bonds (instead of all three series), and this Offer Supplement will be amended accordingly to reflect such decision.]</p>
<b>Use of Proceeds</b>	<p>Net proceeds will be used (i) to partially finance 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>
<b>Issue Price</b>	The Bonds shall be issued at 100% of face value.
<b>Form and Denomination of the Bonds</b>	The Bonds shall be issued in scripless form and in denominations of ₱50,000.00 each, as a minimum, and in integral multiples of ₱10,000.00 thereafter, and traded in denominations of ₱10,000.00 in the secondary market.
<b>Offer Period</b>	The Offer shall commence at 9:00 a.m. on [September 12, 2022] and end at 5:00 p.m. (Philippine Standard Time) on [September 16, 2022], or on such other dates as the Issuer and the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners may agree upon.
<b>Issue Date</b>	The Bonds are expected to be issued on [September 23, 2022] or such other date as may be agreed upon by the Issuer and the Joint Lead Underwriters, with advice to SEC, PDTC, and PDEX.
<b>Maturity Dates</b>	<p>The Maturity Dates of the Bonds are as follows:</p> <p>(A) Series A Bonds: the 6<sup>th</sup> month after the 3<sup>rd</sup> anniversary of the Issue Date, or on [March 23, 2026];</p> <p>(B) Series B Bonds: the 6<sup>th</sup> month after the 5<sup>th</sup> anniversary of the Issue Date, or on [March 23, 2028]; and</p> <p>(C) Series C Bonds, the 7<sup>th</sup> anniversary of the Issue Date, or on [September 23, 2029];</p> <p>provided that, in the event that such Maturity Date falls on a day that is not a Business Day, the relevant Maturity Date shall be the immediately succeeding Business Day, without adjustment to the amount of interest and principal to be paid.</p>
<b>Interest Rates</b>	<p>The interest rate <i>per annum</i> applicable to of the Series A, Series B and Series C Bonds shall be as follows:</p> <p>(A) Series A Bonds: [●]% <i>per annum</i></p> <p>(B) Series B Bonds: [●]% <i>per annum</i></p> <p>(C) Series C Bonds: [●]% <i>per annum</i></p>
<b>Interest Payment Dates and Interest Payment Computation</b>	Interest on the Bonds shall be calculated on a 30/360-day count basis and shall be paid quarterly in arrear commencing on [December 23, 2022] for the first interest payment and [March 23], [June 23], [September 23] and [December 23] of each year for each subsequent interest payment while the relevant series of the Bonds are outstanding;

	<p>provided that the last interest payment for a series shall fall on the relevant Maturity Date for such series subject to the paragraph below (each of the dates indicated herein, an “<b>Interest Payment Date</b>”).</p> <p>In the event that that any Interest Payment Date is not a Business Day, such Interest Payment Date shall be paid on the immediately succeeding Business Day without any adjustment to the amount due. The last Interest Payment Date for the relevant series shall fall on the Maturity Date, or the immediately succeeding Business Day if such day is not a Business Day, without any adjustment to the amount due, provided that if the Issue Date is set at a date other than [September 23, 2022], then the Interest Payment Dates will be automatically adjusted to the numerically corresponding dates of every quarter following the actual Issue Date.</p>																				
<p><b>Final Redemption</b></p>	<p>Unless otherwise earlier redeemed or purchased and cancelled, the Bonds shall be redeemed at 100% of face value on their Maturity Dates. However, if the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment to the amounts due, on the succeeding Business Day.</p> <p>Each Bondholder in whose name the Bonds are registered in the Registry of Bondholders at the close of business on the Record Date preceding the relevant Maturity Date shall be entitled to receive the principal amount of the Bonds. In all cases, repayment of principal shall be remitted to the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.</p>																				
<p><b>Early Redemption Option</b></p>	<p>The Issuer shall have the right, but not the obligation, to redeem in whole (and not in part), any outstanding Series B Bonds or Series C Bonds on the relevant Optional Redemption Dates as set out below:</p> <table border="1" data-bbox="565 1142 1333 1360"> <thead> <tr> <th colspan="2" style="text-align: center;"><b>Series B Bonds</b></th> </tr> <tr> <th style="text-align: center;"><b>Optional Redemption Dates</b></th> <th style="text-align: center;"><b>Optional Redemption Price</b></th> </tr> </thead> <tbody> <tr> <td>12<sup>th</sup> – 15<sup>th</sup> Interest Payment Date</td> <td style="text-align: center;">[101.00]%</td> </tr> <tr> <td>16<sup>th</sup> – 19<sup>th</sup> Interest Payment Date</td> <td style="text-align: center;">[100.50]%</td> </tr> <tr> <td>20<sup>th</sup> – 21<sup>st</sup> Interest Payment Date</td> <td style="text-align: center;">[100.25]%</td> </tr> </tbody> </table> <table border="1" data-bbox="565 1388 1333 1606"> <thead> <tr> <th colspan="2" style="text-align: center;"><b>Series C Bonds</b></th> </tr> <tr> <th style="text-align: center;"><b>Optional Redemption Dates</b></th> <th style="text-align: center;"><b>Optional Redemption Price</b></th> </tr> </thead> <tbody> <tr> <td>16<sup>th</sup> – 19<sup>th</sup> Interest Payment Date</td> <td style="text-align: center;">[101.50]%</td> </tr> <tr> <td>20<sup>th</sup> – 23<sup>rd</sup> Interest Payment Date</td> <td style="text-align: center;">[101.00]%</td> </tr> <tr> <td>24<sup>th</sup> – 27<sup>th</sup> Interest Payment Date</td> <td style="text-align: center;">[100.50]%</td> </tr> </tbody> </table> <p>provided, that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of the Optional Redemption Price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and Optional Redemption Price to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the Series B Bonds or the Series C Bonds pursuant to this Early Redemption Option.</p>	<b>Series B Bonds</b>		<b>Optional Redemption Dates</b>	<b>Optional Redemption Price</b>	12 <sup>th</sup> – 15 <sup>th</sup> Interest Payment Date	[101.00]%	16 <sup>th</sup> – 19 <sup>th</sup> Interest Payment Date	[100.50]%	20 <sup>th</sup> – 21 <sup>st</sup> Interest Payment Date	[100.25]%	<b>Series C Bonds</b>		<b>Optional Redemption Dates</b>	<b>Optional Redemption Price</b>	16 <sup>th</sup> – 19 <sup>th</sup> Interest Payment Date	[101.50]%	20 <sup>th</sup> – 23 <sup>rd</sup> Interest Payment Date	[101.00]%	24 <sup>th</sup> – 27 <sup>th</sup> Interest Payment Date	[100.50]%
<b>Series B Bonds</b>																					
<b>Optional Redemption Dates</b>	<b>Optional Redemption Price</b>																				
12 <sup>th</sup> – 15 <sup>th</sup> Interest Payment Date	[101.00]%																				
16 <sup>th</sup> – 19 <sup>th</sup> Interest Payment Date	[100.50]%																				
20 <sup>th</sup> – 21 <sup>st</sup> Interest Payment Date	[100.25]%																				
<b>Series C Bonds</b>																					
<b>Optional Redemption Dates</b>	<b>Optional Redemption Price</b>																				
16 <sup>th</sup> – 19 <sup>th</sup> Interest Payment Date	[101.50]%																				
20 <sup>th</sup> – 23 <sup>rd</sup> Interest Payment Date	[101.00]%																				
24 <sup>th</sup> – 27 <sup>th</sup> Interest Payment Date	[100.50]%																				

	<p>The amount payable to the Bondholders upon the exercise of the Early Redemption Option by the Issuer shall be calculated, based on the principal amount of Series B Bonds or Series C Bonds being redeemed, as the sum of: (i) accrued interest computed from the last Interest Payment Date up to the Optional Redemption Date; and (ii) the product of the principal amount of the Bonds being redeemed and the Optional Redemption Price in accordance with the above table.</p> <p>The Issuer shall give no more than 60 nor less than 30 days' prior written notice to the Trustee, Registrar and Paying Agent of its intention to redeem the Series B Bonds or the Series C Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Series B Bonds or the Series C Bonds on the Optional Redemption Date stated in such notice. Upon receipt by the Trustee of such notice, the Trustee through the Issuer shall secure from the Registrar and Paying Agent an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Series B Bonds or the Series C bonds subject of the early redemption are registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the interest and Optional Redemption Price. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.</p> <p>For avoidance of doubt, there is no early redemption option for the Series A Bonds.</p>
<p><b>Early Redemption for Taxation Reasons</b></p>	<p>If payments under a series of or all the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the relevant Bond series in whole or all the Bonds in whole, and not in part only, on any Interest Payment Date at 100% of face value and paid together with the accrued interest thereon, provided the Issuer has given not more than 60 nor less than 30 days' prior written notice to the Trustee, Registrar and Paying Agent, and subject to the requirements of Applicable Law. If the Issuer does not redeem the relevant Bond series or all the Bonds then all payments of principal and interest in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any such new or additional taxes, duties, assessments or governmental charges, unless such withholding or deduction is required by Applicable Law. In that event, the Issuer shall pay to the Bondholders concerned such additional amount as will result in the receipt by such Bondholders of such amounts as would have been received by them had no such withholding or deduction for new or additional taxes been required.</p> <p>Upon receipt by the Trustee of a written notice from the Issuer under [Section 8.3(c)] of the Trust Agreement, the Trustee through the Issuer shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Bonds subject of the early redemption are registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the principal of the Bonds subject of the early redemption and the interest</p>

	<p>accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.</p> <p>For the avoidance of doubt, the Issuer shall not, in any case, be liable for Excluded Taxes. Please see the section “<i>Description of the Bonds - Payment of Additional Amounts – Taxation</i>” for the enumeration of Excluded Taxes.</p>
<p><b>Early Redemption by Reason of Change in Law or Circumstance</b></p>	<p>The following events shall be considered as changes in law or circumstances (“<b>Change in Law or Circumstance</b>”) as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Agreement and the Bonds:</p> <ul style="list-style-type: none"> <li>(a) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Bonds shall be modified in a manner which, in the reasonable opinion of the Trustee, shall materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld.</li> <li>(b) Any provision of the Trust Agreement or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that shall become for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents.</li> <li>(c) Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.</li> <li>(d) The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer.</li> </ul> <p>If any one or more of the events enumerated as a Change of Law or Circumstance shall occur and be continuing for a period of 30 days, the Majority Bondholders, by notice in writing delivered to the Issuer through the Trustee, after the lapse of the said 30 day period, may declare the principal of the Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, without any prepayment penalty, anything contained in the Trust Agreement or in the Bonds to the contrary notwithstanding, subject to the notice requirements under the discussion on “<i>Description of the Bonds - Notice of Default.</i>”</p>
<p><b>Early Redemption by Reason of Change of Control</b></p>	<p>Upon the occurrence of a Change of Control, Bondholders holding at least 2/3 of the outstanding principal amount of the Bonds may require the Issuer to redeem all (but not some) of the Bonds at 100% of face</p>

	<p>value, which shall be paid together with the accrued interest thereon. Within 15 days following a Change of Control, the Issuer shall notify the Trustee, which shall, in turn, notify the Bondholders (i) that a Change of Control has occurred and that the Bondholders holding at least 2/3 of the outstanding principal amount of the Bonds may require the Issuer to redeem all (and not some) of the Bonds; and (ii) the date set by the Issuer for such repurchase (which shall not be earlier than 45 days and no later than 60 days from the date written notice is received by the Trustee). Failure by the Issuer to provide the notice to the Trustee of the occurrence of such Change of Control shall be without prejudice to the Trustee providing the notice to the Bondholders as contemplated in this paragraph.</p> <p>The decision of the Bondholders holding at least 2/3 of the outstanding principal amount of the Bonds under this section shall be conclusive and binding upon all the Bondholders.</p> <p><b>“Change of Control”</b> means AB Soberano Holdings Corp. ceasing to, whether directly or indirectly, have an aggregate economic interest of more than 50% in the Issuer or ceasing to have Control over the Issuer.</p>
<b>Purchase and Cancellation</b>	<p>The Issuer may purchase the Bonds at any time in the open market or by tender or by contract, in accordance with PDEX Rules, as may be amended from time to time, without any obligation to make pro rata purchases from all the Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.</p> <p>Upon listing of the Bonds in the PDEX, the Issuer shall disclose any such transaction in accordance with the applicable PDEX disclosure rules.</p>
<b>Status of the Bonds</b>	<p>The Bonds shall constitute the direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and ratably without any preference or priority amongst themselves and at least <i>pari passu</i> with all other present and future unsubordinated and unsecured indebtedness of the Issuer, contingent or otherwise, other than indebtedness mandatorily preferred by operation of law and not by contract, and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors’ rights generally and by general principles of equity (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines), but in the event of insolvency, such financial obligations shall be absolute and unconditional only to the extent permitted by Applicable Law relating to creditors’ rights generally.</p>
<b>Negative Pledge</b>	<p>The Issuer shall not, without the consent of the Majority Bondholders, permit any indebtedness for borrowed money to be secured by or to benefit from any mortgage, pledge, lien or encumbrance constituted on any of the Issuer’s properties for the purpose of securing its or its Affiliate’s obligation in favor of any creditor or class of creditors without providing the Bondholders with the same kind or class of security, the benefit of which is extended equally or ratably among them to secure the Bonds, provided that the foregoing restrictions shall not apply to any Permitted Liens.</p>
<b>Financial Covenants of the Issuer</b>	<p>From the date of the Trust Agreement and for as long as the Bonds or any portion thereof remains outstanding, and unless the Majority Bondholders shall otherwise consent in writing, the Issuer undertakes to maintain the following financial ratios, with testing to be done on an annual basis:</p>



	<p>(a) a Debt-to-Equity Ratio not exceeding 2.5:1;</p> <p>(b) a Current Ratio of at least 1:1; and</p> <p>(c) Interest Coverage Ratio of at least 3:1.</p> <p>Please see discussion under the “<i>Description of the Bonds – Financial Covenants</i>” for the definitions of the above ratios and other terms relating to these financial covenants of the Issuer.</p>
<b>Taxation</b>	<p>Interest income on the Bonds is subject to a withholding tax at rates of between 10% and 25% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such withholding tax and as otherwise provided, all payments of principal and interest 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 the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following (“<b>Excluded Taxes</b>”):</p> <p>(a) The withholding tax applicable on interest earned on the Bonds prescribed under the Tax Code, as amended, and its implementing rules and regulations as may be in effect from time to time; provided, further, that all Bondholders are required to provide the Issuer through the Bondholders’ Joint Lead Underwriter, Selling Agent or PDEX Trading Participant and endorsed to the Registrar and Paying Agent their validly issued tax identification numbers, issued by the BIR;</p> <p>(b) Gross Receipts Tax under Section 121 and 122 of the Tax Code;</p> <p>(c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding;</p> <p>(d) VAT under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337; and</p> <p>(e) Any applicable taxes on any subsequent sale or transfer of the Bonds by any holder which shall be for the account of such holder (or its buyer, as the holder and the buyer may have agreed upon).</p> <p>Documentary stamp tax for the primary issue of the Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer’s account.</p> <p>Please see the section on “<i>Taxation</i>” in the Prospectus for a more detailed discussion on the tax consequences of the acquisition, ownership and disposition of the Bonds.</p>
<b>Bond Rating</b>	<p>The Bonds have been rated PRS [●] with a [●] by Philratings on [●].</p> <p>The rating is subject to regular annual reviews, or more frequently as market developments may dictate, while the Bonds are outstanding.</p>
<b>Listing</b>	<p>The Issuer intends to list the Bonds on PDEX on the Issue Date.</p>
<b>Transfer of the Bonds</b>	<p>Trading of the Bonds will be coursed through PDEX Trading Participant subject to the applicable PDEX rules and conventions. Trading, transfer and/or settlement of the Bonds shall be performed in accordance with</p>

	<p>the PDTC rules and procedures to be set by the Issuer and the Registrar. Upon any assignment of the Bonds, title thereto will pass by recording of the transfer from the transferor to the transferee in the Registry of Bondholders to be maintained by the Registrar.</p> <p>For a detailed discussion on Transfer of the Bonds please refer to the section on “<i>Description of the Bonds – Transfer of the Bonds</i>”.</p>										
<b>Own Risk</b>	<p>Investment in the Bonds is not covered by the Philippine Deposit Insurance Corporation. Any loss or depreciation in the value of the assets of the Bondholders, resulting from the investments or reinvestment in the Bonds and the regular conduct of the Trustee’s trust business shall be for the account of the Bondholder.</p> <p>Please refer to the section entitled “<i>Risk Factors</i>” which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Bonds.</p>										
<b>Governing Law</b>	Republic of the Philippines										
<b>Indicative Timetable</b>	<table> <tr> <td>Receipt of SEC Pre-Effective Clearance</td> <td>[September 6, 2022]</td> </tr> <tr> <td>Interest Rate Setting Date</td> <td>[September 6, 2022]</td> </tr> <tr> <td>Receipt of SEC Permit to Sell</td> <td>[September 9, 2022]</td> </tr> <tr> <td>Public Offer Period</td> <td>[September 12 – 16, 2022]</td> </tr> <tr> <td>Settlement, Issue and Listing Date</td> <td>[September 23, 2022]</td> </tr> </table>	Receipt of SEC Pre-Effective Clearance	[September 6, 2022]	Interest Rate Setting Date	[September 6, 2022]	Receipt of SEC Permit to Sell	[September 9, 2022]	Public Offer Period	[September 12 – 16, 2022]	Settlement, Issue and Listing Date	[September 23, 2022]
Receipt of SEC Pre-Effective Clearance	[September 6, 2022]										
Interest Rate Setting Date	[September 6, 2022]										
Receipt of SEC Permit to Sell	[September 9, 2022]										
Public Offer Period	[September 12 – 16, 2022]										
Settlement, Issue and Listing Date	[September 23, 2022]										
<b>Trustee</b>	China Banking Corporation – Trust and Asset Management Group										
<b>Registrar and Paying Agent</b>	Philippine Depository & Trust Corp.										
<b>Counsel to the Joint Issue Managers, Joint Lead Underwriters, and Joint Bookrunners</b>	SyCip Salazar Hernandez & Gatmaitan										

## DESCRIPTION OF THE BONDS

---

### 1. GENERAL

*The following does not purport to be a complete listing of all the rights, obligations, or privileges of the Bonds. 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 of CLI, the Company Disclosures, the information contained in the Prospectus, this Offer Supplement, the Trust Agreement, the other Bond Agreements, the Application to Purchase, and any other agreements relevant to the Offer.*

*Prospective holders of the Bonds should perform their own independent investigation and analysis of the Issuer and the Bonds. Prospective holders of the Bonds should make their own appraisal of the Issuer and the Offer and must make their own independent verification of the information contained herein and the other aforementioned documents and any other investigation they may deem appropriate for the purpose of determining whether to participate in each Offer. They must not rely solely on any statement or on the significance, adequacy or accuracy of any information contained herein. The information and data contained in the “Description of the Bonds” are not a substitute for the prospective Bondholder’s independent evaluation and analysis. Prospective holders of the Bonds are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Bonds being offered.*

*Capitalized terms used but not defined herein have the meanings given to them in the “Glossary of Terms” in this Offer Supplement.*

The offer and issuance of the Bonds in an aggregate principal amount of [up to] ₱5,000,000,000.00 with an oversubscription option of up to ₱3,000,000,000.00, for public distribution and sale in the Philippines was authorized by a resolution of the Board of Directors of the Issuer on June 20, 2022. The Bonds are comprised of [●]% *per annum* 3.5-year Series A Bonds due 2026, [●]% *per annum* 5.5-year Series B Bonds due 2028, and [●]% *per annum* 7-year Series C Bonds due 2029. The Bonds will be issued by the Issuer pursuant to the Terms and Conditions of the Bonds.

The Bonds shall be governed by a Trust Agreement dated [●], 2022 between the Issuer and China Banking Corporation – Trust and Asset Management Group as Trustee, which term shall, wherever the context permits, include all other Persons for the time being acting as trustee or trustees under the Trust Agreement. The Trustee has no interest in or relation to the Issuer which may conflict with the performance of its functions. The description of the terms and conditions of the Bonds set out below includes summaries of, and is subject to, the detailed provisions of the Prospectus (as applicable), the Trust Agreement, the Registry and Paying Agency Agreement, and the Application to Purchase (collectively, the “**Terms and Conditions of the Bonds**”).

A Registry and Paying Agency Agreement in relation to the Bonds was executed on [●], 2022 between the Issuer and PDTC as Registrar and Paying Agent. PDTC has no interest in or relation to the Issuer which may conflict with the performance of its functions.

Copies of the Trust Agreement and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the principal office of the Trustee. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Agreement and all the provisions of the Registry and Paying Agency Agreement applicable to them.

### 2. FORM, DENOMINATION AND TITLE

#### 2.1. Form and Denomination

The Bonds shall be issued in scripless form and shall be issued in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter, and traded in denominations of ₱10,000.00 in the secondary market. A Master Certificate of Indebtedness representing each series of the Bonds sold in the Offer shall be issued to and registered in the name of the Trustee for the benefit of the Bondholders.

## **2.2. Title**

Legal title to the Bonds will be shown in the Registry of Bondholders maintained by the Registrar. A notice confirming the principal amount of the Bonds purchased by each Applicant in the Offer shall be issued by the Registrar and Paying Agent to all Bondholders following the Issue Date. Upon any assignment, title to the Bonds shall pass by recording the transfer from the transferor to the transferee in the Registry of Bondholders maintained by the Registrar and Paying Agent. Settlement in respect of such transfer or change of title to the Bonds, including the settlement of any cost arising from such transfer or change, including, but not limited to, income tax and documentary stamps taxes, if any, arising from the subsequent transfers, shall be for the account of the relevant Bondholder or the transferee, as applicable.

## **3. BOND RATING**

The Bonds have been rated PRS [●] with a [●] by PhilRatings. PRS [●] is the [●] rating assigned by PhilRatings. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

[In coming up with the rating, PhilRatings considered the Issuer's business portfolio, business plans, growth prospectus and cash flows. Obligations rated PRS Aaa are of the [●] quality with [●] credit risk. The ratings reflect the following factors:[●].]

The rating is subject to regular annual review, or more frequently as market developments may dictate, for as long as the Bonds are outstanding. After Issue Date, the Trustee shall monitor the compliance of the Bonds with the regular annual reviews.

## **4. TRANSFER OF THE BONDS**

### **4.1. Registry of Bondholders**

The Issuer shall cause the Registry of Bondholders to be kept by the Registrar in electronic form. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers and assignments of Bonds, including any liens and encumbrances thereon, shall be entered into the Registry of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry of Bondholders.

As required by Circular No. 428-04 issued by the BSP, the Registrar shall send each Bondholder a written statement of registry holdings at least every quarter (at the cost of the Issuer), and a written advice confirming every receipt or transfer of the Bonds that is effected in the Registrar's system. Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Save in the case of manifest error or fraud, the foregoing written statement of registry holdings shall be final and binding on the Bondholder. The Bondholder shall examine such statement and promptly (and in no case more than 30 days from receipt thereof) notify the Registrar in writing of any error and they shall together resolve to correct such error promptly (and in no case more than five Business Days from receipt of the notice by the Registrar), failing which such transaction advice, statement or report shall be conclusive against the Bondholder. Any requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfer of the Bonds may be made during the Closed Period (as defined below).

### **4.2. Transfers: Tax Status**

Trading of the Bonds will be coursed through PDEX Trading Participant subject to the applicable PDEX rules and conventions. Trading, transfer and/or settlement of the Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and the Registrar and Paying Agent. Upon any assignment of the Bonds, title thereto will pass by recording of the transfer from the transferor to the transferee in the Registry of Bondholders to be maintained by the Registrar.

The Registrar shall ultimately and conclusively determine all matters regarding the evidence necessary to effect any such transfers. Settlement in respect of such transfers or change of title to the Bonds, including the settlement of any documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder or the transferee, as applicable.

Subject to the provisions of the Registry and Paying Agency Agreement, the relevant rules, conventions and guidelines of PDEX and PDTC, the Bondholders may not transfer their Bonds as follows:

- (a) transfers across Tax Categories on a date other than on Interest Payment Dates that fall on a Business Day; provided, however, that transfers from a tax-exempt Tax Category to a taxable Tax Category on a date other than an Interest Payment Date shall be allowed using the applicable tax rate on PDEX, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt person shall be treated as being of the same Tax Category as its taxable counterparty for the interest period within which such transfer occurred; provided, finally, that this restriction shall be in force until a Non-Restricted Trading & Settlement Environment for Corporate Securities is implemented. For purposes hereof, “**Tax Categories**” shall refer to the four final withholding tax categories in the PDEX system covering, particularly, tax-exempt persons, 20% tax-withheld persons, 25% tax-withheld persons (aliens), and 25% tax-withheld persons (corporations), as such categories may be revised, amended or supplemented by PDEX in accordance with its rules and Applicable Law;
- (b) transfers by Bondholders with deficient documents; and
- (c) transfers during a Closed Period. For purposes hereof, “**Closed Period**” means period during which the Registrar shall not register any transfer or assignment of the Bonds, specifically: (i) the period of two Business Days preceding any Interest Payment Date or the due date for any payment of the Final Redemption Amount of the Bonds; or (ii) the period when any of the Bonds have been previously called for redemption.

A Bondholder claiming tax-exempt status is required to submit to the Registry of Bondholders the required tax- exempt documents as detailed in the Registry and Paying Agency Agreement upon submission of the account opening documents to the Registrar and Paying Agent. Please see the section on “*Description of the Bonds – Tax-Exempt Status or Entitlement to Preferential Tax Rate*” for a detailed discussion on the requirements for claiming a preferential tax status.

Transfers taking place in the Registry of Bondholders after the Bonds are listed on PDEX may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if/and or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC.

Notwithstanding the submission by the Bondholder, or the receipt by the Issuer, the Registrar and Paying Agent, or any of the Joint Lead Underwriters of documentary proof of tax-exempt status of a Bondholder, the Issuer may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the Bonds. Any question on such determination shall be referred to the Issuer.

The Bondholders shall be responsible for monitoring and accurately reflecting their tax status in the Registry of Bondholders. The payment report to be prepared by the Registrar and Paying Agent and submitted to the Issuer in accordance with the Registry and Paying Agency Agreement, which shall be the basis of payments on the Bonds on any Interest Payment Date, shall reflect the tax status of the Bondholders as indicated in their accounts as of the Record Date.

#### **4.3. Secondary Trading of the Bonds**

The Issuer intends to list the Bonds on PDEX for secondary market trading and, for that purpose, the Issuer [has filed] an application for such listing. However, there can be no assurance that such a listing will actually be achieved or whether such a listing will materially affect the liquidity of the Bonds on the secondary market. Such listing would be subject to the Issuer’s execution of a listing agreement with PDEX that may require the Issuer to make certain disclosures, undertakings and payments on an ongoing basis.

For so long as any of the Bonds are listed on PDEX, the Bonds will be traded in a minimum board lot size of ₱10,000.00, and in multiples of ₱10,000.00 in excess thereof. Secondary market trading in PDEX shall follow the applicable PDEX Rules, including rules, conventions and guidelines governing trading and settlement between Bondholders of different tax status, and shall be subject to the relevant fees of PDEX and PDTC, all of which shall be for the account of the Bondholders.

## **5. RANKING**

The Bonds shall constitute the direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured indebtedness of the Issuer, contingent or otherwise, other than indebtedness mandatorily preferred by operation of law and not by contract, and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines), but in the event of insolvency, such financial obligations shall be absolute and unconditional only to the extent permitted by Applicable Law relating to creditors' rights generally.

## **6. INTEREST**

### **6.1. Interest**

The interest rate *per annum* applicable to the Series A, Series B, and Series C Bonds shall be as follows:

- (A) Series A Bonds: [●]% *per annum*
- (B) Series B Bonds: [●]% *per annum*
- (C) Series C Bonds: [●]% *per annum*

### **6.2. Interest Payment Dates and Interest Payment Calculation**

Interest on the Bonds shall be calculated on a 30/360-day count basis and shall be paid quarterly in arrear commencing on [December 23, 2022] for the first interest payment and [March 23], [June 23], [September 23] and [December 23] of each year for each subsequent interest payment while the relevant series of the Bonds are outstanding; provided that the last interest payment for a series shall fall on the relevant Maturity Date for such series subject to the paragraph below (each of the dates indicated herein, an "**Interest Payment Date**").

In the event that that any Interest Payment Date is not a Business Day, such Interest Payment Date shall be paid on the immediately succeeding Business Day without any adjustment to the amount due. The last Interest Payment Date for the relevant series shall fall on the Maturity Date of such series, or the immediately succeeding Business Day if such day is not a Business Day, without any adjustment to the amount due, provided that if the Issue Date is set at a date other than [September 23, 2022], then the Interest Payment Dates will be automatically adjusted to the numerically corresponding dates of every quarter following the actual Issue Date.

### **6.2. Interest Accrual**

The Bonds shall cease to bear interest from and including the relevant Maturity Date, as defined in the discussion on "*Description of the Bonds - Final Redemption*" below, unless, upon due presentation, payment of the principal in respect of the Bonds then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see "*Penalty Interest*" below) shall apply.

### **6.3. Calculation of Interest**

Interest on the Bonds shall be calculated on a European 30/360-day count basis, regardless of the actual number of days in a month.

## 7. REDEMPTION AND PURCHASE

### 7.1. Final Redemption

Unless otherwise earlier redeemed or purchased and cancelled, the Bonds shall be redeemed at 100% of face value on their respective Maturity Dates. However, if the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment to the amounts due, on the succeeding Business Day.

Each Bondholder in whose name the Bonds are registered in the Registry of Bondholders at the close of business on the Record Date preceding the relevant Maturity Date shall be entitled to receive the principal amount of the Bonds. In all cases, repayment of principal shall be remitted to the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

### 7.2. Early Redemption Option

The Issuer shall have the right, but not the obligation, to redeem in whole (and not in part), any outstanding Series B Bonds or Series C Bonds on the relevant Optional Redemption Dates as set out below.

<b>Series B Bonds</b>	
<b>Optional Redemption Dates</b>	<b>Optional Redemption Price</b>
12 <sup>th</sup> – 15 <sup>th</sup> Interest Payment Date	[101.00]%
16 <sup>th</sup> – 19 <sup>th</sup> Interest Payment Date	[100.50]%
20 <sup>th</sup> – 21 <sup>st</sup> Interest Payment Date	[100.25]%

<b>Series C Bonds</b>	
<b>Optional Redemption Dates</b>	<b>Optional Redemption Price</b>
16 <sup>th</sup> – 19 <sup>th</sup> Interest Payment Date	[101.50]%
20 <sup>th</sup> – 23 <sup>rd</sup> Interest Payment Date	[101.00]%
24 <sup>th</sup> – 27 <sup>th</sup> Interest Payment Date	[100.50]%

provided, that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of the Optional Redemption Price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and Optional Redemption Price to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the Series B Bonds or the Series C Bonds pursuant to this Early Redemption Option.

The amount payable to the Bondholders upon the exercise of the Early Redemption Option by the Issuer shall be calculated, based on the principal amount of Series B Bonds or Series C Bonds being redeemed, as the sum of: (i) accrued interest computed from the last Interest Payment Date up to the Optional Redemption Date; and (ii) the product of the principal amount of the Bonds being redeemed and the Optional Redemption Price in accordance with the above table.

The Issuer shall give no more than 60 nor less than 30 days' prior written notice to the Trustee, Registrar and Paying Agent of its intention to redeem the Series B Bonds or the Series C Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Series B Bonds or the Series C Bonds on the Optional Redemption Date stated in such notice. Upon receipt by the Trustee of such notice, the Trustee through the Issuer shall secure from the Registrar and Paying Agent an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Series B Bonds or the Series C bonds subject of the early redemption are registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the interest and Optional Redemption Price. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

For avoidance of doubt, there is no early redemption option for the Series A Bonds.

### **7.3. Early Redemption for Taxation Reasons**

If payments under a series of or all the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the relevant Bond series in whole, or all the Bonds in whole, and not in part only, on any Interest Payment Date at 100% of face value and paid together with the accrued interest thereon, provided the Issuer has given not more than 60 nor less than 30 days' prior written notice to the Trustee, Registrar and Paying Agent, and subject to the requirements of Applicable Law. If the Issuer does not redeem the relevant Bond series or all the Bonds then all payments of principal and interest in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any such new or additional taxes, duties, assessments or governmental charges, unless such withholding or deduction is required by Applicable Law. In that event, the Issuer shall pay to the Bondholders concerned such additional amount as will result in the receipt by such Bondholders of such amounts as would have been received by them had no such withholding or deduction for new or additional taxes been required.

Upon receipt by the Trustee of a written notice from the Issuer under [Section 8.3(c)] of the Trust Agreement, the Trustee through the Issuer shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Bonds subject of the early redemption are registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the principal of the Bonds subject of the early redemption and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

For the avoidance of doubt, the Issuer shall not, in any case, be liable for Excluded Taxes. Please see "*Description of the Bonds - Payment of Additional Amounts – Taxation*" for the enumeration of Excluded Taxes.

Accrued interest on the Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

### **7.4. Early Redemption by Reason of Change in Law or Circumstance**

The following events shall be considered as changes in law or circumstances ("**Change in Law or Circumstance**") as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Agreement and the Bonds:

- (a) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Bonds shall be modified in a manner which, in the reasonable opinion of the Trustee, shall materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld.
- (b) Any provision of the Trust Agreement or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that shall become for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents.
- (c) Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free



and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.

- (d) The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer.

If any one or more of the events enumerated as a Change of Law or Circumstance shall occur and be continuing for a period of 30 days, the Majority Bondholders, by notice in writing delivered to the Issuer through the Trustee, after the lapse of the said 30 day period, may declare the principal of the Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, without any prepayment penalty, anything contained in the Trust Agreement or in the Bonds to the contrary notwithstanding, subject to the notice requirements under the discussion on “*Notice of Default*.”

Each Bondholder in whose name the Bonds are registered in the Registry of Bondholders at the close of business on the Record Date indicated in the notice to the Bondholders shall be entitled to receive the principal of the Bonds and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Accrued interest on the Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

#### **7.5. Early Redemption by Reason of Change of Control**

Upon the occurrence of a Change of Control, Bondholders holding at least 2/3 of the outstanding principal amount of the Bonds may require the Issuer to redeem all (but not some) of the Bonds at 100% of face value, which shall be paid together with the accrued interest thereon. Within 15 days following a Change of Control, the Issuer shall notify the Trustee, which shall, in turn, notify the Bondholders (i) that a Change of Control has occurred and that the Bondholders holding at least 2/3 of the outstanding principal amount of the Bonds may require the Issuer to redeem all (and not some) of the Bonds; and (ii) the date set by the Issuer for such repurchase (which shall not be earlier than 45 days and no later than 60 days from the date written notice is received by the Trustee). Failure by the Issuer to provide the notice to the Trustee of the occurrence of such Change of Control shall be without prejudice to the Trustee providing the notice to the Bondholders as contemplated in this paragraph.

The decision of the Bondholders holding at least 2/3 of the outstanding principal amount of the Bonds under this section shall be conclusive and binding upon all the Bondholders.

“**Change of Control**” means AB Soberano Holdings Corp. ceasing to, whether directly or indirectly, have an aggregate economic interest of more than 50% in the Issuer or ceasing to have Control over the Issuer.

Each Bondholder in whose name the Bonds are registered in the Registry of Bondholders at the close of business on the Record Date indicated in the notice to the Bondholders shall be entitled to receive the principal of the Bonds and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the Registry and Paying Agency Agreement.

Accrued interest on the Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

#### **7.6. Purchase and Cancellation**

The Issuer may purchase the Bonds at any time in the open market or by tender or by contract, in accordance with PDEX Rules, as may be amended from time to time, without any obligation to make *pro rata* purchases from all the Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Bonds in the PDEX, the Issuer shall disclose any such transaction in accordance with the applicable PDEX disclosure rules.

## **8. PAYMENTS**

The principal of, interests on, and all other amounts payable on the Bonds shall be paid to the Bondholders through the Paying Agent. The Paying Agent shall credit the proper amounts received from the Issuer via the Philippine payment settlement system via Real Time Gross Settlement, net of final taxes and fees (if any), to the cash settlement banks of the Bondholders (nominated by the Bondholders in the Application to Purchase or as the Bondholder may notify the Paying Agent in writing), for onward remittance to the relevant cash settlement account of the Bondholder with the cash settlement bank. The principal of, and interest on, the Bonds shall be payable in Philippine Pesos. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

The Issuer shall ensure that so long as any of the Bonds remain outstanding, there shall at all times be a Paying Agent for the purposes of the Bonds and the Issuer or the Paying Agent may only terminate the appointment of the Paying Agent as provided in the Registry and Paying Agency Agreement. In the event the appointed office of any institution shall be unable or unwilling to continue to act as the Paying Agent, the Issuer shall appoint such other leading institution in the Philippines authorized to act in its place.

In the event that the details of the cash settlement account indicated by the relevant Bondholder in the Application to Purchase are incomplete or erroneous, or the cash settlement account of the relevant Bondholders has been closed, dormant, or inexistent, due to which payments to the Bondholders cannot be effected in a timely manner, then until the correction of the cash settlement account is effected and until credit of the relevant cash entitlement is completed, such payment shall either be retained in a suspense account with the relevant cash settlement bank or returned to the payment account, or otherwise disposed of by the cash settlement bank, in each case in accordance with the standard operating procedures of the relevant cash settlement bank.

In these cases, the Issuer and the Paying Agent shall not be liable to the relevant Bondholder for any failure or delay in the Bondholder's receipt of such payments.

As mentioned above, the Record Date, which is the cut-off date in determining the existing Bondholders entitled to receive interest, principal or any other amount due under the Bonds, shall be two Business Days immediately preceding the relevant Payment Date. The Record Date shall be the reckoning date in determining the Bondholders entitled to receive interest, principal or any other amount due under the Bonds. No transfers of the Bonds may be made during the Closed Period.

## **9. TAXATION**

### **9.1. Payment of Additional Amounts – Taxation**

Interest income on the Bonds is subject to a withholding tax at rates of between 10% and 25% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such withholding tax and as otherwise provided, all payments of principal and interest 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 the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following ("**Excluded Taxes**"):

- (a) The withholding tax applicable on interest earned on the Bonds prescribed under the Tax Code, as amended, and its implementing rules and regulations as may be in effect from time to time; provided, further, that all Bondholders are required to provide the Issuer through the Bondholders'

Joint Lead Underwriter, Selling Agent or PDEX Trading Participant and endorsed to the Registrar and Paying Agent their validly issued tax identification numbers, issued by the BIR;

- (b) Gross Receipts Tax under Section 121 and 122 of the Tax Code;
- (c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding;
- (d) VAT under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337; and
- (e) Any applicable taxes on any subsequent sale or transfer of the Bonds by any holder which shall be for the account of such holder (or its buyer, as the holder and the buyer may have agreed upon).

Documentary stamp tax for the primary issue of the Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

Please see the section on "*Taxation*" in the Prospectus for a more detailed discussion on the tax consequences of the acquisition, ownership and disposition of the Bonds.

## **9.2. Tax-Exempt Status or Entitlement to Preferential Tax Rate**

An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar and Paying Agent, subject to acceptance by the Issuer, as being sufficient in form and substance:

- (a) BIR-certified true copy of a valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR and addressed to the relevant applicant or Bondholder, confirming its exemption or its entitlement to the preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto, and for tax-exempt Personal Equity Retirement Account (PERA) established pursuant to PERA Act of 2008, a certified true copy of the Bondholder's current, valid and subsisting Certificate of Accreditation as PERA Administrator;
- (b) with respect to tax treaty relief, the Issuer may apply the preferential tax treaty rate on the interest income of the non-resident foreign Bondholder by relying on the submission by such Bondholder of the following documents before the interest income is paid:
  - (i) on an application form for tax treaty purposes (BIR Form 0901-I for interest);
  - (ii) an authenticated or apostilled tax residency certificate duly issued by the relevant foreign tax authority in favor of the Bondholder; and
  - (iii) the relevant provision of the applicable tax treaty which prescribes the preferential tax treatment on interest income.

Failure to submit these documents will lead to withholding using the regular rates prescribed under the Tax Code, as amended, for non-resident foreign corporations or non-resident aliens not engaged in trade or business, as the case may be, and not the treaty rate.

If the tax treaty rate was applied by the Issuer, it will file with the BIR's International Tax Affairs Division ("**ITAD**") a request for confirmation of the use of the tax treaty rate no later than the last day of the fourth month following the close of the relevant taxable year after the payment of the withholding tax with supporting documents specified in Revenue Memorandum Order No. 14-2021. If the BIR determines that the withholding tax rate used is lower than the applicable tax rate that should have been applied, or that the non-resident taxpayer is not entitled to treaty benefits, the request for confirmation will be denied and the BIR will require the Issuer to pay the deficiency taxes with penalties.

In case the Issuer used the regular rate under the Tax Code, the non-resident foreign Bondholder may file a tax treaty relief application with ITAD after it has received the interest income with supporting documents specified in Revenue Memorandum Order No. 14-2021. If the BIR determines that the withholding tax rate applied is 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, and the Bondholder may apply for a refund of excess withholding tax within the two-year period provided in Section 229 of the Tax Code. The claim for refund of the Bondholder may be filed simultaneously with the tax treaty relief application.

- (c) a duly notarized undertaking executed by:
  - (i) the corporate secretary or any authorized representative of such applicant or Bondholder, who has personal knowledge of the exemption or entitlement to preferential tax treatment based on his official functions, if the Applicant purchases, or the Bondholder holds, the Bonds for its account; or
  - (ii) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (*i.e.*, Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent:
    - a. of any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement;
    - b. if there are any material changes in the factual circumstances of the Bondholder including but not limited to its character, nature and method of operation, which are inconsistent with the basis for its income tax exemption; or
    - c. if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Bonds being ineligible for exemption or preferential rate, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non- withholding or incorrect withholding of the required tax, provided, that in case of corporate, partnership or trust account investors, such investor shall also submit an original certification from the corporate secretary or an equivalent officer of the investor, setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose.
- (d) such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under the applicable regulations of the relevant taxing or other authorities; provided, that, the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholders on the Interest payments to such Bondholders; *provided further* that, all sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for Taxes (unless the Tax is an Excluded Tax and it not covered by the exemption), duties, assessments, or government charges (or with reduced rates, as the case may be), subject to the submission by the Bondholder claiming the benefit of any exemption or preferential rate of reasonable evidence of such exemption or preferential rate treatment to the Registrar and Paying Agent.

Unless properly provided with satisfactory proof of the tax-exempt status or entitlement to preferential rates of an Applicant or a Bondholder, each of the Issuer and the Registrar and Paying Agent may assume that such Bondholder is taxable and proceed to apply the tax due on the Bonds. Notwithstanding the submission by the Bondholder, or the receipt by the Issuer or any of its agents, of documentary proof of the tax-exempt status or entitlement to preferential rates of a Bondholder, the

Issuer may require the Registrar and Paying Agent to proceed to apply the tax due on the Bonds. Any question on such determination shall be referred to the Issuer.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of an initial issuance of Bonds, upon submission of the Application to Purchase to any of the Joint Lead Underwriters who shall then forward the same to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar upon submission of the account opening documents, in accordance with the procedures of the Registrar.

Transfers taking place in the electronic Registry of Bondholders after the Bonds are listed in PDEX may be allowed between taxable and tax-exempt entities without restriction provided the same are in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC. A selling or purchasing Bondholder claiming tax-exempt status is required to submit the following documents to the Issuer, upon submission of account opening documents to the Registry: (i) a written notification of the sale or purchase, including the tax status of the selling or buying party, and (ii) an indemnity agreement wherein the new Bondholder undertakes to indemnify the Issuer for any tax that may later on be assessed on the Issuer on account of such transfer.

Failure on the part of the Bondholder to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

## 10. FINANCIAL COVENANTS

From the date of the Trust Agreement and for as long as the Bonds or any portion thereof remains outstanding, and unless the Majority Bondholders shall otherwise consent in writing, the Issuer undertakes to maintain the following financial ratios, with testing to be done on an annual basis:

- (d) a Debt-to-Equity Ratio not exceeding 2.5:1;
- (e) a Current Ratio of at least 1:1; and
- (f) Interest Coverage Ratio of at least 3:1.

For purposes of computing the above ratios, the following terms shall have the meanings set forth herein:

- (1) **“Current Ratio”** means the ratio of current assets and current liabilities of the Company.
- (2) **“Debt-to-Equity Ratio”** means the result obtained by dividing (i) the amount of interest-bearing liabilities of the Company by (ii) the total Equity of the Company, in each case as appearing in the latest consolidated audited balance sheet of the Company; provided, that if the Company issues preferred shares which are (1) either redeemable at a fixed date, or redeemable at the option of the holder of the preferred shares, and (2) the Company is obliged to make payments in the form of either interest or dividends, or the terms and conditions of the issuance of the preferred shares oblige the Company to distribute a specific percentage of profits, then such preferred shares shall be categorized as liabilities falling under (i) hereof, otherwise, it shall be classified as part of Equity when computing Debt-to-Equity Ratio. For purposes of calculating the Debt-to-Equity Ratio, “Equity” means, at any date and as shown in the latest consolidated audited balance sheet of the Company, the aggregate outstanding capital stock, additional paid-in-capital, equity reserve and retained earnings.
- (3) **“Interest Coverage Ratio”** means the result obtained by dividing (i) the 12-months trailing EBITDA plus cash balance by (ii) interest due for the next year. For purposes of calculating the Interest Coverage Ratio, “EBITDA” means, during the relevant period, the net earnings of the Company before deducting net interest expense, income tax, depreciation, and amortization, as determined in accordance with PFRS and based on the Company’s consolidated audited financial statements.

For the avoidance of doubt, any indebtedness to be incurred to refinance, in the same currency or its equivalent amount, an existing indebtedness outstanding on the Issue Date, shall not be construed as an incurrence of additional indebtedness.

In the determination of any particular amount of indebtedness in connection with these financial covenants, guarantees, security interests or obligations with respect to letters of credit supporting indebtedness otherwise included in the determination of such particular amount shall not be included.

Testing of the financial covenants shall be done on the last Business Day of April of each year, using the fiscal year-end audited consolidated financial statements of the Company.

## **11. NEGATIVE PLEDGE**

The Issuer shall not, without the consent of the Majority Bondholders, permit any indebtedness for borrowed money to be secured by or to benefit from any mortgage, pledge, lien or encumbrance constituted on any of the Issuer's properties for the purpose of securing its or its Affiliate's obligation in favor of any creditor or class of creditors without providing the Bondholders with the same kind or class of security, the benefit of which is extended equally or ratably among them to secure the Bonds, provided that the foregoing restrictions shall not apply to any Permitted Liens.

## **12. EVENTS OF DEFAULT**

### **12.1. Events of Default**

Each of the following events shall constitute an "**Event of Default**" under the Bonds and the Trust Agreement:

(i) Payment Default

The Issuer defaults in the payment when due of any amount payable to the Bondholders under the Bonds or the Trust Agreement, unless such failure arises solely as a result of an administrative or technical error or a Disruption Event and payment is made within three Business Days after the date such payment is due (a "**Payment Default**").

(ii) Representation/Warranty Default

Any representation and warranty of the Issuer hereof and in other Bond Agreements or any certificate or opinion submitted pursuant hereto proves to have been untrue, incorrect or misleading in any material respect as and when made and the circumstances which cause such representation or warranty to be incorrect or misleading continue for not less than 30 days (or such longer period as the Majority Bondholders shall approve) after receipt of written notice from the Trustee to that effect.

(iii) Other Default

The Issuer fails to perform, comply with, or violates any provision, term, condition, covenant or obligation contained in the Trust Agreement (other than by reason of paragraph (a) above and other paragraphs under this section on "*Events of Default*"), and any such failure, non-compliance or violation is not remediable or, if remediable, continues unremedied for a period of 30 days (or such longer curing period granted to the Issuer by the Majority Bondholders) from the date after written notice thereof shall have been received by the Issuer from the Trustee; provided that this paragraph shall not apply in respect of any failure or violation that is specifically covered by the other paragraphs under this Section on "*Events of Default*" and, for the avoidance of doubt, such other paragraphs shall apply accordingly;

(iv) Cross Default

The Issuer and/or any of its Subsidiaries violates any material term or condition of any contract executed by the Issuer or any of its Subsidiaries with any bank, financial institution or other person, corporation or entity for the payment of borrowed money which constitutes an event of default under said contract, or in general, violation of any, law or regulation which violation, if remediable, is not remedied by the Issuer or such Subsidiary within 10 Business Days from receipt of notice by the Trustee to the Issuer, or which violation is otherwise not contested by the Issuer or such Subsidiary, and the effect of such violation results in the acceleration or declaration

of the whole financial obligation to be due and payable prior to the stated normal date of maturity; and which violation shall, further, in the reasonable opinion of the Trustee, adversely and materially affect the performance by the Issuer of its obligations under the Trust Agreement and the Bonds; provided however that, no event of default shall occur under this paragraph unless the aggregate amount of indebtedness in respect of which one or more of the events above mentioned has/have occurred equals or exceeds ₱500,000,000.00.

(v) Insolvency Default

The Issuer or any of its Subsidiaries becomes insolvent or unable to pay its debts when due or commits or permits any act of bankruptcy, which term shall include, but shall not be limited to: (i) filing of a petition in any bankruptcy, rehabilitation, reorganization (other than a labor or management reorganization), winding up, suspension of payment or liquidation proceeding, or any other proceeding analogous in purpose and effect; (ii) appointment of a trustee or receiver of all or a substantial portion of its properties; (iii) making of an assignment for the benefit of its creditors; (iv) the admission in writing by the Issuer or such Subsidiary of its inability to pay its debts; or (v) the entry of any order or judgment of any court, tribunal or administrative agency or body confirming the bankruptcy or insolvency of the Issuer or such Subsidiary or approving any reorganization (other than a labor or management reorganization), winding-up, liquidation or appointment of trustee or receiver of the Issuer or such Subsidiary, or a substantial portion of its assets; provided, that items (i) and (ii) shall not be an Event of Default if the same shall have been dismissed or stayed by injunction or otherwise within 90 days from filing of a petition in the case of item (i) or the appointment of a trustee or receive in the case of item (ii);

(vi) Judgment Default

Any final judgment, decree, or arbitral award for the sum of money, damages or for a fine or penalty in excess of ₱500,000,000.00 or its equivalent in any other currency is entered against the Issuer and the enforcement of which is not stayed, and is not paid, discharged or duly bonded within 30 calendar days after the date when payment of such judgment, decree or award is due under the Applicable Law or agreement.

(vii) Writ and Similar Process Default

Any final and executory judgment, decree or arbitral award by a court of competent jurisdiction for a sum of money, damages or for a fine or penalty in excess of ₱500,000,000.00 or its equivalent in any other currency is entered against the Issuer and the enforcement of which is not stayed, or is not paid, discharged or duly bonded within 45 days after the date when payment of such judgment, decree or award is due under the Applicable Law or agreement.

(viii) Closure Default

The Issuer voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of 30 days except in the case of: (i) strikes or lockouts or when necessary to prevent business losses; (ii) shutdowns or regular preventive repairs; or (iii) when due to fortuitous events or force majeure.

(ix) Contest

The Issuer shall contest in writing the validity or enforceability of the Trust Agreement or any other Bond Agreements or shall deny generally in writing the liability of the Issuer under the Trust Agreement or any other Bond Agreements.

(x) Illegality

Any of the Trust Agreement or the other Bond Agreements or any material portion there is declared to be illegal or unenforceable in a final and executory judgment rendered by a court of competent jurisdiction, and the Bonds are not redeemed within a period of 30 days after the judgment has become final and executory.

## 12.2. Notice of Default

The Trustee shall, within 30 days after the occurrence of an Event of Default, give to all the Bondholders written notice of any such Event of Default unless the same shall have been cured before the giving of such notice; provided, that in the case of a Payment Default under the section “*Events of Default*”, the Trustee shall immediately notify the Bondholders upon the occurrence of such Payment Default.

The existence of a written notice required to be given to the Bondholders hereunder shall be published for at least once a week for two consecutive weeks in at least two newspapers of general circulation in the Philippines indicating in the published notice that the Bondholders or their duly authorized representatives may request any information relating to such occurrence of an Event of Default at the principal office of the Trustee upon presentation of sufficient and acceptable identification. Otherwise, the Trustee may also provide notice via the other modes of notice as provided under [Section 17] of the Trust Agreement.

## 12.3. Consequences of Default

- (a) If any one or more of the Events of Default shall have occurred and be continuing after the lapse of the period given to the Issuer within which to cure such Event of Default, if any, or upon the occurrence of such Event of Default for which no cure period is provided, (i) the Trustee upon the written direction of the Majority Bondholders, by notice in writing delivered to the Issuer, or (ii) the Majority Bondholders, by notice in writing delivered to the Issuer and the Trustee, may declare the Issuer in default (“**Declaration of Default**”) and declare the principal of the Bonds then outstanding, together with all accrued and unpaid interest thereon and all amounts due thereunder, to be due and payable not later than five Business Days from the receipt of the Declaration of Default (“**Default Payment Date**”) with a copy to the Registrar and Paying Agent who shall then prepare a payment report in accordance with the Registry and Paying Agency Agreement. Thereupon, the Issuer shall make all payments due on the Bonds in accordance with the Registry and Paying Agency Agreement.
- (b) All the unpaid obligations under the Bonds, including accrued interest, and all other amounts payable thereunder, shall be declared to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Issuer.

## 12.4. Penalty Interest

In case any amount payable by the Issuer under the Bonds, whether for principal, interest, or otherwise, is not paid on the relevant due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay a penalty fee on the defaulted amount(s) at the rate of 3% per month or 36% *per annum* (the “**Penalty Interest**”) from the time the amount fell due until it is fully paid in accordance with the Terms and Conditions of the Bonds and the Trust Agreement.

## 12.5. Payments in the Event of Default

Upon the occurrence of any Event of Default, and provided that there has been a Declaration of Default and acceleration of payment of the Bonds by the Majority Bondholders, then in any such case:

- (a) the Issuer will pay the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on such outstanding Bonds with interest at the rate borne by the Bonds on the overdue principal and with Penalty Interest, where applicable, based on the payment report no later than the Default Payment Date. The Issuer also undertakes that it shall give the Trustee written notice of its intention to make any payments under this paragraph (a); and
- (b) the Trustee shall have the right to require the Registrar and Paying Agent, upon demand in writing, to do the following:
  - (i) to hold all sums, documents and records held by them in respect of the Bonds on behalf of the Trustee; and/or



- (ii) deliver all evidence of the Bonds and all sums, documents and records held by them in respect of the Bonds to the Trustee or as the Trustee shall direct in such demand; provided, that such demand shall be deemed not to apply to any documents or records which the Registrar or Paying Agent is not allowed to release by any law or regulation; and/or
- (iii) subject to the terms of the Registry and Paying Agency Agreement, apply any money received from the Issuer pursuant to this section in the order of preference provided in the “*Description of the Bonds – Application of Payments*” below.

## **12.6. Application of Payments**

Any money collected or delivered by the Trustee as a consequence of a Declaration of Default and any other funds held by it, subject to any other provision of the Trust Agreement relating to the disposition of such money and funds or to the Registry and Paying Agency Agreement, shall be applied by the Trustee in the order of preference as follows:

- (a) *First:* to the *pro rata* payment to the Trustee, the Registrar, the Paying Agent and PDEX of the costs, expenses, fees, and other charges of collection, including reasonable compensation to them, their agents, attorneys, and all expenses and liabilities incurred, or disbursements made by them, without gross negligence or bad faith in carrying out their respective obligations under their respective agreements with the Issuer in connection with the Bonds.
- (b) *Second:* to the payment of the interest in default, in the order of the maturity of such interest with Penalty Interest.
- (c) *Third:* to the payment of all other outstanding interest, in the order of maturity of such interest based on the information on Bondholders reflected in the relevant registry account to be provided by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement.
- (d) *Fourth:* to the payment of the principal amount of the Bonds then due and payable based on the information on Bondholders reflected in the relevant registry account to be provided by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement.
- (e) *Fifth:* the remainder, if any, shall be paid to the Issuer, its successors, or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Except for any interest and principal payments, all disbursements of the Paying Agent in relation to the Bonds shall require the written conformity of the Trustee. The Paying Agent shall render a monthly account of such funds under its control.

## **13. PRESCRIPTION**

Claims in respect of principal and interest or other sums payable under the Bonds shall prescribe unless the claim is made within 10 years (in the case of principal or other sums) or five years (in the case of interest) from the date on which payment becomes due.

## **14. REMEDIES**

### **14.1. General**

Subject to the discussion below under “*Description of the Bonds – Ability to File Suit*”.

- (a) all remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement, and

- (b) unless the claim has already prescribed as set out in [Section 10.8] of the Trust Agreement, no delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

#### **14.2. Ability to File Suit**

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from the Issuer under the Trust Agreement on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder unless:

- (a) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Bonds;
- (b) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in the latter's name;
- (c) the Trustee for 60 days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding; and
- (d) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders,

it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no Bondholder shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Agreement to affect, disturb or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner therein provided and for the equal, ratable, and common benefit of all the Bondholders. For the protection and enforcement of this ability to file suit, each Bondholder and the Trustee shall be entitled to such relief as can be given under Applicable Law.

#### **14.3. Waiver of Default by the Bondholders**

The Majority Bondholders (a) may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under the Trust Agreement, or (b) may, on behalf of the Bondholders, waive any past default except the Events of Default defined as a Payment Default, Insolvency Default or Closure Default, and its consequences. In case of any such waiver, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights under the Trust Agreement; provided, that, no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Bonds.

#### **15. SUBSTITUTION**

Substitution of the Bonds is not contemplated.

#### **16. TRUSTEE; NOTICES**

The following discussion is qualified by the more detailed information as contained in the Trust Agreement.

### 16.1. Notice to the Trustee

All documents required to be submitted to the Trustee or the Issuer and all other notices, requests and other communications must be in writing and will be deemed to have been duly given only if delivered personally, mailed (first class postage prepaid), or emailed to the relevant parties at the following addresses or email addresses, and addressed to the individuals named below:

To the Issuer:

**Cebu Landmasters, Inc.**  
10<sup>th</sup> Floor, Park Centrale Tower  
Jose Ma. Del Mar St.  
B2 L3, Cebu IT Park  
Brgy. Apas, Cebu City  
Philippines

Attention: B. Grant L. Cheng  
Chief Finance Officer  
Telephone No: +63-32-231-4870  
Email: [grant\\_cheng@cebulandmasters.com](mailto:grant_cheng@cebulandmasters.com)

To the Trustee:

**China Banking Corporation –  
Trust and Asset Management Group**  
8<sup>th</sup> Floor, China Bank Building  
8745 Paseo de Roxas corner Villar Street  
Makati City, Philippines

Attention: Jericho D. Lagustan  
Assistant Vice President  
Telephone No: (+632) 8885 5888 (local 6006)  
Email: [jdlagustan@chinabank.ph](mailto:jdlagustan@chinabank.ph)

Attention: Maria Loubelle M. Cruz  
Manager  
Telephone No: (+632) 8885 6135  
Email: [mlmalinao@chinabank.ph](mailto:mlmalinao@chinabank.ph)

All such notices, requests and other communications will: (i) if delivered personally to the address as provided above, be deemed given upon delivery; and (ii) if delivered by mail or email in the manner described above to the address as provided above, be deemed given upon receipt and in case of email if received in readable form (in each case regardless of whether such notice, request or other communication is received by any other Person on behalf of such individual to whom a copy of such notice, request or other communication is to be delivered pursuant to this section). Each of the Trustee and the Issuer may from time to time change its address or other information for the purpose of notices hereunder by giving notice specifying such change to the other parties pursuant to the notice procedure under this section.

Any notice, report or communication received on a non-working day or after business hours in the place of receipt will only be deemed given on the next working day in that place.

### 16.2. Notice to the Bondholders

Except where the Bonds and the Bond Agreements specifically require another party to send notice to the Bondholders, the Trustee shall send any and all notices to the Bondholders as may be required or necessary under the Bonds and the Bond Agreements to their contact details as set forth in the Registry of Bondholders, it being understood, however, that for purposes of fulfilling its obligations to deliver such notices, the Trustee shall be entitled to rely on the Registry of Bondholders in determining the Bondholders entitled to notice and their respective contact details. Further, while the Trustee shall exert

best efforts to meet the periods relative to sending of notices as provided in the Trust Agreement, it shall not be liable for delays that are outside its control.

Except where a specific mode of notification is provided for in the Bond Agreements, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) e-mail; (iii) ordinary mail; (iv) by publication for at least once a week for two consecutive weeks in at least two newspapers of general circulation in the Philippines; (v) personal delivery to the address of record in the Registry of Bondholders; or (vi) disclosure through the Online Disclosure System of the PDEX. If notices to the Bondholders shall be sent by mail or personal delivery, such notices shall be sent to the mailing address of the Bondholders as set forth in the Registry of Bondholders. All notices shall be deemed to have been received (i) 10 days from posting if transmitted by registered mail; (ii) on the date of receipt of the e-mail in readable form; (iii) 15 days from mailing, if transmitted by ordinary mail; (iv) on the date of last publication, if notice is made by publication; (v) on the date of delivery, for personal delivery; or (vi) on the date of disclosure, if notice is made by disclosure through the Online Disclosure System of the PDEX.

A notice made by the Issuer to the Trustee is notice to the Bondholders. The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by the Issuer to the PDEX on a matter relating to the Bonds shall be deemed a notice to the Bondholders of said matter on the date of the first publication or the date of the disclosure, as the case may be.

### **16.3 Binding and Conclusive Nature**

Except as provided in the Trust Agreement, all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for purposes of the provisions of the Trust Agreement, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, and all the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under the Trust Agreement.

## **17. THE TRUSTEE**

### **17.1. Duties and Responsibilities of the Trustee**

- (a) The Trustee shall independently perform each of the following duties for the benefit of the Bondholders:
  - (i) Coordinate with the Issuer, the Joint Lead Underwriters, the Registrar and the Paying Agent in relation to the performance of their respective responsibilities under the relevant Bond Agreements.
  - (ii) Have custody of and hold in its name, for and on behalf of the Bondholders, the Master Certificates of Indebtedness for the Bonds.
  - (iii) Monitor compliance by the Issuer with the Trust Agreement, including the Issuer's compliance or non-compliance with all its representations and warranties, and the observance by the Issuer of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement; *provided*, that such monitoring shall be based solely on a sworn certification executed by an authorized officer of the Issuer and delivered to the Trustee within seven days from each Interest Payment Date, substantially in the form set out the relevant annex to the Trust Agreement.
  - (iv) Monitor compliance by the Registrar and the Paying Agent with their respective functions and responsibilities prescribed under the Registry and Paying Agency Agreement, and from time to time, request information from the Registrar and Paying Agent on the outstanding Bonds, list of Bondholders, and such other information necessary for the performance of the duties and powers of the Trustee under the Trust Agreement; *provided*, that such monitoring shall be based solely on a sworn certification executed by an authorized officer of the Registrar and the Paying Agent and delivered to the Trustee

within seven days from each Interest Payment Date, substantially in the form set out in the relevant annex to the Trust Agreement.

- (v) Report regularly to Bondholders any non-compliance by the Issuer with the Trust Agreement and any development with respect to the Issuer of which the Trustee may have actual notice or knowledge of based on official disclosures to PDEX, PSE, SEC and other regulatory agencies, or those which the Trustee may have been given actual notice or knowledge of that adversely affects the interest of the Bondholders, including any default by the Issuer on any of its obligations of which the Trustee may have actual notice or knowledge of, and inform the Bondholders, upon the recommendation of legal counsel, of the alternative courses of action that they may take to protect their interest; *provided*, that for purposes hereof, the Trustee shall, without need of any further act or notice to the Issuer, publish a notice once in a newspaper of general circulation, binding upon all the Bondholders wherever situated or located, that the Bondholders or their duly authorized representatives may obtain a report regarding the Bonds at the principal office of the Trustee upon presentation of sufficient and acceptable identification. If the foregoing notice via publication is not practicable, the Trustee may issue the relevant notice via the other modes of notification as provided under [Section 17] of the Trust Agreement. Upon advice of legal counsel, the Trustee shall inform the Bondholders of the alternative courses of action that they may take to protect their interest.
- (vi) Act on behalf of the Bondholders including calling for and/or attending meetings of the Bondholders in the manner set out in this section. A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or in behalf of the Bondholders of any specified aggregate principal amount of the Bonds under any under any provisions of the Trust Agreement or under Applicable Law or in respect of any matter related to the Bonds.
  - (1) A meeting (either a face-to-face meeting or a meeting held through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication) of the Bondholders, for purposes of taking any actions authorized under the Trust Agreement or under Applicable Law or in respect of any matter related to the Bonds may be called by the following: (a) the Trustee, on its own accord or upon the written request of the Issuer, or (b) the Bondholders representing more than 25% of the outstanding principal amount of the Bonds. The meeting may be held at such time and at such place or via such mode (as applicable) as the Trustee shall determine.
  - (2) Unless otherwise provided in the Trust Agreement, the Trustee shall give notice of every meeting of the Bondholders (which notice must state the purpose thereof in reasonable detail and set forth the time, place, mode (as applicable), requirements and procedures for participating and voting in meetings held through remote communication, and purpose of such meeting in reasonable detail) to the Issuer and each of the registered Bondholders not earlier than 45 days nor later than 15 days prior to the date fixed for the meeting and shall publish such notice once in a newspaper of general circulation; provided that, if the purpose of the meeting is to take any decision or action in respect of an Event of Default or potential Event of Default or the issuance of a Declaration of Default, the notice shall be made at least five days prior to the date fixed for the meeting; provided further that, if the foregoing notice via publication is not practicable, the Trustee may issue the relevant notice via the other modes of notification as provided under [Section 17] of the Trust Agreement.

The Trustee shall fix the record date for determining the Bondholders entitled to notice and vote during the meeting, which record date shall not be earlier than 45 days before the date of the meeting; provided that, if the purpose of the meeting is to take any decision or action in respect of an Event of Default or potential Event of Default or the issuance of a Declaration of Default, the record date shall not be earlier than 15 days before the date of the meeting.

- (3) Failure of the Trustee to call a meeting upon the written request of either the Issuer or the Bondholders representing more than 25% of the outstanding principal amount of the Bonds within 10 Business Days from receipt of such request shall entitle the requesting party to send and publish the appropriate notice of the Bondholders' meeting in accordance with [Section 4.1(a)(vi)(2)] of the Trust Agreement.
- (4) The presence of the Majority Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Bondholders. The Trustee shall determine and record the presence of the Majority Bondholders based on the list of Bondholders prepared by the Registrar in accordance with the Registry and Paying Agency Agreement, which list shall include (a) the complete names of the Bondholders (including the name of the authorized representative of the Bondholder, where applicable), (b) the amount of Bonds held by the Bondholders as of the relevant record date, (c) the complete address and contact details of the Bondholders, (d) the specimen signatures of the Bondholders' authorized signatories, and (e) such other information necessary for the performance of the duties and powers of the Trustee under the Trust Agreement as may be requested by the Trustee. The Registrar shall, and the Issuer shall cause the Registrar to, provide the Trustee with a list of Bondholders at least five Business Days upon receipt of written request from the Trustee.
- (5) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Majority Bondholders as provided in Section 4.1(a)(vi)(3) of the Trust Agreement in which case the Issuer or the Majority Bondholders calling the meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting. The elected secretary shall take down the minutes of the meeting, covering all matters presented for resolutions by and the results of the votes cast by the Bondholders entitled to vote at the meeting and/or the person appointed by a public instrument in writing as proxy or agent by any such Bondholder in accordance with Section 4.1(vi)(7) of the Trust Agreement. The elected secretary shall immediately provide the Trustee with the copy of the minutes of the meeting which copy shall be made available at any time to the Issuer and all Bondholders upon receipt of written request, provided that the cost of furnishing the same to the requesting party shall be for such person's account.
- (6) Any meeting of the Bondholders may be adjourned from time to time for a period not to exceed in the aggregate one (1) year from the date for which the meeting shall originally have been called, and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by Persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.
- (7) To be entitled to vote at any meeting of the Bondholders, a Person should be a registered holder of the Bonds as reflected in the Registry of Bondholders on the Record Date fixed pursuant to Section 4.1(a)(vi)(2) and Section 4.1(a)(vi)(3) of the Trust Agreement, as the case may be, or a Person should be appointed by a public instrument as proxy or agent by any such Bondholder (and, in case of corporate or institutional Bondholders, duly supported by the resolutions of its board of directors or equivalent body authorizing the appointment of the proxy or agent duly certified by its corporate secretary or an authorized officer) for the meeting. The only Persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the Persons entitled to vote at such meeting and any representative of the Trustee, of the Issuer and their respective legal counsels.
- (8) Except as otherwise specifically provided in the Trust Agreement, all matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders (present or represented in a meeting at which there is a quorum).

Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee.

- (9) Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of Bonds may take any action (including the making of any demand or request, the giving of any notice or consent, or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined such action may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing in accordance with [Section 4.1(a)(vi)(7)] of the Trust Agreement; (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith; or (iii) a combination of such instruments and any such record of meeting of the Bondholders.
- (10) Notwithstanding the provisions in this Section and other provisions of the Trust Agreement, the Trustee may make such reasonable regulations (not inconsistent with the terms and conditions of the Trust Agreement) as it may deem advisable for any meeting of the Bondholders, with regard to the proof of ownership of the Bonds, the appointment of proxies by the Bondholders, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.
- (11) All costs and expenses incurred by the Trustee in connection with the meetings of the Bondholders shall be for the account of the Issuer and shall be paid or reimbursed by the Issuer within 10 Business Days from receipt of the duly supported billing statement.
- (12) Whenever this Section or any other provision of the Trust Agreement provides for a certain percentage of Bondholders who may take any action, this Section or any such provision shall be construed (a) with respect to matters relating only to the Series A Bonds, Bondholders representing the relevant percentage of the outstanding principal amount of the Series A Bonds; (b) with respect to matters relating only to the Series B Bonds, Bondholders representing the relevant percentage of the outstanding principal amount of the Series B Bonds; (c) with respect to matters relating only to the Series C Bonds, Bondholders representing the relevant percentage of the outstanding principal amount of the Series C Bonds; or (c) with respect to matters affecting the Series A Bonds, Series B Bonds and Series C bonds, Bondholders representing the relevant percentage of the outstanding principal amount of the Bonds.
- (vii) Safekeep (1) all records enumerated in [Section 3.2] of the Trust Agreement, (2) copies of all submissions of the Issuer to the SEC in connection with the procurement and maintenance of the SEC Registration Documents (as such term is defined in the Trust Agreement), the Bonds Agreements, and (3) such other documents that may be deemed pertinent and as may be reasonably requested by the Trustee in the performance of its functions.
- (viii) Upon written request by the Issuer no later than 11:30 a.m. within 10 Business Days following the date the Trustee receives such request, send notice of any matter to the Bondholders, other than those matters the notice of which is specifically required to be given to the Bondholders by another party under the Bond Agreements.

For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with respect to any matters that must be taken up with the Issuer.

- (x) Prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, the Trustee shall perform only such duties as are specifically set forth in the Trust Agreement. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Agreement, and use such diligence, judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters will exercise in the management of their own affairs.
  
- (b) The Trustee, in the performance of its duties, shall exercise such rights and powers vested in it by the Trust Agreement, and observe due diligence required of a prudent and reasonable Person under the same circumstances, in the performance of its duties and obligations under the Trust Agreement. The Trustee may perform any of its duties under the Trust Agreement through its directors, officers, employees, agents, or attorneys-in-fact. Subject to the succeeding paragraph, the Trustee shall not be responsible for the inadequacy of the Issuer to meet and discharge any of its obligations under the Bonds or be liable for any depreciation in value or other losses of the Bonds. Neither shall the Trustee be a surety or a guarantor of the solvency or capacity of the Issuer, any of the Joint Lead Underwriters, the Registrar, the Paying Agent, or any of their authorized representatives. Each Bondholder is deemed to have represented and warranted to the Trustee and to the Issuer that it has independently and, without reliance on the Trustee or the issuer, made its own credit investigation and appraisal of the financial position and affairs of the Issuer on the basis of such documents and information it has deemed appropriate and that it has subscribed to the Bonds on the basis of such independent appraisal, and that it shall continue to make its own credit appraisal without reliance on the Trustee or the Issuer.

In the absence of wilful misconduct, fraud, evident bad faith, gross negligence or breach of Applicable Law on the part of the Trustee, the Issuer and the Bondholders agree to indemnify and hold the Trustee free and harmless from and against any and all claims, liabilities, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations under the Trust Agreement.

- (c) Reliance in good faith on the information submitted by the Issuer, the Bondholders, the Joint Lead Underwriters, the Registrar and the Paying Agent, or any of their authorized representatives pursuant to the terms and conditions of the Bond Agreements, after exercising the due diligence required of a prudent and reasonable person under the same circumstances, shall absolve the Trustee from any liability. The Trustee shall be fully protected in acting in accordance with the written directions, requests, instructions, and certifications of the Issuer, the Bondholders, any of the Joint Lead Underwriters, the Registrar, or the Paying Agent, or any of their authorized representatives pursuant to the terms and conditions of the Bond Agreements, to the extent permitted by Applicable Law.

The Trustee may rely on any communication or document believed by it in good faith to be genuine after exercising the due diligence required of a prudent and reasonable Person under the same circumstances, and may rely on the statements of any of the Issuer, the Bondholders, the Joint Lead Underwriters, the Paying Agent, the Registrar or any of their authorized representatives, on any matter or fact which might reasonably be expected to be within the knowledge of the latter.

The Trustee may request from the Issuer, the Bondholders, the Joint Lead Underwriters, the Paying Agent or the Registrar, or any of their authorized representatives, for any information and/or assistance as the Trustee may reasonably require to enable it to perform its rights, powers, duties, functions, authorities, and discretion under the Trust Agreement, including but not limited to a certification of compliance (in the form set out in the relevant annex to the Trust Agreement) to be delivered by the Issuer on a quarterly basis to confirm the Issuer's compliance with its obligations and undertakings under the Bonds and the Trust Agreement. The Issuer shall submit the certification of compliance for the first three quarters of the Issuer's fiscal year within 45 days from the end of the relevant quarter, and the annual certification of compliance within 120 days from the end of its fiscal year.



The Trustee may presume that no Event of Default has occurred until it has received notice thereof and it may conclusively rely upon the certification of compliance to be delivered by the Issuer.

- (d) In coordination with the Issuer, the Trustee may seek the advice of legal counsel, and take any action in accordance with the written advice of such legal counsel; provided, however, that coordination with the Issuer shall not be necessary if there is an occurrence of an Event of Default. Any such action taken or suffered in good faith by the Trustee as a consequence of the reasonable opinion of the said legal counsel, shall be conclusive and binding upon the Issuer and the Bondholders, and the Trustee shall be fully protected from any liability for any loss or damage suffered or caused to be suffered by the Issuer and/or the Bondholders by virtue thereof, provided there is no concurrent breach by the Trustee of its obligations under the Trust Agreement.

The Trustee may assume that the Issuer has taken and obtained such necessary legal and other advice and opinion in respect of the actions taken or suffered by the Trustee in accordance with the foregoing paragraph and that the same is satisfactory to it, so that the Trustee shall have no obligation or responsibility to seek or obtain any other independent or additional advice or opinion and shall not be liable for any loss or damage suffered or incurred by the Issuer and/or the Bondholders as a result thereof.

All costs and expenses (if any), including legal fees, incurred by the Trustee in connection with such action shall be reimbursed by the Issuer within five Business Days from receipt of the duly supported billing statement.

- (e) The Trustee may refrain from doing anything under the Trust Agreement that would or might in its reasonable opinion be contrary to Applicable Law or render it liable to any Person, and until it has been indemnified or secured to its satisfaction against any and all costs, losses, expenses, or liabilities which it would or might sustain or incur as a result. The Trustee may refrain from performing any action not expressly provided in the Trust Agreement unless it is first given the proper written instructions by the Issuer and until it has been indemnified or secured to its satisfaction against any and all costs, losses, expenses, or liabilities which it would or might sustain or incur as a result, except if there is an occurrence of an Event of Default.
- (f) Except as may be necessary to perform its duties under the Trust Agreement and as required by Applicable Law, the Trustee (i) shall permanently keep privileged and confidential, separate and distinct, any information, data, documents, files, properties, funds, or any other matter which it may acquire pursuant to the Trust Agreement or obtained in the course of the performance of its duties and functions as a Trustee, (ii) shall refrain from disclosing any such information or item in any manner, whether written, verbal, telegraphic, coded, or encrypted, whether in physical, electronic, or any other form or media, and (iii) hereby undertakes not to use any such information or item for its own benefit or for the benefit of any of its clients regardless of whether or not such use can be shown to cause disadvantage, injury, or damage to the Issuer; *provided*, that where any disclosure of the foregoing information is required by Applicable Law, the Trustee shall, to the extent permitted by Applicable Law, consult with and properly apprise the Issuer of such legal requirement prior to the proposed disclosure and give reasonable opportunity to the Issuer to consider the same before the Trustee makes any decision to release it. This paragraph (f) shall survive the Trust Agreement.
- (g) For the faithful performance of its duties under the Trust Agreement, the Trustee shall not be required to furnish any bond or undertaking.
- (h) Any corporation into which the Trustee may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Trustee shall be party or any corporation succeeding to the business of the Trustee shall be the successor of the Trustee hereunder without the need for the execution or filing of any paper or any further act on the part of any parties hereto, anything to the contrary notwithstanding; provided that such successor trustee shall be eligible to act as trustee under the provisions of the Trust Agreement and under Applicable Law.

- (i) The Trustee shall collect, process, retain, share, dispose and destroy the personal and/or sensitive personal information (the “**Information**”) of the Bondholders in accordance with the Data Privacy Act of 2012 and its Implementing Rules and Regulations. The Trustee shall not sell, trade or otherwise share the Information for marketing purposes to third parties without the written consent of the relevant Bondholder. The Trustee may disclose the Information to:
  - (i) government or regulatory agencies if required by the Applicable Law, or if reasonably determined by the Trustee to be necessary in relation to the use of the Information in connection with the provision of any service related to the Trust Agreement, and for data processing, storage, retention, collection, sharing, disposal and destruction as may be necessary for the provision of such service, anti-money laundering monitoring, review and reporting, or for purposes of complying with any law or regulation, for law enforcement purposes, national security or public interest (the “**Purpose**”);
  - (ii) its employees, directors, officers, representatives, agents, advisors, counsels, and service providers as the Trustee deems it reasonably necessary in relation to the Purpose; and
  - (iii) its Subsidiaries and Affiliates as well as employees, directors, officers, representatives, agents, advisors, counsels, and service providers of such Subsidiaries and Affiliates, as the Trustee deems it reasonably necessary in relation to the Purpose.

In addition to the above, the Trustee is appointed as trustee for and on behalf and benefit of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Agreement.

Except as may be otherwise provided in the Trust Agreement, the Trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under the Trust Agreement if there is reasonable ground to believe that the repayment of such funds or liability is not reasonably assured to them under the terms of the Trust Agreement.

The Trust Agreement provides for other obligations of the Trustee and terms and conditions applicable to the Trustee’s discharge of its functions under the agreement.

## **17.2. Resignation and Change of Trustee**

- (a) The Trustee may at any time resign by giving at least 90 days’ prior written notice to the Issuer of such resignation (or such lesser period as may be agreed by the Issuer).
- (b) Upon receipt of such notice of resignation of the Trustee, the Issuer shall immediately appoint a replacement trustee, who shall be acceptable to the Issuer, by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the replacement trustee. If no replacement trustee shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a replacement trustee, or any Bondholder who has been a bona fide holder for at least the immediately preceding six (6) months may, for and in behalf of the Bondholders, petition any such court for the appointment of a replacement. Such court may thereupon after notice, if any, as it may deem proper, appoint a replacement trustee.

Subject to paragraph (e) below, a replacement trustee must possess all the qualifications required under pertinent laws and the Trust Agreement.

- (c) In case at any time the Trustee (i) shall fail to comply with the provisions of the Trust Agreement in relation to conflict of interest, after written request therefor by the Issuer or by any Bondholder, (ii) shall cease to be eligible in accordance with the provisions of the Trust Agreement or Applicable Law and shall fail to resign after written request therefor by the Issuer or by any Bondholder; (iii) in the reasonable opinion of the Issuer, has committed fraud, bad faith, willful misconduct or gross negligence or has otherwise violated Applicable Law, in each case, in the

performance of any material obligation under the Trust Agreement; or (iv) shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then the Issuer may within 30 days therefrom remove the Trustee, and appoint a replacement trustee, by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the replacement trustee. If the Issuer fails to remove the Trustee and appoint a replacement trustee, any Bondholder may, on behalf of himself and all other Bondholders, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a replacement trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a replacement trustee.

- (d) The Majority Bondholders may at any time remove the Trustee for just and reasonable cause, and with consent of the Issuer (provided that no consent of the Issuer shall be required if there has been an occurrence of an Event of Default), appoint a replacement trustee, by the delivery to the Trustee so removed, to the replacement trustee and to the Issuer of the evidence (as provided for in the Trust Agreement) of the action in that regard taken by the Majority Bondholders, which removal shall take effect 30 days from receipt of such notice by the Trustee; provided, that if no replacement trustee shall have been appointed within 90 days from the receipt of the Issuer of the written evidence (as provided for in the Trust Agreement) of the action taken, the Majority Bondholders may appoint a replacement trustee without the consent of the Issuer. This is without prejudice to whatever remedies may be available to the Majority Bondholders under the law or in equity.
- (e) Any resignation or removal of the Trustee and appointment of a replacement trustee pursuant to any of the provisions of the Trust Agreement shall become effective upon the earlier of: (i) the acceptance of appointment by the replacement trustee as provided in the Trust Agreement; and (ii) the effectivity of the resignation notice sent by the Trustee under the Trust Agreement; provided, however, that until such replacement trustee is qualified and appointed, the outgoing Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the replacement trustee promptly upon the appointment thereof by the Issuer.
- (f) Within 10 days from the effectiveness of the resignation or removal of the outgoing trustee and the appointment of the replacement trustee, the outgoing trustee shall transfer and turn over to the replacement trustee, and shall make an accounting of, all the assets, documents or instruments which are in the custody of the outgoing trustee, if any.

### **17.3. Replacement Trustee**

- (a) The replacement trustee must have the following qualifications:
  - (i) it is a financial institution duly organized, validly existing, in good standing under and by virtue of the laws of the Philippines with full powers and authority to undertake its duties as trustee and duly authorized by the BSP to engage in trust and other fiduciary business;
  - (ii) it must be a third party that has no subsidiary or Affiliate or any other relationship with the Issuer which would undermine its independence, including any conflict of interest under [Section 11.1(c)] of the Trust Agreement; and
  - (iii) it must have an adequate risk management and must be sufficiently capitalized as evidenced by its compliance with the risk-based capital adequacy ratio prescribed under applicable BSP regulations.
- (b) Any replacement trustee appointed shall execute, acknowledge and deliver to the Issuer and to its predecessor trustee an instrument accepting such appointment, and thereupon the resignation or removal of the outgoing trustee shall become effective and such replacement trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor under the Trust Agreement. The foregoing notwithstanding, on

the written request of the Issuer or of the replacement trustee, the trustee ceasing to act as such shall execute and deliver an instrument transferring to the replacement trustee, all the rights, powers and duties of the trustee so ceasing to act as such. Upon request of any such replacement trustee, the Issuer shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such replacement trustee all such rights, powers and duties.

- (c) Upon acceptance of the appointment by a replacement trustee as provided in this section, the Issuer shall notify the Bondholders in writing and/or by publication once in a newspaper of general circulation in Metro Manila, Philippines, of the replacement of such replacement trustee to the trust provided in the Trust Agreement. If the Issuer fails to notify the Bondholders within 10 days after the acceptance of appointment by the replacement trustee, the latter shall cause the Bondholders to be notified at the expense of the Issuer.

#### **17.4. Reports to the Bondholders**

Only upon the existence of either (a) and (b) below, the Trustee shall submit to the Bondholders on or before the tenth Business Day after the Issue Date and March 1 of each year from the Issue Date until full payment of the Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:

- (a) the property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report which shall be based on the report to be given by the Paying Agent to the Trustee upon request by the Trustee through the Issuer; and
- (b) any action taken by the Trustee in the performance of its duties under the Trust Agreement which it has not previously reported and which in its opinion materially affects the Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.

The Trustee shall submit to the Bondholders a brief report within 90 days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Registrar and Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, the remaining unpaid amounts of such advance is at least 10% of the aggregate outstanding principal amount of the Bonds at such time.

#### **17.5. Inspection of Documents**

Upon due notice to the Trustee, the following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

- (a) the Trust Agreement,
- (b) the Registry and Paying Agency Agreement,
- (c) the Articles of Incorporation and By-Laws of the Issuer, and
- (d) the Registration Statement of the Issuer with respect to the Bonds (including the Bonds) with the Prospectus.

### **18. MEETINGS**

#### **18.1. Meetings of Bondholders**

A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or in behalf of the Bondholders of any specified aggregate principal amount of the Bonds under any other provisions of the Trust Agreement or under the law and such other matters related to the rights and interests of the Bondholders under the Bonds.

The following discussion is qualified by the more detailed information as contained in the Trust Agreement.

## **18.2. Notice of Meetings**

A meeting (either a face-to-face meeting or a meeting held through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication) of the Bondholders for purposes of taking any actions authorized under the Trust Agreement or under Applicable Law or in respect of any matter related to the Bonds may be called by the following: (a) the Trustee, on its own accord or upon the written request of the Issuer, or (b) the Bondholders representing more than 25% of the outstanding principal amount of the Bonds. The meeting may be held at such time and at such place or via such mode (as applicable) as the Trustee shall determine.

Unless otherwise provided herein, the Trustee shall give notice of every meeting of the Bondholders (which notice must state the purpose thereof in reasonable detail and set forth the time, place, mode (as applicable), requirements and procedures for participating and voting therein) to the Issuer and each of the registered Bondholders not earlier than 45 days nor later than 15 days prior to the date fixed for the meeting and shall publish such notice once in a newspaper of general circulation; provided that, if the purpose of the meeting is to take any decision or action in respect of an Event of Default or potential Event of Default or the issuance of a Declaration of Default, the notice shall be made at least five days prior to the date fixed for the meeting; provided further that, if the foregoing notice via publication is not practicable, the Trustee may issue the relevant notice via the other modes of notification as provided under [Section 17] of the Trust Agreement.

The Trustee shall fix the record date for determining the Bondholders entitled to notice and vote during the meeting, which record date shall not be earlier than 45 days before the date of the meeting; provided that, if the purpose of the meeting is to take any decision or action in respect of an Event of Default or potential Event of Default or the issuance of a Declaration of Default, the record date shall not be earlier than 15 days before the date of the meeting.

All costs and expenses incurred by the Trustee in connection with the meetings of the Bondholders shall be for the account of the Issuer and shall be paid or reimbursed by the Issuer within 10 Business Days from receipt of the duly supported billing statement.

## **18.3. Failure of the Trustee to Call a Meeting**

Failure of the Trustee to call a meeting upon the written request of either the Issuer or the Bondholders representing more than 25% of the outstanding principal amount of the Bonds within 10 Business Days from receipt of such request shall entitle the requesting party to send and publish the appropriate notice of the Bondholders' meeting and fix the record date for determining the Bondholders entitled to attend and vote in accordance with the procedure set forth under "*Description of the Bonds – Notice of Meetings*".

## **18.4. Quorum**

The presence of Majority Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Bondholders. The Trustee shall determine and record the presence of the Majority Bondholders based on the list of Bondholders prepared by the Registrar in accordance with the Registry and Paying Agency Agreement, which list shall include (a) the complete names of the Bondholders (including the name of the authorized representative of the Bondholder, where applicable), (b) the amount of Bonds held by the Bondholders as of the relevant record date, (c) the complete address and contact details of the Bondholders, (d) the specimen signatures of the Bondholders' authorized signatories, and (e) such other information necessary for the performance of the duties and powers of the Trustee under the Trust Agreement as may be requested by the Trustee. The Registrar shall, and the Issuer shall cause the Registrar to, provide the Trustee with a list of Bondholders and the foregoing information at least five Business Days upon receipt of written request from the Trustee.

## **18.5. Procedure for Meetings**

- (a) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Majority Bondholders as provided under "*Description of the Bonds – Failure of the Trustee to Call a Meeting*" in which case the Issuer or the Bondholders

calling the meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting. The elected secretary shall take down the minutes of the meeting, covering all matters presented for resolutions by and the results of the votes cast by the Bondholders entitled to vote at the meeting and/or the Person appointed by a public instrument as proxy or agent by any such Bondholder in accordance with the procedure set forth in "*Description of the Bonds – Voting Rights*". The elected secretary shall immediately provide the Trustee with a copy of the minutes of the meeting which copy shall be made available at any time to the Issuer and all Bondholders upon receipt of written request, provided that the cost of furnishing the same to the requesting party shall be for such person's account.

- (b) Any meeting of the Bondholders may be adjourned from time to time for a period or periods not to exceed in the aggregate of one year from the date for which the meeting shall originally have been called, and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by Persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

#### **18.6. Voting Rights**

To be entitled to vote at any meeting of the Bondholders, a Person should be a registered holder of the Bonds as reflected in the Registry of Bondholders on the relevant Record Date fixed by the Trustee, the Issuer or the Majority Bondholders (as the case may be) pursuant to the Trust Agreement, or a Person appointed in writing by a public instrument as proxy or agent by any such Bondholder (and, in case of corporate or institutional Bondholders, duly supported by the resolutions of its board of directors or equivalent body authorizing the appointment of the proxy or agent duly certified by its corporate secretary or an authorized officer) for the meeting. The only Persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the Persons [entitled to vote at such meeting], the Trustee, and any representative of the Issuer and its legal counsel.

#### **18.7. Voting Requirement**

Except as otherwise specifically provided in the Trust Agreement, all matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders (which should be present or represented in a meeting at which there is a quorum).

Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee.

#### **18.8. Evidence Supporting the Action of the Bondholders**

Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing in accordance with the procedure set forth in "*Description of the Bonds – Voting Rights*", or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith, or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

#### **18.9. Role of the Trustee in Meetings of the Bondholders**

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations (not inconsistent with the Trust Agreement) as it may deem advisable for any meeting of the Bondholders, with regard to proof of ownership of the Bonds, the appointment of proxies by the Bondholders, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

## 19. NON-RELIANCE

Each Bondholder also represents and warrants to the Trustee and to the Issuer that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Bonds and on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all claims, liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations under the Trust Agreement, except for its gross negligence, fraud, evident bad faith, wilful misconduct or breach of Applicable Law on the part of the Trustee.

## 20. EXECUTION OF AMENDMENTS OR SUPPLEMENTAL AGREEMENTS

The Issuer and the Trustee may, without prior notice to or the consent of the Bondholders or other parties, amend or waive any provisions of the Trust Agreement if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency; provided, in all cases, that such amendment or waiver does not adversely affect the interests of the Bondholders; provided, further, that all Bondholders are notified of such amendment or waiver.

With the consent of the Majority Bondholders, the Issuer, when authorized by a resolution of its board of directors or the executive committee of its board of directors, and the Trustee may, from time to time and at any time, enter into an agreement or agreements supplemental to the Trust Agreement for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions of the Trust Agreement; provided, that no such supplemental agreement shall:

- (a) without the consent of all Bondholders affected thereby: (i) extend the maturity date of the Bonds; or (ii) reduce the principal amount of the Bonds, or (iii) reduce the rate or extend the time of payment of interest and principal thereon;
- (b) impair the right of any Bondholder to (i) receive payment of principal of and interest on the Bonds on or after the due dates therefore, or (ii) to institute suit for the enforcement of any payment on or with respect to such Bondholder;
- (c) affect the rights of some of the Bondholders without similarly affecting the rights of all the Bondholders;
- (d) make any Bond payable in money other than that stated in the Terms and Conditions;
- (e) subordinate the Bonds to any other obligation of the Issuer;
- (f) amend or modify the provisions of the Terms and Conditions on Taxation, the Events of Default or the provisions under "*Description of the Bonds - Waiver of Default by the Bondholders*";
- (g) reduce the percentage of the Bondholders required to be obtained under the Trust Agreement for their consent to or approval of any supplemental agreement or any waiver provided for in the Trust Agreement, without the consent of all the Bondholders; or
- (h) make any change or waiver of the conditions under this section (*Description of the Bonds - Execution of Amendments or Supplemental Agreements*).

It shall not be necessary to obtain the consent of the Bondholders under this section (*Description of the Bonds - Execution of Amendments or Supplemental Agreements*) for the purpose of approving the particular form of any proposed supplemental agreement but such consent shall be necessary for the purpose of approving the substance thereof.

Any consent given pursuant hereto shall be conclusive and binding upon all Bondholders and upon all future holders and owners of the Bonds or of any Bonds issued in lieu thereof or in exchange therefor, irrespective of whether or not any notation of such consent is made upon the Bonds.

Promptly after the execution by the Issuer and the Trustee of any supplemental agreement pursuant to the provisions of this this section (*Description of the Bonds - Execution of Amendments or Supplemental Agreements*), the Issuer shall send a notice to the Bondholders setting forth in general terms the substance of such supplemental agreement. Any failure of the Issuer to send such notice or any defect therein shall not, however, in any way impair or affect the validity of any supplemental agreement.

**21. GOVERNING LAW**

The Bond Agreements are governed by and are construed in accordance with Philippine law.

**22. VENUE**

Any suit, action, or proceeding arising out of, or relating to, the Bonds or the Trust Agreement shall be brought in any competent court in the City of Makati, to the exclusion of all other courts and venues, and the parties submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment, the Issuer, the Trustee and the Bondholders expressly waiving other venue.

**23. WAIVER OF PREFERENCE**

The obligations created under the Bonds and the Trust Agreement shall not enjoy any priority of preference or special privileges by virtue of Article 2244, paragraph 14(a) of the Civil Code of the Philippines over any debt of the Issuer. Accordingly, whatever priorities or preferences that the Bonds and the Trust Agreement may have, or any Person deriving a right hereunder may have under Article 2244, paragraph 14(a) of the Civil Code of the Philippines are hereby absolutely and unconditionally waived and renounced. This waiver and renunciation of the priority or preference under Article 2244, paragraph 14(a) of the Civil Code of the Philippines shall be automatically revoked or deemed not given should any bank, lender or creditor to the Issuer or any claimant against the Issuer have a preference or priority over amounts owing under their respective agreements as a result of a notarization, and the Issuer has not either procured a waiver of this preference to the satisfaction of the Trustee in respect of the Bonds and the Trust Agreement, or equally and ratably extend such preference to the Bondholders and the Trustee in respect of the Bonds and the Trust Agreement.



## USE OF PROCEEDS

Following the offer and sale of the Bonds in the amount of up to ₱8.0 billion (assuming full exercise of the Oversubscription Option), the Issuer expects that the net proceeds of the Offer shall amount to approximately ₱[7.9 billion] after fees, commissions, and expenses.

Following the offer and sale of the Bonds in the amount of up to ₱5.0 billion (assuming no exercise of the Oversubscription Option), the Issuer expects that the net proceeds of the Offer shall amount to approximately ₱[4.94 billion] after fees, commissions, and expenses.

Net proceeds from the Offer are estimated as follows:

Item	Base Offer and without exercise of the Oversubscription Option (in ₱)	Base Offer and with the full exercise of the Oversubscription Option (in ₱)
<b>Estimated Proceeds</b>	<b>5,000,000,000.00</b>	<b>8,000,000,000.00</b>
Less:		
Issue Management and Underwriting Fee	[21,052,650.00]	[33,684,240.00]
Documentary stamp taxes to be paid	[37,500,000.00]	[60,000,000.00]
SEC Registration Fee	[2,562,500.00]	[2,562,500.00]
SEC Legal Research Fee	[25,625.00]	[25,625.00]
PDEX Listing Application Fee	[50,000.00]	[50,000.00]
Ratings Fee	[1,200,000.00]	[1,920,000.00]
Trust Opening Fees	[250,000.00]	[250,000.00]
Registry Account Opening Fees	[225,000.00]	[225,000.00]
Miscellaneous Expenses	[1,000,000.00]	[1,000,000.00]
<b>Total estimated fees, commissions and expenses</b>	<b>[63,865,775.00]</b>	<b>[99,717,365.00]</b>
<b>Estimated net proceeds</b>	<b>[4,936,134,225.00]</b>	<b>[7,900,282,635.00]</b>

Aside from the fees enumerated above, the Issuer will be paying the following estimated these recurring fees related to the Bonds:

1. The Issuer will be charged by PDEX for the first annual maintenance fee in advance upon approval of the listing, and thereafter, the Issuer will pay PDEX an annual maintenance listing fee amounting to ₱[150,000.00] (VAT exclusive) *per annum*;
2. The Issuer will pay an annual retainer fee to the Trustee amounting to ₱[250,000.00] (net of tax) *per annum*;
3. After the Issue Date, a Paying Agency fee amounting to approximately ₱[100,000.00] is payable every Interest Payment Date. The Registrar will charge a monthly maintenance fee based on the face value of the Bonds and number of Bondholders; and
4. The Issuer will pay an annual monitoring fee of ₱[250,000.00] (VAT-inclusive) to PhilRatings.

Expenses incurred in connection with the offering of the securities, including documentary stamp tax, fees of the Trustee, and the Registrar and Paying Agent will be for the account of the Issuer.

Net proceeds amounting to approximately ₱[4.94 billion], assuming an issue size of ₱5.0 billion, or ₱[7.9 billion], assuming the full exercise of the Oversubscription Option, will be used to finance capital expenditures for projects and general corporate purposes, in the following order of priority:

Type	Base Offer – Amount (in ₱ Millions)	Base Offer with Oversubscription Option – Amount (in ₱ Millions)	Schedule of disbursement
Project Development	Up to ₱5,000	Up to ₱3,000	within 12 months from issuance
Land acquisition, directly or through joint venture entities controlled by CLI	Up to ₱2,000	Up to ₱2,000	within 12 months from issuance
General corporate purposes	Up to ₱1,000	0	within 12 months from issuance
<b>Total</b>	<b>Max of ₱5,000</b>	<b>Max of ₱3,000</b>	within 12 months from issuance

Breakdown of Project Developments are as follows (In ₱ Millions):

Project	Location	Net Proceeds from the Base Offer (in ₱ Millions)	Net Proceeds from the Offer Assuming the Oversubscrip tion Option is Fully Exercised (in ₱ Millions)	Percentage of Completion (before usage of proceeds)	Estimated Cost-to- Complete (before usage of proceeds) (in ₱ Millions)	Estimated Completion Date
Township Development*	Cagayan de Oro	Up to ₱2,000		0%	Up to ₱3,500	2025 onwards
Affordable house & lot subdivision*	Northern Mindanao	Up to ₱1,000		0%	Up to ₱1,200	2025-2026
Affordable house & lot subdivision*	Northern Cebu	Up to ₱1,000		0%	Up to ₱1,300	2025-2026
Casa Mira South Expansion	Southern Cebu	Up to ₱500		0%	Up to ₱1,100	2024
Casa Mira Magtuod	Magtuod, Davao	Up to ₱500		0%	Up to ₱1,000	2025-2026
Velmiro Magtuod	Magtuod, Davao		Up to ₱300	0%	Up to ₱700	2025-2026
Casa Mira Towers Palawan	Puerto Princesa, Palawan		Up to ₱300	0%	Up to ₱1,100	2025-2026
Davao Global Township	Davao		Up to ₱1,400	70%	Up to ₱2,000	2022 onwards
Casa Mira Ormoc	Ormoc, Leyte		Up to ₱300	30%	Up to ₱1,000	2023-2024
High-end midrise mixed use*	Northern Cebu		Up to ₱400	0%	Up to ₱800	2026-2027
Mid-market condo*	Midtown Cebu		Up to ₱300	0%	Up to ₱800	2025-2026
<b>Total</b>		<b>Up to ₱5,000</b>	<b>Up to ₱3,000</b>			

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

Net proceeds from the Offer for project developments will be undertaken by the Issuer, directly or indirectly through affiliates controlled or managed by CLI.

In case the actual proceeds are less than the projected proceeds, office leasing projects and hospitality projects will be prioritized.

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.

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. In the event such investments should incur losses, any shortfall will be financed from the Issuer's internally generated funds.

The portion of the proceeds intended for general corporate purposes will be used for design fees, permits, market studies, marketing and advertisements, proprietary software and applications, establishment of more office locations and branches, among other expenses.

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 Issuer may at any time purchase the Bonds in the open market or by tender or by contract at market price, in accordance with PDEX Rules, without any obligation to purchase (and the Bondholders shall not be obliged to sell) the Bonds *pro-rata* from all Bondholders. Any Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

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. The Issuer's cost estimates may also change as plans are developed further. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion.

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, the PSE, the PDEX, in writing, at least 30 days before such deviation, reallocation, or adjustment is implemented. Disbursements made in connection with the planned use of proceeds, progress reports on the application of proceeds, and the summary of the application of proceeds, shall be properly disclosed in accordance with the applicable periods under relevant rules and regulations.

In the event that the Issuer is unable to raise the full amount of the Offer, the Issuer shall use internally generated funds such as cash flows generated from operations and/or availments from credit facilities provided to the Issuer by various financial institutions, to the extent the proceeds of the Offer are insufficient to fund its requirements.

## PLAN OF DISTRIBUTION

---

### The Offer

CLI shall issue the Bonds under the Debt Securities Program to institutional and retail investors in the Philippines through a public offering, on a lump-sum basis, to be conducted through the Joint Lead Underwriters and Joint Bookrunners. The Offer does not include an international offering. The Bonds will be issued by CLI pursuant to the terms and conditions of the Bonds on the Issue Date.

The Offer will consist of the primary offer of Philippine Peso-denominated fixed rate bonds, consisting of Series “A” Bonds due 2026, Series “B” Bonds due 2028 and Series “C” Bonds due 2029, having an aggregate principal amount of [up to] ₱5,000,000,000.00, with an Oversubscription Option of up to ₱3,000,000,000.00 exercisable by the Joint Lead Underwriters in consultation with the Issuer. In case the Oversubscription Option is not fully exercised during the Offer Period, the bonds under the Oversubscription Option that will not be taken up during the Offer Period shall be deemed cancelled.

### The Underwriting Commitment

BPI Capital and China Bank Capital, pursuant to an Underwriting Agreement with CLI executed on [●], have agreed to act as the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners for the Offer. They have agreed to distribute and sell the Bonds at the Issue Price and have also committed to underwrite [up to] ₱5,000,000,000.00 of the Bonds on a firm basis, subject to the satisfaction of certain conditions provided in the Underwriting Agreement and in consideration of certain fees and expenses.

For the Offer of Bonds, the Joint Lead Underwriters will in the aggregate receive a fee of up to [42.1053] basis points on the underwritten principal amount of the Bonds issued. Such fee shall be inclusive of underwriting and participation commissions such as those that may be paid to the Selling Agents. The Joint Lead Underwriters have committed jointly, and not solidarily, to underwrite the following amounts on a firm basis:

<b>Joint Lead Underwriter</b>	<b>Underwriting Commitment</b>
BPI Capital	[₱2,500,000,000.00]
China Bank Capital	[₱2,500,000,000.00]
<b>Total</b>	<b>[₱5,000,000,000.00]</b>

There is no arrangement for the Joint Lead Underwriters to return any unsold Bonds to the Issuer. The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to the Issuer of the net proceeds of the Offer. In case the Underwriting Agreement is terminated, the Issuer and the Joint Lead Underwriters shall notify the SEC of the termination and their subsequent course of action.

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 the Selling Agents for the sale and distribution to the public of the Bonds; 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 the Selling Agents.

The obligations and liabilities of the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners under this Agreement are joint and not solidary.

### The Joint Lead Underwriters

The Joint Lead Underwriters are duly licensed by the SEC to engage in underwriting or distribution of the Bonds. 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 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, 2021, BPI Capital had total assets of ₱3.5 billion, total liabilities of ₱149 million and total equity of ₱3.3 billion. The firm operates as a wholly owned subsidiary of the Bank of the Philippine Islands.

China Bank Capital is the wholly-owned investment banking subsidiary of China Banking Corporation. It was registered and licensed as an investment house in 2015 as a result of the spin-off of China Bank'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. Our 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. It 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, 2021, it has total assets of ₱2.80 billion and a capital base of ₱2.69 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 Bonds shall be undertaken by the Joint Lead Underwriters and duly appointed Selling Agents who shall sell and distribute the Bonds to third party buyers/investors. Other than the Joint Lead Underwriters and the duly appointed Selling Agents, no finders or broker dealers were engaged by the Issuer or the Joint Lead Underwriters in connection with the sale of the Bonds. Nothing herein shall limit the rights of the Joint Lead Underwriters from purchasing the Bonds for their own respective accounts should there be any unsold Bonds after the Offer Period.

There are no persons to whom the Bonds are allocated or designated. The Bonds shall be offered to the public at large and without preference.

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.

Depending on the actual or expected demand for the Bonds during the Offer Period, the Joint Lead Underwriters may opt to exercise the Oversubscription Option which shall be distributed to investors. Consistent with customary Underwriting Agreement, upon the exercise of the Oversubscription Option, the portion exercised will be underwritten by the relevant Underwriters that have clients with excess demand.

### **Manner of Distribution**

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

### **Offer Period**

The Offer Period shall commence at 9:00 a.m. on [September 12, 2022] and end at 5:00 p.m. on [September 16, 2022], or on such other date as the Issuer and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners may agree upon.

## Application to Purchase

The procedure set out in this section and set out elsewhere in this Offer Supplement should be read together with the more detailed procedure and other conditions set out in the Application to Purchase.

Applicants may purchase the Bonds during the relevant Offer Period by submitting to the Joint Lead Underwriters properly completed Applications to Purchase, whether originally signed or electronically submitted (through the e-Securities Issue Portal (“e-SIP”) upon and subject to the e-SIP’s approval by the SEC), together with all applicable supporting documentation in the prescribed form and submitted in the prescribed manner, with full payment of the purchase price of the Bonds in the manner provided therein.

Corporate and institutional applicants must also submit, in addition to the foregoing:

- a) an original notarized certificate of the corporate secretary (or the managing director in case of a partnership) or an equivalent officer of the Applicant setting forth resolutions of the board of directors, partners or equivalent body (i) authorizing the purchase of the Bonds indicated in the Application to Purchase and (ii) designating the signatories, with their specimen signatures, for the said purposes;
- b) Articles of Incorporation, By-Laws (or the Articles of Partnership in case of a partnership), and latest amendments thereof together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory(ies);
- c) two duly accomplished signature cards containing the specimen signatures of the authorized signatories of the Applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies) (whose authority(ies) and specimen signatures will be submitted to the Registrar);
- d) BIR Certificate of Registration showing the Applicant’s Tax Identification Number;
- e) identification document(s) of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below; and
- f) such other documents as may be reasonably required by any of the Joint Lead Underwriters, the Selling Agents (if any) or the Registrar in the implementation of its internal policies regarding “know your customer” and anti-money laundering.

Individual applicants must also submit, in addition to accomplished Application to Purchase and its required attachments:

- a) a photocopy of any one of the following identification cards (“ID”), subject to verification with the original ID: passport, driver’s license, postal ID, company ID, SSS/GSIS ID, and/or Senior Citizen’s ID or such other ID and documents as may be required acceptable to the selling bank, which must be valid as of the date of the application.
- b) two duly accomplished signature cards containing the specimen signature of the Applicant;
- c) validly issued Tax Identification Number issued by the BIR; and
- d) such other documents as may be reasonably required by the Joint Lead Underwriters, Selling Agents (if any) or the Registrar and Paying Agent in the implementation of their respective internal policies regarding “know your customer” and anti-money laundering.

Applicants claiming exemption from any applicable tax, or entitlement to preferential tax rates shall be required to submit the following requirements, subject to acceptance by the Issuer as being sufficient in form and substance:

- a) current and valid BIR-certified true copy of the current and valid tax exemption certificate, ruling or opinion issued by the BIR addressed to the Applicant confirming the exemption; as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;
- b) duly notarized undertaking, in the prescribed form, executed by (i) the Corporate Secretary or any authorized representative, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases the Bonds for its account, or (ii) the Trust Officer, if the Applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding of the required tax;
- c) the prescribed requirements for the applicable tax treaty and under BIR regulations including Revenue Memorandum Order No. 14-2021 for those claiming the preferential tax treatment under an applicable tax treaty, which documents include an application form for tax treaty purposes (BIR Form 0901-I for interest), an authenticated or apostilled tax residency certificate duly issued by the relevant foreign tax authority in favor of the Bondholder, and the relevant provision of the applicable tax treaty which prescribes the preferential tax treatment on interest; and such other documentary requirements as may be reasonably required by the Issuer or Registrar or under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief;

provided further that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar and Paying Agent.

Completed Applications to Purchase and corresponding payments must reach 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. Acceptance by the Joint Lead Underwriters of the completed Application to Purchase shall be subject to the availability of the Bonds and the acceptance by the Issuer. In the event that any check payment is returned by the drawee bank for any reason whatsoever or the nominated bank account to be debited is invalid, the Application to Purchase shall be automatically cancelled and any prior acceptance of the Application to Purchase is deemed revoked.

#### **Minimum Purchase**

A minimum purchase of ₱50,000.00 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of ₱10,000.00.

#### **Allotment of the Bonds**

If the Bonds are insufficient to satisfy all Applications to Purchase, the available Bonds shall be allotted at the discretion of the Joint Lead Underwriters, in consultation with the Issuer, and without prejudice to the Issuer's exercise of its right of rejection.

#### **Refunds**

If any application is rejected or accepted in part only, the corresponding payment or the appropriate portion thereof shall be returned without interest to such applicant through the Joint Lead Underwriters from whom such application to purchase the Bonds was made.

### **Unclaimed Payments**

Any payment of interest on, or the principal of the Bonds which remain unclaimed after the same shall have become due and payable, shall be held in trust by the Paying Agent for the Bondholders at the latter's risk and shall be dealt with in accordance with the relevant provisions of the Registry and Paying Agency Agreement.

### **Purchase and Cancellation**

The Issuer may at any time purchase any of the Bonds in the open market or by tender or by contract at market price, without any obligation to purchase (and the Bondholders shall not be obliged to sell) the Bonds pro-rata from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

### **Secondary Market**

The Issuer intends to list the Bonds in the PDEX. Issuer may purchase the Bonds at any time without any obligation to make pro rata purchases of Bonds from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued. The Bonds shall be traded in denominations of ₱10,000.00 in the secondary market.

### **Register of Bondholders**

The Bonds shall be issued in scripless form and will be eligible for trading under the scripless Register of Bondholders maintained by the Registrar. Master Certificates of Indebtedness representing the Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Bondholders.

Legal title to the Bonds shall be shown in the Register of Bondholders to be maintained by the designated registrar for the Bonds. The Issuer will cause the Register of Bondholders to be kept at the specified office of the Registrar. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers of Bonds shall be entered into the Register of Bondholders. Initial placement of the Bonds and subsequent transfers of interest in the Bonds shall be subject to applicable prevailing Philippine selling restrictions.



## CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the Company's consolidated liabilities, equity, and capitalization as of March 31, 2022.

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 [F-1]. Other than as described below, there has been no material change in the Company's capitalization since March 31, 2022.

	As of March 31, 2022	As adjusted for a Base Offer Size of ₱5.0 billion	As adjusted for a maximum Issue Size of ₱8.0 billion
	(Unaudited)		
<b>CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	9,499,223,769	9,499,223,769	9,499,223,769
Trade and other payables	13,828,416,038	13,828,416,038	13,828,416,038
Contract liabilities	494,085,530	494,085,530	494,085,530
Customers' deposits	97,406,534	97,406,534	97,406,534
Lease liabilities	16,049,843	16,049,843	16,049,843
Income tax payable	9,801,784	9,801,784	9,801,784
<b>Total Current Liabilities</b>	<b>23,944,983,498</b>	<b>23,944,983,498</b>	<b>23,944,983,498</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	23,710,730,470	28,710,730,470	31,710,730,470
Trade and other payables	171,049,169	171,049,169	171,049,169
Lease liabilities	1,122,767,653	1,122,767,653	1,122,767,653
Post-employment defined benefit obligation	4,753,329	4,753,329	4,753,329
Deferred tax liabilities - net	2,259,419,747	2,259,419,747	2,259,419,747
<b>Total Non-current Liabilities</b>	<b>27,268,720,368</b>	<b>27,268,720,368</b>	<b>27,268,720,368</b>
<b>Total Liabilities</b>	<b>51,213,703,866</b>	<b>56,213,703,866</b>	<b>59,213,703,866</b>
Capital stock	3,626,801,467	3,626,801,467	3,626,801,467
Additional paid-in capital	1,627,237,416	1,627,237,416	1,627,237,416
Treasury shares			
Revaluation reserves – net			
Retained earnings	7,179,790,172	7,179,790,172	7,179,790,172
<b>Total Equity</b>	<b>18,785,688,915</b>	<b>18,785,688,915</b>	<b>18,785,688,915</b>
<b>Total Capitalization</b>	<b>69,999,392,781</b>	<b>74,999,392,781</b>	<b>77,999,392,781</b>

## **INDEPENDENT AUDITORS AND COUNSEL**

---

### **Legal Matters**

All legal issues relating to the issuance of the Bonds which are subject of this Offer shall be passed upon by SyCip Salazar Hernandez & Gatmaitan for the Underwriters, while Atty. Ricardo Abangan Bolinao, Jr. rendered the opinion on legality of the Offer and tax matters. SyCip Salazar Hernandez & Gatmaitan has no direct or indirect equity interest in CLI. SyCip Salazar Hernandez & Gatmaitan is from time to time engaged by CLI to advise in the transactions of the Company and perform legal services on the same basis that SyCip Salazar Hernandez & Gatmaitan provide such services to its other clients. Atty. Alan C. Fontanosa, the Corporate Secretary of CLI, is a partner in SyCip Salazar Hernandez & Gatmaitan.

### **Independent Auditors**

Punongbayan & Araullo (P&A Grant Thornton) (“**P&A**”), the independent auditors, audited the financial statements of the Company as of and for the years ended December 31, 2021, 2020, and 2019, which are all included in the Prospectus. For the audit of CLI’s financial year ended as of December 31, 2021 financial statements, the external auditor, P&A assigned a new engagement and signing partner in the person of Mailene Sigue-Bisnar (CPA Reg. No. 0090230; Partner- No. 90230-SEC, until December 31, 2025). For CLI’s December 31, 2020 and 2019 financial statements, P&A’s engagement and signing partner was Christopher M. Ferareza.

Please see the section “*Independent Auditors and Counsel*” in the Prospectus for a further discussion on the engagement of independent auditors.

**PARTIES TO THE OFFER**

**THE ISSUER**

**CEBU LANDMASTERS, INC.**  
10th Floor, Park Centrale Tower  
Jose Ma. Del Mar St.  
B2 L3, Cebu IT Park,  
Brgy. Apas, Cebu City  
Philippines

**JOINT ISSUE MANAGERS, JOINT LEAD UNDERWRITERS AND JOINT BOOKRUNNERS**

**BPI Capital Corporation**  
11<sup>th</sup> Floor, Ayala North Exchange Tower 1  
6796 Ayala Avenue corner Salcedo Street  
Makati City 1229  
Philippines

**China Bank Capital Corporation**  
28<sup>th</sup> Floor BDO Equitable Tower  
8751 Paseo de Roxas  
Makati City 1226  
Philippines

**TRUSTEE**

**China Banking Corporation –  
Trust and Asset Management Group**  
8<sup>th</sup> Floor, China Bank Building  
8745 Paseo de Roxas corner Villar Street  
Makati City 1226, Philippines

**REGISTRAR AND PAYING AGENT**

**Philippine Depository & Trust Corp.**  
29<sup>th</sup> Floor BDO Equitable Tower  
8751 Paseo de Roxas  
Makati City 1226  
Philippines

**LEGAL ADVISOR**

*To the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners*

**SyCip Salazar Hernandez & Gatmaitan**  
SyCipLaw Center  
105 Paseo de Roxas  
Makati City 1226  
Metro Manila  
Philippines

**AUDITOR OF THE ISSUER**

**Punongbayan & Araullo, a member firm of Grant Thornton**  
20<sup>th</sup> Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
Makati City 1200  
Philippines

**LISTING AGENT**

**Philippine Dealing & Exchange Corp.**  
29<sup>th</sup> Floor BDO Equitable Tower  
8751 Paseo de Roxas  
Makati City 1226  
Philippines