

UNDERWRITING AGREEMENT

**₱3,000,000,000 Fixed Rate Bonds,
with an oversubscription option of up to ₱2,000,000,000
consisting of**

**Series “A” Bonds: 3-year Fixed Rate Bonds at [•]% p.a. due 2024
Series “B” Bonds: 5-year Fixed Rate Bonds at [•]% p.a. due 2026**

at an Issue Price equal to 100% of Face Value

[•]

D&L Industries, Inc.
(as Issuer)

and

China Bank Capital Corporation
(as Sole Issue Manager, Lead Underwriter and Sole Bookrunner)

This **UNDERWRITING AGREEMENT** is entered into this [●] day of [●] 2021 in the City of Makatibay and among:

D&L INDUSTRIES, INC., a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 65 Calle Industria, Bagumbayan, Quezon City, Philippines, represented herein by its [●], [●] (the “**Issuer**”, “**D&L**” or the “**Company**”);

- and –

CHINA BANK CAPITAL CORPORATION, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at the 28/F BDO Equitable Tower, 8751 Paseo de Roxas, Makati City, Philippines, represented herein by its President, Ryan Martin L. Tapia (“**China Bank Capital**” or the “**Sole Issue Manager, Lead Underwriter and Sole Bookrunner**”);

(Each of the Issuer and China Bank Capital is a “**Party**” and, collectively, the “**Parties**”).

RECITALS:

- (A) On [●], the Issuer approved and authorized (i) the filing of an application with the Securities and Exchange Commission (“**SEC**”) for registration and public offer and sale of Philippine Peso-denominated fixed rate bonds in the aggregate principal amount of Three Billion Pesos (₱3,000,000,000) (“**Firm Bonds**”), with an oversubscription option of up to Two Billion Pesos (₱2,000,000,000) (the “**Oversubscription Option**”, and the bonds pertaining to such option, the “**Oversubscription Option Bonds**”), consisting of Series A Bonds (as defined below) and Series B Bonds (as defined below) (collectively, the “**Bonds**”). The features of the Bonds are set out in the Terms and Conditions (as defined below). The Issuer has obtained a pre-effective clearance from the SEC on [●] in respect of the Bonds.
- (B) The offer of the Bonds and the terms and conditions thereof are more fully described in the Prospectus (as such term is defined below), which is made an integral part hereof by reference and the Terms and Conditions.
- (C) The Issuer has appointed the Sole Issue Manager, Lead Underwriter and Sole Bookrunner: (i) to arrange and manage the issuance, placement, distribution, and sale of the Bonds, and (ii) in respect of its capacity as Sole Issue Manager, Lead Underwriter and Sole Bookrunner, to underwrite on a firm commitment basis in accordance with its Underwriting Commitment (as such term is defined below), the distribution and sale of the Firm Bonds and, to the extent the Oversubscription Option is exercised, the Oversubscription Option Bonds.

NOW THEREFORE, in consideration of the foregoing premises, and the mutual terms and conditions hereinafter set forth, the parties hereby agree as follows:

Section 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

When used in this Agreement and the recitals hereto, unless the context otherwise provides, capitalized terms used herein shall have the meanings set forth below. Capitalized terms not otherwise defined below or elsewhere in the body of this Agreement shall have the meanings ascribed to them in Part I (Definitions) of Annex A.

“Agreement” means this Underwriting Agreement, and its annexes and attachments, as may be modified, supplemented or amended from time to time.

“Allocation Day” means the Business Day after the end of the Offer Period during which the Bonds shall be allocated to Applicants.

“Allocation Report” means the report to be prepared by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner and transmitted to the Registrar no later than 9:00 a.m., at least three (3) Business Days prior to the Issue Date, and in accordance with Section [●] of the Registry and Paying Agency Agreement, allocating the Bonds among the Sole Issue Manager, Lead Underwriter and Sole Bookrunner and Selling Agents, for issuance to their respective clients.

“AMLA” means Republic Act No. 9160, otherwise known as the Anti-Money Laundering Act of 2001, as amended from time to time.

“Applicable Law” means (i) any statute, law, regulation, ordinance, rule, judgment, order, decree, 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.

“Applicant” means any person who submits a duly accomplished Application to Purchase, together with all requirements set forth therein.

“Application” or **“Application to Purchase”** means 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 other requirements set forth in such application form, substantially in the form attached as Annex B hereof.

“BIR” means the Bureau of Internal Revenue of the Philippines.

“Bond Agreements” means, collectively, this Agreement, the Registry and Paying Agency Agreement, and the Trust Agreement.

“Bondholder” means a person or entity whose name appears, at any relevant time, as the registered owner of the Bonds in the Registry of Bondholders.

“Bonds” has the meaning given to such term in paragraph (A) of the recitals.

“BSP” means the *Bangko Sentral ng Pilipinas*.

“Business Day” means 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 Metro Manila, Philippines.

“China Bank Capital” means China Bank Capital Corporation.

“Data Privacy Act” means Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012, as amended from time to time.

“Final Sales Report” has the meaning given to that term in Section 3.2(e).

“Firm Bonds” means the Bonds to be offered for subscription and which the Sole Issue Manager, Lead Underwriter and Sole Bookrunner commits to underwrite on a firm basis in every case pursuant to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner’s Underwriting Commitment. For the avoidance of doubt, the Underwriting Commitment shall include the Oversubscription Option Bonds only to the extent that the Oversubscription Option is exercised.

“Governmental Approvals” means any authorization, consent, approval, registration, filing, 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.

“Governmental Authority” means 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.

“GRT” means the gross receipts tax under Sections 121 and 122 of the National Internal Revenue Code of 1997 (Republic Act No. 8424, as amended) or any amendment thereto, or any tax that would be imposed in the same manner as the gross receipts tax on the fees payable to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner under this Agreement.

“Issue Date” means [●] or such other date as the Issuer and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner may agree in writing; provided, that such date shall be a date, which is within the validity of the Permit to Sell Securities.

“Issuer” means D&L Industries, Inc.

“Master Certificate of Indebtedness” means, 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 C hereof.

“Material Adverse Effect” means any event, circumstance, effect or occurrence or any combination thereof arising or occurring which, in the reasonable opinion of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner acting in good faith is materially adverse to the business, operations, financial condition, or prospects of the Issuer, any of its Subsidiaries, the Offer, or the ability of the Issuer to perform its obligations under the Bond Agreements.

“Offer” means the offer for subscription and sale in the Philippines of the Bonds under the

terms and conditions contained in the Prospectus and the Terms and Conditions.

“**Offer Period**” means the period when the Bonds are available for subscription commencing at 9:00 a.m. on [●] and ending at 5:00 p.m. on [●], or such other dates and time as the Issuer and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner may agree in writing.

“**Oversubscription Option**” means the right of the Sole Issue Manager, Lead Underwriter, in consultation with the Issuer, to increase the offer size of Three Billion Pesos (₱3,000,000,000), by up to Two Billion Pesos (₱2,000,000,000) through the issuance by the Issuer of up to Five Billion (₱5,000,000,000) worth of Bonds in the event of an oversubscription, subject to the registration requirements of the SEC.

“**Oversubscription Option Bonds**” means up to Two Billion Pesos (₱2,000,000,000) worth of Bonds that may be issued offered and sold upon exercise by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner of the Oversubscription Option, with the concurrence of the Issuer.

“**Paying Agent**” means the Philippine Depository & Trust Corp. (“**PDTC**”), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at the 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City, whose principal obligation is to handle payments of the principal of, interest on, and all other amounts payable on the Bonds, to the Bondholders, pursuant to the Registry and Paying Agency Agreement.

“**PDEX**” means the Philippine Dealing & Exchange Corp.

“**Permit to Sell Securities**” means the approval by the SEC authorizing the offer for sale and distribution to the public of the Bonds.

“**Peso**” or “**₱**” means the lawful and official currency of the Republic of the Philippines.

“**PFRS**” means Philippine Financial Reporting Standards.

“**Philippine Government**” means the duly constituted government of the Republic of the Philippines.

“**Prospectus**” means, collectively and as relevant, the preliminary prospectus dated [●] and the final prospectus dated [●], in each case, prepared and issued by the Issuer in connection with the Offer, and all amendments, supplements and addenda thereto.

“**Purchase Price**” has the meaning given to that term in Section 3.1(f).

“**Receiving Account**” has the meaning given to that term in Section 3.3(a).

“**Register of Bondholders**” means the electronic records of the Registrar bearing the official information on the names and addresses of the Bondholders and the amount of Bonds they respectively hold, including all transfers and assignments or any liens or encumbrance thereon and the names of subsequent transferee Bondholders.

“**Registrar**” means the Philippine Depository & Trust Corp., a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at the 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City, whose principal obligation is to maintain the Register of Bondholders and record the initial issuance and subsequent transfers of the Bonds, pursuant to the Registry and Paying Agency

Agreement.

“Registration Statement” means the registration statement and other supporting documents filed by the Issuer on [●], including the Prospectus, covering the SEC Registration of the Bonds in accordance with the provisions of the Securities Regulation Code.

“Registry and Paying Agency Agreement” means the agreement dated [●] by and among the Issuer and the Registrar and Paying Agent to stipulate on the mutual rights and obligations of the Issuer and the Registrar and Paying Agent with respect to the Bonds, as may be modified, supplemented or amended from time to time.

“Registry Confirmation” means the written advice sent by the Registrar to the Bondholders, confirming the registration in the name of such Bondholders in the Register of Bondholders of the specified amount of the Bonds issued to or purchased by a Bondholder.

“RTGS” means the Philippine payment settlement system via Real Time Gross Settlement.

“SEC” means the Securities and Exchange Commission of the Republic of the Philippines.

“SEC Registration” means the registration of the Bonds in accordance with the provisions of the Securities Regulation Code and its implementing rules and regulations.

“Securities Regulation Code” or **“SRC”** means Republic Act No. 8799, otherwise known as “The Securities Regulation Code of the Philippines,” as amended from time to time, and including the rules and regulations issued thereunder.

“Selling Agents” means [●] and such other selling agents as may be advised by the Issuer to the Registrar in writing on or before the last day of the Offer Period.

“Series A Bonds” means the Bonds to be issued by the Issuer, with an aggregate principal amount of [●] and, in case the Oversubscription Option is exercised, such additional principal amount equivalent to the Oversubscription Option Bonds as may have been taken up for this series, having a term beginning on the Issue Date and ending three (3) years from the Issue Date or on [●], 2024, with a fixed interest rate equivalent to [●]% per annum.

“Series B Bonds” means the Bonds to be issued by the Issuer, with an aggregate principal amount of [●], and, in case the Oversubscription Option is exercised, such additional principal amount equivalent to the Oversubscription Option Bonds as may have been taken up for this series, having a term beginning on the Issue Date and ending five (5) years from the Issue Date or on [●], 2026, with a fixed interest rate equivalent to [●]% per annum.

“Sole Issue Manager, Lead Underwriter and Sole Bookrunner” has the meaning given to such term in the introductory part of this Agreement.

“Subsidiaries” means the subsidiaries of the Issuer listed in Schedule 2.

“Tax” or **“Taxes”** means any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature, imposed by the Republic of the Philippines or by any department, agency or other political subdivision or taxing authority thereof or therein, and all interest, penalties or similar liabilities with respect thereto.

“Tax Code” means Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, as amended from time to time.

“Terms and Conditions” means the terms and conditions pursuant to which the Issuer issues, and the Bondholders subscribe for, the Bonds as set out in Annex A of this Agreement and made an integral part of this Agreement and the relevant Master Certificate of Indebtedness.

“Trust Agreement” means the agreement executed by and between the Issuer and the Trustee dated on or about the date of this Agreement in connection with the distribution and sale by the Issuer of the Bonds, as may be modified, supplemented or amended from time to time.

“Trustee” means China Banking Corporation – Trust and Asset Management Group, a banking corporation organized and existing under the laws of the Republic of the Philippines and duly licensed by the BSP to engage in the trust business, acting through its trust department, in its capacity as trustee for and in behalf of the Bondholders in accordance with the Trust Agreement.

“Underwriting Commitment” means the total amount of the Bonds that the Sole Issue Manager, Lead Underwriter and Sole Bookrunner has committed to procure subscribers for, and to underwrite, on a firm basis (set out against its name in Schedule 1).

1.2 Interpretation

The headings in this Agreement are used for convenience of reference only and shall not limit or affect the construction of the provisions hereof. Unless herein otherwise provided for or unless the context shall otherwise require: (i) words denoting the singular shall include the plural number and vice versa; (ii) references to persons include bodies corporate; (iii) words importing gender include both genders and the neuter; (iv) references to Sections, Schedules and Annexes are to the sections of, as well as the schedules and annexes to, this Agreement; (v) “herein”, “hereof”, “hereunder”, “this Agreement” and words of similar import shall refer to this Agreement, as amended, supplemented and otherwise modified and in effect from time to time; and (vi) a specific time of day means Philippine Standard Time.

Section 2 RESPONSIBILITIES OF THE SOLE ISSUE MANAGER, LEAD UNDERWRITER AND SOLE BOOKRUNNER

2.1 Appointment of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner

- (a) The Issuer hereby appoints China Bank Capital, and China Bank Capital hereby accepts the appointment, as the Sole Issue Manager, Lead Underwriter and Sole Bookrunner in connection with the issuance, offer, placement, distribution, and sale of the Bonds in the Philippines.
- (b) The engagement of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall subsist until the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall have fulfilled all of its obligations under this Agreement, unless otherwise earlier terminated in accordance with this Agreement.

2.2 Underwriting Commitment; Oversubscription Option

- (a) Subject to the provisions of this Agreement and the Terms and Conditions, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall offer, distribute and sell

the Bonds within the Philippines during the Offer Period. The Sole Issue Manager, Lead Underwriter and Sole Bookrunner agrees to underwrite, on a firm basis, the Offer of the Firm Bonds only up to the amount of its Underwriting Commitment specified in Schedule 1 of this Agreement, and to the extent that the Oversubscription Option is exercised, the Oversubscription Option Bonds.

- (b) The obligations and liabilities of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner to the Issuer arising from the offering, distribution, and sale of the Bonds is strictly limited to its Underwriting Commitment.
- (c) Relying on the representations and warranties contained in Section 7.1 and subject to satisfaction of the conditions set out in Section 5.1, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner hereby agrees to subscribe or procure subscribers for the Bonds. The Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall be deemed, as of 5:00 p.m. on the last day of the Offer Period, to have irrevocably subscribed for and agreed to purchase on the terms set forth herein and in the Application to Purchase, the undersold portion of the Firm Bonds, but only to the extent of its Underwriting Commitment as set out in Schedule 1-A, and to the extent the Oversubscription Option is exercised, the Oversubscription Option Bonds. The Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall pay or shall cause its clients or the Selling Agents, if any, to pay the Purchase Price (it being understood that any portion of such Firm Bonds not taken up and paid for by its clients or the Selling Agents, if any, shall be taken up and paid for by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner).
- (d) The Issuer hereby grants the Sole Issue Manager, Lead Underwriter and Sole Bookrunner the right to exercise the Oversubscription Option. In the event that the Oversubscription Option is exercised by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, in consultation with the Issuer, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall have rights and priority toward the allocation, offer and sale of any Oversubscription Option Bonds.
- (e) The Sole Issue Manager, Lead Underwriter and Sole Bookrunner confirms that it is authorized to perform the duties and functions required of it under this Agreement for the amount distributed and allocated to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner in accordance with Schedule 1, and to the extent the Oversubscription Option is exercised, for the Oversubscription Option Bonds.

2.3 Submission of Documents to the Registrar

- (a) The Issuer shall timely deliver to the Registrar the documents referred to in [Schedule 10] of the Registry and Paying Agency Agreement in accordance with Section [●] of the Registry and Paying Agency Agreement.
- (b) In the event that there are deficiencies in the foregoing documents as specified in a written notice issued by the Registrar, the Issuer or, as applicable, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, shall correct or remedy such deficiencies in accordance with the Registry and Paying Agency Agreement.

2.4 Agreements with Selling Agents; Procedure

- (a) For the purpose of complying with its commitments herein, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner may, under such terms and conditions not inconsistent with the provisions of this Agreement, particularly the Underwriting Commitment of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner,

enter into agreements with selling agents for the sale and distribution to the public of the Bonds; provided, that the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall remain solely responsible to the Issuer in respect of its obligations under this Agreement entered into by them with the Issuer, and except as otherwise provided in this Agreement, the Issuer shall not be bound by any of the terms and conditions of any agreements entered into by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner and the Selling Agents, if any.

- (b) The Issuer confirms that it has authorized and instructed the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, whether directly or through the Selling Agents, if any, to offer the Bonds on its behalf to eligible investors, for purchase at the Purchase Price, and in accordance with the terms and procedures set out in this Agreement, the Prospectus and the Application to Purchase. Any Bonds sold by the Selling Agents, if any, or subscribed by qualified buyers, shall be considered part of the Bonds underwritten by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner in accordance with its Underwriting Commitment. Notwithstanding any agreement with the Selling Agents, if any, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall remain responsible for the performance of its Underwriting Commitment.

Section 3

APPLICATION AND PAYMENT FOR THE OFFER BONDS

3.1 Application to Purchase and Payment Terms

- (a) Subject to Applicable Law and the Terms and Conditions, there shall be no limitation on the number of Bonds that Applicants may apply for.
- (b) All Applications to Purchase the Bonds shall be evidenced by a duly completed and signed Application to Purchase, in triplicate, and should be submitted to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, together with the documentary requirements set forth in Sections 3.1(c) to 3.1(e) below, not later than 5:00 p.m. of [●].
- (c) The Application to Purchase of corporate, partnership or trust account Applicants must be accompanied by the following:
 - (i) an original notarized certificate of the corporate secretary 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;
 - (ii) copies of its Articles of Incorporation and By-Laws 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);
 - (iii) two (2) 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 have been

submitted to the Registrar;

- (iv) identification document(s) of the authorized signatories of the Applicant, as specified in Section 3.1(d)(i) below;
 - (v) BIR Certificate of Registration showing the Applicant's Tax Identification Number; and
 - (vi) such other documents as may be reasonably required by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, the Selling Agents and the Registrar in the implementation of their respective internal policies regarding "know your customer" and anti-money laundering.
- (d) The Application to Purchase of an individual Applicant must be accompanied by the following:
- (i) identification document ("ID") of the Applicant which shall consist of any one of the following valid identification documents bearing a recent photo, and which is not expired: Passport, Driver's License, Professional Regulation Commission ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Maritime Industry Authority (MARINA) ID, Voter's ID, Barangay Certification, Government Service Insurance System e-Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman's Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and government-owned and controlled corporation ID, e.g., Armed Forces of the Philippines, Home Development Mutual Fund, Certification from the National Council for the Welfare of Disabled Persons, Department of Social Welfare and Development Certification, Integrated Bar of the Philippines ID, company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or the Insurance Commission, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age);
 - (ii) two duly accomplished signature cards containing the specimen signature of the Applicant;
 - (iii) validly issued tax identification number issued by the BIR; and
 - (iv) such other documents as may be reasonably required by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, the Selling Agents and the Registrar in the implementation of their respective internal policies regarding "know your customer" and anti-money laundering.
- (e) An Applicant who is claiming exemption from any applicable tax, or entitlement to preferential tax rates shall, in addition to the requirements set forth in Section 3.1(c) and 3.1(d) above, be required to submit the following requirements (together with their respective Applications to Purchase) to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner or Selling Agent, if any, , subject to acceptance by the Issuer as being sufficient in form and substance: (i) the documents and information required under the section entitled "Tax-Exempt Status or Entitlement to Preferential Tax Rate" of the Terms and Conditions; and (ii) if applicable, such other documentary requirements as may be reasonably required by the Issuer, the Registrar or Paying Agent, or required under the applicable regulations of the relevant taxing or other authorities.

- (f) The purchase price for each Offer Bond which is equal to the face amount of such Offer Bond (the “**Purchase Price**”) is payable in full upon submission of the duly executed Application to Purchase. Payments of the Purchase Price shall be made either in checks or appropriate debit instructions or payment instructions made out to the order of the relevant Sole Issue Manager, Lead Underwriter and Sole Bookrunner or Selling Agent, if any. All payments must be made or delivered to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner or Selling Agent (if any) to whom the Application to Purchase is submitted.

3.2 Allocation and Submission of Final Sales Report

- (a) The Sole Issue Manager, Lead Underwriter and Sole Bookrunner, in consultation with the Issuer and consistent with bank procedures (if applicable), shall agree on the procedure and manner for application, acceptance, or rejection of the Applications to Purchase, whether in whole or in part, and the process for allocating the Bonds on or before the commencement of the Offer Period. The Sole Issue Manager, Lead Underwriter and Sole Bookrunner (i) shall, and shall cause the Selling Agents, if any, to, observe the policies and procedures regarding acceptance of applications, evaluation and assessment of applications and supporting documentary requirements, allocations of the Bonds to clients and acceptance of deposits of their respective Applicants subject to the provisions of the Bond Agreements, and (ii) shall each be responsible, and shall cause the Selling Agents, if any, to be responsible, for determining who are eligible investors from their respective Applicants and for establishing the *bona fide* identity of each in accordance with AMLA, as well as its own internal policies and arrangements under acceptable standards and policies regarding “know-your-customer” and anti-money laundering. Nothing herein, however, shall be construed as preventing any of the parties from performing their own investigation in accordance with the AMLA and their own internal guidelines and standards.

The Application to Purchase, once accepted by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner or the Selling Agent, (if any), shall constitute the duly executed purchase agreement covering the amount of the Bonds so accepted and shall be valid and binding on the Issuer and the Applicant. Once accepted, an Application to Purchase may not be unilaterally revoked or cancelled by the Applicant, in full or in part, and the rights and privileges pertaining thereto shall be non-transferrable.

- (b) Based on its tentative reports on sales, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall, as soon as practicable, commence the evaluation of the same for purposes of allocating the Bonds to the Applicants.
- (c) If the Bonds shall be insufficient to satisfy all Applications to Purchase, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, in consultation with the Issuer, shall proceed with the manner of allocation and/or rejection of the Applications to Purchase, including the scaling down of allocations.
- (d) After allocating the Bonds to the Applicants, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall immediately prepare and complete the Allocation Report and transmit the same to the Registrar no later than 9:00 a.m., at least three (3) Business Days prior to the Issue Date, and in accordance with Section [●] of the Registry and Paying Agency Agreement.
- (e) Based on the Allocation Report, the Sole Issue Manager, Lead Underwriter and Sole

Bookrunner and Selling Agents shall prepare a sales report detailing the Applications to Purchase covering the Bonds approved and accepted for purchase during the Offer Period (the “**Final Sales Report**”).

- (f) In the event that the total sales reflected in a Final Sales Report is less than the principal amount of the Bonds allocated to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, any such discrepancy shall be registered in the name of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner pursuant to its Underwriting Commitment. The Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall submit the Application(s) to Purchase covering such unsold Bonds covered by its Underwriting Commitment simultaneously with the submission of the Final Sales Report.
- (g) The Final Sales Report by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner and Selling Agents shall be submitted to the Registrar no later than 5:00 p.m., three (3) Business Days prior to the Issue Date in accordance with Section [●] of the Registry and Paying Agency Agreement, together with such other documents as may be required by the Registrar under the Registry and Paying Agency Agreement subject to compliance with the applicable requirements of the Data Privacy Act and its Implementing Rules and Regulations (the “**DPA IRR**”), to enable the Registrar to issue and prepare the Register of Bondholders and the relevant Registry Confirmations, including but not limited to the following:
- (i) a duly notarized certificate issued by an authorized representative of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner that: (1) the necessary or know-your client (“**KYC**”) process was conducted on the applicant-purchasers pursuant to the AMLA and the amendments thereto as well as its implementing rules and regulations (“**AML IRR**”), including , but not limited to, doing the KYC on the basis of a third party reliance letter issued by the appropriate institution as allowed by AMLA IRR (and if acceptable to PDTC), (2) the identity of the Applicants was duly established pursuant to the AMLA and AMLA IRR; (3) to the best of the undersigned’s knowledge, all information provided to PDTC regarding the Applicants are true, complete, current and correct, and (4) any and all authorizations and waivers from the Applicants necessary for the Sole Issue Manager, Lead Underwriter and Sole Bookrunner and/or Selling Agents to disclose all information required by PDTC to determine the eligibility of the Applicants have been duly obtained;
 - (ii) the copy of the Registrar of each duly accomplished Application to Purchase, including the required supporting documents set forth in Sections 3.1(c) to 3.1(e) for each Application to Purchase.

A copy of the Final Sales Report accompanied by the notarized certification under Section 3.2(g)(i) above shall likewise be given to the Issuer within the period set forth in Section 3.2(g) above.

3.3 Remittance of Purchase Price

- (a) The Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall deliver or cause the delivery of the Purchase Price of the Firm Bonds, and in case of exercise of the Oversubscription Option, of the Oversubscription Option Bonds (to the extent of the exercise of the option), to the Issuer in accordance with this Section 3.3, subject to the satisfaction of the conditions set out in Section 5.1. The Purchase Price of such Bonds shall be remitted in cleared and available funds via RTGS to a bank account designated by the Issuer (the “**Receiving Account**”), not later than

[11:00a.m.] on the Issue Date, as payment for the Purchase Price of such Bonds sold by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner or deemed purchased by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner pursuant to its Underwriting Commitment. The Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall, not later than 12:00 p.m. on the Issue Date, submit to the Issuer via fax or electronic mail a copy of its RTGS remittance instructions.

- (b) All remittances of the Purchase Price by, and/or caused by, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner to the Receiving Account shall be in an amount not less than the Underwriting Commitment of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner; provided, that if the amount remitted by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner is equal to the aggregate Purchase Price of the Bonds, then the obligations of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner to remit an amount equal to its Underwriting Commitment shall be deemed fulfilled and totally satisfied and no residual obligation with respect thereto shall remain.

3.4 Rejection of Applications to Purchase/Refunds

- (a) In the event that an Application to Purchase must be rejected due to written instruction of the Issuer, which must be done before the deadline for the submission of the Final Sales Report, notwithstanding Section 2.2 of this Agreement, (a) the Sole Issue Manager, Lead Underwriter and Sole Bookrunner's performance of its obligations under this Agreement shall not be deemed incomplete or deficient solely due to a rejection by Ayala Corporation; and (b) the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall not be required to purchase any Bonds which are unsold as of Closing or incur any costs, solely due to a rejection by the Issuer. In the event an Application to Purchase is rejected or the amount of Bonds applied for is scaled down for a particular Applicant, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner or the Selling Agent, shall notify the Applicant concerned that his/her/its application has been rejected or that the amount of Bonds applied for has been scaled down.
- (b) Payments made by Applicants whose Applications to Purchase are rejected or scaled down pursuant hereto shall be returned to them no later than three (3) Business Days after the Issue Date by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner or the Selling Agent, in full (in case of a rejection) or in part (in case of a scale down), but in both instances without any interest whatsoever. Refunds shall be made, at the option of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner or the Selling Agent, either (i) through the issuance of check(s) payable to the order of the relevant Applicant and crossed "Payees' Account Only" and mailed or delivered, at the risk of the Applicant, to the address specified in the Application to Purchase, or (ii) through the issuance of instructions for automatic credit payments to the accounts of the relevant Applicants, as indicated in their respective Applications to Purchase.

3.5 Correction of Entries

Any changes to the Register of Bondholders as may be necessary to correct erroneous information shall be made in accordance with the Registry and Paying Agency Agreement.

Section 4 LISTING

4.1 Application for Listing

- (a) The Issuer shall, as soon as reasonably practicable, apply for the Bonds to be listed on the PDEX (the “**Application for Listing**”).
- (b) The Issuer agrees to deliver to PDEX copies of all necessary documents and to take such other steps as may be required for the purpose of obtaining and maintaining such listing including, without limitation, the payment of the necessary fees for listing.

4.2 Maintenance of Listing

In the event the Bonds are listed in the PDEX, the Issuer shall maintain the listing of the Bonds for as long as the Bonds are outstanding, unless it shall become unlawful for the Issuer to maintain such listing. In the event of termination of listing, the Issuer shall exert best efforts to ensure the Bonds are immediately listed again in the PDEX or such other proper exchange licensed by the SEC as an exchange under the provisions of the SRC.

Section 5 CONDITIONS PRECEDENT

5.1 Conditions to Obligations of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner

The obligations of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner under this Agreement: (i) are premised on the accuracy of the representations and warranties of the Issuer in Section 7.1 hereof as of the date of this Agreement, throughout the Offer Period, and up to the Issue Date; and (ii) shall be conditioned on the occurrence of all of the following conditions on or before the Issue Date:

- (a) the completion of a customary due diligence review of the Issuer, with results reasonably satisfactory to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner;
- (b) the execution and delivery of the Bond Agreements by the relevant parties thereto;
- (c) the receipt by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner (through counsel) and the Registrar of the following documents on or prior to the commencement of the Offer Period:
 - (i) a copy of the final Prospectus;
 - (ii) a copy of the Permit to Sell Securities and the SEC order rendering effective the Registration Statement, each certified by the corporate secretary (or assistant corporate secretary) of the Issuer or any of its authorized officers as a true copy;
 - (iii) an original certificate issued by the corporate secretary (or assistant corporate secretary) of the Issuer and dated close to the date of this Agreement certifying to:
 - (1) the resolutions of the board of directors of the Issuer authorizing the issuance, offering and distribution of the Bonds and the performance by the Issuer of all the terms and conditions of the Bonds including *inter alia* details of the issue size, and the appointment of the Sole

Issue Manager, Lead Underwriter and Sole Bookrunner, the Registrar, the Paying Agent, and the Trustee, and

- (2) the authority, name, title, and specimen signature of each officer or signatory of the Issuer authorized to sign, execute and deliver any document necessary for the Offer, including but not limited to the Bond Agreements;
- (d) the receipt by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, through counsel, of the following documents on or prior to the commencement of the Offer Period or on such other dates as may be indicated hereunder:
 - (i) an original written confirmation from the Issuer, executed by an authorized officer or authorized signatory, dated as of the Issue Date and in form and substance acceptable to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, that (1) the representations and warranties contained in Section 7.1 of this Agreement are true and correct at, and as if made on, the Issue Date, and (2) the Articles of Incorporation and By-Laws of the Issuer, the SEC Permit to Sell Securities, the SEC order rendering effective the Registration Statement and the certificate delivered pursuant to Section 5.1(c)(iii), are in full force and effect;
 - (ii) a closing opinion dated as of the Issue Date, issued by the legal counsel of the Issuer, in form and substance acceptable to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, on the Issue Date;
 - (iii) comfort letters from the external auditor of the Issuer, Isla Lipana & Co. (PwC Philippines), dated as of the date of this Agreement and as of the Issue Date, in form and substance acceptable to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner; and
 - (iv) a closing opinion dated as of the Issue Date, issued by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner's legal counsel on the capacity and due authorization of the Issuer to enter into the Bond Agreements, on the Issue Date;
- (e) the receipt by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner (through counsel) and the Registrar of the Articles of Incorporation and By-Laws of the Issuer, each as amended to date, certified by the corporate secretary (or the assistant corporate secretary) of the Issuer or any of its authorized officers or authorized signatories as a true copy, prior to the commencement of the Offer Period;
- (f) the Offer Period shall have closed according to the terms and conditions of the Offer, except if certain terms and conditions of the Offer are changed with the consent of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner;
- (g) there shall have occurred no downgrading, nor shall any notice have been given of (i) any intended or potential downgrading, or (ii) any review or possible change which does not indicate the direction of any change, in a rating solicited by the Issuer in accordance with SEC regulations for the Bonds from any rating agency; and
- (h) no event described in Section 10.1(g) and Section 10.1(h) hereunder shall have occurred and is continuing.

5.2 Non-Fulfillment of Conditions Precedent

The Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall notify the Issuer in writing in the event that any of the above conditions are not complied with on the dates that compliance is required (unless the condition is waived in writing by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner at its sole discretion), and thereupon this Agreement and the obligations of the parties under this Agreement shall forthwith lapse with the effects set forth in Section 10.4 and Section 10.5 below.

Section 6 INFORMATION AND PROSPECTUS

- 6.1 The Issuer agrees to supply the Sole Issue Manager, Lead Underwriter and Sole Bookrunner all such information, give all such undertakings, execute all such documents and do all such things as may be required by the SEC and the PDEX in conformity with their respective rules in connection with the fulfillment of the conditions contained in Section 5 of this Agreement, and the preparation, finalization and distribution of the Prospectus.
- 6.2 Subject to Philippine law or any regulation by the SEC, the Philippine Stock Exchange, Inc. (“PSE”) or PDEX, the Issuer, without prior consultation with the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, shall not make any announcement or issue any press release or circular, in connection with the Offer or the issue, offering and sale or distribution of the Bonds, whether in the primary market or in respect of dealings in the secondary market, which is materially adverse to the Offer.
- 6.3 The Sole Issue Manager, Lead Underwriter and Sole Bookrunner agrees, and shall cause the Selling Agents to agree, not to use any selling material except the Prospectus, its amendments or supplements, and other circulars, letters, or sales literature provided by the Issuer or approved by the Issuer in writing in respect of the Offer. Any advertisement or press release relating to the Offer shall be subject to prior approval of both the Issuer and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner.
- 6.4 Any and all acts and deeds legally required to be done or obtained before such advertisements can be made or such other sales literature can be distributed shall be performed, executed, done or obtained by the Issuer on or before the final approval by the Issuer of the advertisements and/or sales literature.

Section 7 REPRESENTATIONS, WARRANTIES AND COVENANTS

- 7.1 The Issuer represents, warrants, and covenants with the Sole Issue Manager, Lead Underwriter and Sole Bookrunner as of the date of this Agreement, on each day of the Offer Period and after the Offer Period until the Issue Date that:

Organization, Business and Operations, and Other Matters

- (a) The Issuer is a corporation duly organized, validly existing, and in good standing under and by virtue of the laws of the Republic of the Philippines; has its principal office indicated in this Agreement; and has the corporate power and authority (i) to conduct its business as presently being conducted, and (ii) to own or lease all its

properties and assets now owned or leased by it as well as those to be hereafter acquired or leased by it for the purpose of its business.

- (b) The authorized, subscribed and paid up capital stock of the Issuer conform to the respective descriptions thereof contained in the Prospectus. The interests of the Issuer in the outstanding capital stock of each of the Subsidiaries are fully and accurately described in the Prospectus.
- (c) The Subsidiaries are all the material subsidiaries of the Issuer and the Issuer shall not establish a new direct subsidiary on or before the Issue Date. The Issuer has good and marketable title to its shares in its Subsidiaries.
- (d) The Subsidiaries are duly organized, validly existing, and in good standing under and by virtue of the laws of the Republic of the Philippines or their respective places of incorporation, and with corporate power and authority to own their assets and conduct the business as described in the Prospectus.
- (e) The Issuer and the Subsidiaries are not in violation of any foreign equity ownership limitations under Applicable Laws.
- (f) The audited consolidated and the unaudited but reviewed consolidated financial statements of the Issuer as of and for the period ended December 31, 2019 and December 31, 2020 (collectively, the “**Financial Statements**”) are in accordance with the books and records of the Issuer, are complete and correct in all material respects, have been prepared in accordance with law and in conformity with PFRS applied on a consistent basis, and make adequate provision for bad and doubtful debts (if any) and make appropriate provision (or contain a note in accordance with good accounting practice) for all deferred, contingent, or other liabilities of a material amount as of the dates indicated, and fairly present the financial condition and results of operations of the Issuer as of the date thereof and for the period then ended, as included in the Registration Statement and the Prospectus. Except as otherwise disclosed in the Prospectus, there has been no Material Adverse Effects since the date of its latest reviewed accounts. Since the date of its last reviewed accounts, the Issuer and its Subsidiaries have carried on business in the ordinary and usual course and since such date have not entered into any contracts or commitments of an unusual or onerous nature outside the ordinary and usual course of their businesses which are material in the context of the business of the Issuer and such Subsidiaries, taken as a whole.
- (g) Except to the extent reflected or adequately reserved against in the Financial Statements or in the explanatory notes thereto or as otherwise disclosed in the Prospectus, each of the Issuer and its Subsidiaries has no material liabilities or obligations of any nature, whether accrued, absolute, contingent or otherwise, including but not limited to, Tax liabilities due or to become due and whether incurred in respect of, or measured by any income for, any period prior to such date or arising out of transactions entered into, or any state of facts existing, prior thereto, except for such Tax liabilities which may be contested in good faith by the Issuer or the relevant Subsidiary in appropriate proceedings and adequately disclosed in the Prospectus. All tax returns which are required to have been made by or in respect of the Issuer and its Subsidiaries for taxation purposes have been made and all payments of Taxes in respect of the Issuer and its Subsidiaries have been made, except to the extent that such payment of Taxes is being contested in good faith in appropriate proceedings and adequately disclosed in the Prospectus.

- (h) No material and relevant information has been withheld from the independent public accountants of the Issuer and its Subsidiaries for the purposes of the relevant audited financial statements as set out in the Prospectus and as used in connection with the Offer.
- (i) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, as the same may be amended or supplemented, there has not been any Material Adverse Effect, or to the best knowledge and belief of the Issuer, any development involving a prospective Material Adverse Effect, in or affecting the business and financial condition of the Issuer and its Subsidiaries taken as a whole, and the Issuer or its Subsidiaries has not, since those dates, entered into any material transaction or agreement, except as may have been publicly disclosed through the SEC, PSE and the PDEX or those which are in the ordinary course of business.
- (j) All transactions between the Issuer, each of the Subsidiaries and any of their respective directors, officers, management, associates, shareholders (including any other person formerly holding such positions) or any other related party have been entered into on an arm's-length basis and on commercially reasonable terms that are available to third parties.
- (k) Each of the Issuer and its Subsidiaries has good and marketable title to all real properties and other properties owned by it, in each case, free and clear of all liens, encumbrances, restrictions, pledges, mortgages, security interests or charges, except (1) as disclosed in the Prospectus; or (2) defect in title to such properties that would not have a Material Adverse Effect. All real properties and buildings held under lease by the Issuer or a Subsidiary that are material to the Issuer or such Subsidiary are held by it under valid and subsisting and enforceable leases with such exceptions as are not material in relation to the Issuer or the Subsidiary, as applicable, and do not interfere in any material respect with the use made and proposed to be made of such property and buildings by the Issuer (for purposes of this Section 7.1, "material assets" means any asset owned by the Issuer which amounts to at least twenty percent (20%) of the consolidated assets of, as applicable, the Issuer (based on its latest unaudited consolidated quarterly financial statements) or the relevant Subsidiary (based on its latest unaudited quarterly financial statements)).
- (l) The Issuer and its Subsidiaries have adequate cybersecurity and information technology systems, tools, and measures in place for ensuring their respective operations and safeguarding their respective assets and data.
- (m) Each of the Issuer and the Subsidiaries has obtained all the necessary and appropriate insurance policies with responsible and reputable insurance companies and has obtained insurance coverage on all its material properties and assets in such amounts and covering such risks as are usually carried by companies engaged in similar business and owning similar properties in the same geographical areas as those in which the Issuer and the Subsidiaries operate.
- (n) Each of the Issuer and its Subsidiaries is not in violation of or in default under, its Articles of Incorporation or By-Laws or any indenture, mortgage, deed of trust, loan agreement, or other material agreement or instrument to which the Issuer or any such Subsidiary is a party or by which it or any of its Subsidiaries, or any of their respective assets, is bound.
- (o) Each of the Issuer's and Subsidiaries' agreements which are necessary for the Issuer and the Subsidiaries to conduct their respective businesses have been duly

authorized, executed and delivered by the Issuer and the Subsidiaries, respectively. Except as disclosed in the Prospectus, each such agreement has not been avoided, cancelled, revoked, forfeited, surrendered, suspended or terminated and is in full force and effect, except if the happening of any such events (avoidance, cancellation, revocation, forfeiture, termination, etc.) does not or will not result in a Material Adverse Effect. Except as disclosed in the Prospectus, no circumstances have arisen (whether as a result of force majeure or for any other reason) which have led or may likely lead to any obligation of any party under such agreements being suspended or incapable of fulfillment and which will lead to a Material Adverse Effect.

- (p) Except as otherwise disclosed in the Prospectus, there are no pending lawsuits, disputes, claims, investigations, arbitrations or other judicial, quasi-judicial or administrative proceedings involving the Issuer or any of its Subsidiaries, which if adversely determined, will have a Material Adverse Effect.
- (q) There are no actual or threatened strikes, lockouts or slowdowns against the Issuer or the Subsidiaries. The consummation of the transactions contemplated hereunder will not give rise to any right of termination or right of renegotiation under any collective bargaining agreement or labor agreement to which the Issuer or each Subsidiary is bound, if any.
- (r) Except as disclosed in the Prospectus, each of the Issuer and the Subsidiaries is in compliance with all Applicable Laws. All governmental approvals necessary under Applicable Laws to be obtained or held by the Issuer and the Subsidiaries in connection with the ownership or lease by the Issuer and the Subsidiaries of their respective properties or the conduct of their respective business as described in the Prospectus have been obtained, and are valid and in full force and effect. The Issuer and the Subsidiaries have no reason to believe that any such governmental approval will be revoked, modified, suspended or not renewed on substantially the same terms. Except as disclosed in the Prospectus, each of such governmental approvals has been duly obtained or made, is validly issued, is in full force and effect, is duly held by the Issuer and the Subsidiaries.
- (s) Each of the Issuer and the Subsidiaries (i) is in compliance with, and is not in violation of, all environmental and all applicable laws, rules, orders and regulations relating to (a) the protection of human health and safety (including occupational health and safety), (b) hazardous or toxic substances or wastes, chemicals, petroleum or petroleum products, pollutants or contaminants (collectively, "**Hazardous Materials**"), or (c) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials applicable to the conduct of its respective businesses (collectively, "**Environmental Laws**"), (ii) has obtained or made, and holds and is in compliance with all Governmental Approvals required of it under the Environmental Laws to conduct its respective businesses, and (iii) has not received any notice of or claim for any actual or potential liability for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, and no event has occurred which, to the best knowledge of the Issuer or the Subsidiary, is expected to give rise to any such notice or claim.
- (t) Each of the Issuer and the Subsidiaries owns or has the right to use all the patents, trademarks, service marks, trade names, copyrights, licenses, franchises and formulas, or rights with respect thereto, that are used in relation to its business and has obtained, or will obtain when needed, assignments of all leases and other rights of whatever nature, necessary for the present and proposed conduct of its business, without any known conflict with the rights of others, which, or the failure to obtain

which, as the case may be, would be reasonably expected to result in a Material Adverse Effect.

- (u) The operations of the Issuer and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record keeping and reporting requirements and money laundering statutes in the Philippines and of all jurisdictions in which the Issuer conducts business or operations, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued and administered or enforced by any Governmental Authority or proceeding by or before any Governmental Authority (collectively, “**Money Laundering Laws**”) and no action, suit or proceeding by or before any Governmental Authority involving the Issuer or any of its Subsidiaries with respect to Money Laundering Laws is pending and to the best knowledge, information and belief of the Issuer no such actions, suits or proceedings are threatened in writing.
- (v) Neither the Issuer nor any of the Subsidiaries is insolvent or has suspended payment of its debts or has committed or permitted any act of bankruptcy, which term shall include (i) the filing of a petition in any insolvency, rehabilitation, suspension of payment, bankruptcy, winding-up or liquidation proceeding by the Issuer or any of the Subsidiaries, or any third party against the Issuer or any of the Subsidiaries, or any other proceeding analogous in purpose and effect, (ii) the making of an assignment by any of the Issuer or the Subsidiaries for the benefit of its creditors, (iii) the admission in writing by any of the Issuer or the Subsidiaries of its inability to pay its debts, (iv) the entry of any order or judgment of any competent court, tribunal or administrative agency or body confirming the bankruptcy or insolvency of any of the Issuer or the Subsidiaries and approving any winding-up or liquidation of any of the Issuer or the Subsidiaries, (v) the lawful appointment of a receiver or trustee to take possession of the properties of any of the Issuer or the Subsidiaries, or (vi) any action which has a similar or analogous effect to any of the actions mentioned in the preceding clauses.
- (w) Neither the Issuer, the Subsidiaries nor any of their respective properties or other assets enjoy any right of immunity from set-off, suit, jurisdiction of any competent court, attachment prior to judgment or, execution with respect to its assets, and in case the Issuer, any of the Subsidiaries or any of such properties or assets enjoy any right of immunity from set-off, suit, jurisdiction of any competent court, attachment prior to judgment, or execution, the Issuer hereby unconditionally waives any such right, and the Issuer shall cause such Subsidiary to unconditionally waive such right.

The Offer, Bonds, and Bond Agreements

- (x) The Issuer has the corporate power and authority to issue the Bonds, execute and deliver the Bond Agreements and comply with, perform and observe the terms and conditions thereof. The Issuer has the financial capacity to perform its obligations under the Bond Agreements.
- (y) This Agreement and each other Bond Agreement, including all matters relating to the Offer and the issuance of the Bonds, have been duly authorized by all necessary corporate approvals, executed, and delivered by the Issuer.
- (z) This Agreement and each other Bond Agreement when executed and delivered pursuant hereto and thereto will constitute its legal, valid, and binding obligation, enforceable against it in accordance with its terms, and except as enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization or other similar laws of general application relating to or affecting the enforcement of creditors’ rights;

and (ii) the application of general equitable principles.

- (aa) The financial obligations of the Issuer under the Bonds constitute its direct, unconditional, unsubordinated and unsecured obligations and rank at least *pari passu* and ratably without preference or priority amongst themselves and at least *pari passu* with all of the other present and future unsubordinated and unsecured indebtedness of the Issuer, contingent or otherwise (except for indebtedness mandatorily preferred by law, and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of rights of the creditors generally and by general principles of equity but not the preference or priority established by Article 2244, paragraph 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.
- (bb) The performance by the Issuer of its obligations under the Bond Agreements and the carrying out of the transactions contemplated therein will not (i) result in any violation of the provisions of the Articles of Incorporation or By-Laws of the Issuer, (ii) result in any violation of any Applicable Law or any order, rule or regulation of any regulatory body having jurisdiction over the Issuer or any of its material assets, and (iii) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, or other material agreement or instrument to which the Issuer or any of its Subsidiaries is a party or by which the Issuer or any of its Subsidiaries is bound or to which any of the material assets of the Issuer or any of its Subsidiaries is subject.
- (cc) There is no tax payable by the Issuer pursuant to the terms of any of the Bond Agreements or to be imposed on or by virtue of the execution, delivery, performance or enforcement of any of the Bond Agreements other than as disclosed in the statements in the Registration Statement and the Prospectus under the caption "Taxation".
- (dd) Except as otherwise disclosed in the Prospectus, there are no legal, administrative or governmental actions, suits or proceedings (in the Philippines or in any other jurisdiction) pending to which the Issuer or any of its Subsidiary is or may be a party or to which any asset of the Issuer or any of its Subsidiary is or may be subject which, if determined adversely against the Issuer, could reasonably be expected to enjoin the execution, delivery and performance of this Agreement or the other Bond Agreements, the Offer or the issuance of the Bonds, or may materially and adversely affect in any manner the validity and enforceability of this Agreement or the other Bond Agreements, the Offer and any documents relating thereto, nor is there an order of any Governmental Authority that has been issued and be in effect which would be to make the consummation of the transactions contemplated by this Agreement, the other Bond Agreements, or any other documents relating to the Offer illegal or imposing any conditions on the consummation of the transactions contemplated by this Agreement or any other documents which are reasonably unacceptable to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner.
- (ee) All conditions imposed under the Securities Regulation Code and any concurrent and subsequent conditions imposed by the SEC and the PDEx for the Offer have been complied with by the Issuer and, to the extent not required to be complied yet at the date of this Agreement, will be complied with by the Issuer no later than the date and/or time required under Applicable Law.
- (ff) Except for the Permit to Sell Securities which has not yet been obtained as of the

date of this Agreement and will only be obtained before the Offer Period, and the approval by the PDEX of the listing of the Bonds, all Governmental Approvals and third party approvals, including consents, clearances, authorizations, approvals, rulings, orders, registrations, and qualifications, and other acts legally necessary on the part of the Issuer, and the consents of third parties, have been obtained or accomplished (i) for the sale of the Bonds, and for the Issuer to execute and deliver the Bond Agreements and to perform the terms of the Bonds and the Bond Agreements have been obtained and are in full force and effect, (ii) for the due execution, delivery, performance, validity and enforceability of the Bond Agreements, and (iii) for use of information in the Prospectus and for circulation of the Prospectus.

- (gg) No order suspending the use of the Prospectus or the effectiveness of the Registration Statement or the Permit to Sell Securities of the Bonds has been issued and received by the Issuer and no proceeding for that purpose has been instituted by the SEC of which the Issuer has been notified in writing. The Registration Statement at the time it is or will be rendered effective complied, and as of the effective date of any supplement or amendment thereto or modification thereof, will comply, in all material respects with the Securities Regulation Code, and did not and will not, as of the effective date of any amendment or supplement thereto or modification thereof, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.
- (hh) The Issuer shall promptly advise the Sole Issue Manager, Lead Underwriter and Sole Bookrunner: (i) of any request received by the Issuer from the SEC or PDEX for any updating, amendment or supplement to the Registration Statement or the Prospectus or for any additional information thereon; and (ii) of the issuance received by the Issuer from the SEC or any Governmental Authority of any cease-and-desist order suspending the distribution or sale of the Bonds or the initiation of any proceeding for any such purpose. No amendment or supplement to the Registration Statement or the Prospectus have been or will be made during the Offer Period without prior written approval of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, and as applicable, the approval by SEC and/or PDEX.
- (ii) All information contained in the Registration Statement and the Prospectus, taken as a whole and as of their respective dates, and if amended or supplemented, as of the date of such amendment or supplement: (i) constitutes all material information with respect to the Issuer and its Subsidiaries, and their respective operations and businesses, in the context of the Offer and the Bond Agreements; (ii) does not contain any untrue or misleading statement of material fact; and (iii) does not omit any material fact necessary or required to be stated therein for purposes of fair disclosure or to prevent any statement therein from becoming untrue or misleading in the light of the circumstances under which it was made. Without limiting the generality of the foregoing, the description of the business, properties and operations, material contracts, capitalization, and the Bonds in the Prospectus are accurate descriptions in all material respects and fairly summarizes the matters described therein and do not omit any material information which affects the import of such description. The Prospectus shall continue to be in the aforementioned condition during the Offer Period up to Issue Date. All reasonable enquiries have been made by the Issuer to ascertain such material facts and to verify the accuracy of all such material information and statements.

The parties acknowledge that the only information provided by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner to the Issuer are the names and

contact details of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, the Underwriting Commitment of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, the information contained in the subheading “Sole Issue Manager, Lead Underwriter and Sole Bookrunner” of the Plan of Distribution section of the Prospectus, and the information provided in the subheading “Sale and Distribution” of the Plan of Distribution section of the Prospectus.

- (jj) Each of the audited consolidated financial statements of the Issuer as of and for the years ending December 31, 2020, 2019 and 2018 and the related notes thereto, included in the Prospectus, fairly present the financial position of the Issuer as of the dates indicated and for the periods then ended, and the results of its operations and the changes in its cash flows for the periods specified and such financial statements have been prepared in conformity with the provisions of generally accepted accounting principles prevailing as of the relevant periods and applied on a consistent basis throughout the periods covered thereby. The other financial information included in the Prospectus has been derived from the accounting records of the Issuer, and fairly represents the information shown thereby.
- (kk) The statements of intention, belief or expectation, forecasts, estimates and expressions of opinion contained in the Prospectus as to the profits, prospects, dividends, indebtedness, assets, liabilities, cash flow, and working capital have been made after due and proper consideration and represent reasonable and fair expectations honestly held based on facts known to the Issuer and, in the case of any supplement to the Prospectus, at the date of its publication will be, honestly and reasonably made or held and reasonable and diligent inquiries have been made to ascertain such facts and to verify the accuracy of all such statements.
- (ll) The Issuer has not, and, to its reasonable knowledge, none of its officers or directors has, paid or received (or entered into any agreement where under the same may or will at any time thereafter be paid or received) any unlawful commission, bribe, pay-off or kickback directly or indirectly in connection with the Bond Agreements.

7.2 The Issuer will forthwith notify the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, if, at any time on or prior to the Issue Date, anything becomes known to the Issuer which renders or may render untrue or inaccurate any of its representations and warranties contained herein (it being agreed that if and to the extent already qualified by reference to materiality, the test of materiality shall not be further applied to the provision) and forthwith take such steps as the Sole Issue Manager, Lead Underwriter and Sole Bookrunner may reasonably require to remedy and/or publicize that fact, including the making of any announcement or circular.

7.3 The Issuer covenants as follows:

- (a) The Issuer shall, before the start of the Offer Period, secure from the SEC a Permit to Sell Securities, and provide true copies thereof as certified by the corporate secretary, assistant corporate secretary or authorized signatories of the Issuer to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner through its legal counsel.
- (b) The Issuer shall, before the Issue Date, secure from the PDEX the approval of the Application for Listing of the Bonds, and provide true copies thereof as certified by the corporate secretary, assistant corporate secretary or authorized signatories of the Issuer to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner through its legal counsel.

- (c) The Issuer shall pay the documentary stamp tax or any other tax due on the original issuance of the Bonds within the period prescribed by Applicable Law. The Issuer shall, within five (5) Business Days from the date of such payment, provide the Sole Issue Manager, Lead Underwriter and Sole Bookrunner through its legal counsel copies of proof of payment of the documentary stamp tax due on the original issuance of the Bonds and proof of filing of the related documentary stamp tax return, each certified by an authorized officer or authorized signatory of the Issuer.

7.4 The Sole Issue Manager, Lead Underwriter and Sole Bookrunner represents and warrants that:

- (a) It is a corporation duly organized, validly existing and in good standing under and by virtue of the jurisdiction of its incorporation and has the corporate power and authority to conduct its business as presently conducted, including without limiting the foregoing, to engage in the underwriting of securities in the Philippines.
- (b) It has taken all appropriate or necessary corporate actions to authorize its execution and delivery of this Agreement, and has an underwriting license necessary for it to perform its obligations under this Agreement, and this Agreement constitutes its legal, valid, and binding obligations, enforceable against it in accordance with the terms of this Agreement.
- (c) Its execution, delivery and performance of this Agreement shall not violate or contravene any provision of law or other governmental directive, shall not conflict with its charter documents and shall not conflict with or result in the breach of any provision of any agreement or instrument to which it is a party or by which any of its properties or assets is bound.

Section 8 UNDERTAKINGS

- 8.1 The Sole Issue Manager, Lead Underwriter and Sole Bookrunner hereby agrees, and shall cause the Selling Agents to agree, that each will not give any information or make any representation in respect of the Issuer, the Offer and the Bonds, other than those (a) allowed by Applicable Law or required by the Governmental Authorities; (b) contained in the Prospectus, its amendments or supplements, and other circulars, letters, or sales literature provided by the Issuer; (c) announcements made by the Issuer during a road show; or (d) any other corporate information approved in writing by the Issuer.
- 8.2 The Issuer hereby agrees that it shall not issue any other Peso denominated debt securities in the domestic debt capital market within one month before and one month after the Issue Date.

Section 9 INDEMNITIES AND LIMITATION

- 9.1 The Issuer shall indemnify and hold the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, its directors, officers, employees, affiliates, agents, and stockholders, free and harmless from any and all losses, claims, damages, liabilities and expenses, or any actions (including, without limitation, legal expenses incurred in investigating and defending against claims arising from the Sole Issue Manager,

Lead Underwriter and Sole Bookrunner's performance of its obligations under this Agreement) with respect thereto, arising directly or indirectly out of or by virtue of any actual or alleged: (a) failure of the Issuer to comply with any of its undertakings, covenants or other obligations in this Agreement, the other Bond Agreements, and related agreements or documents referred to therein; (b) defect, falsity or inaccuracy in the representations and warranties of the Issuer in this Agreement or other Bond Agreements, or in any material fact contained in the Prospectus or the Registration Statement; (c) misleading statement of a material fact contained in the Prospectus or the Registration Statement, or the alleged omission of, a material fact necessary or required to be stated therein for purposes of fair disclosure or to make such statement not misleading in the light of the circumstances under which it was made; or (d) any court proceeding, litigation, arbitration, or other similar action against the Sole Issue Manager, Lead Underwriter and Sole Bookrunner in connection with or with respect to the sale by the Issuer of the Bonds and the Offer, and will pay for or reimburse the Sole Issue Manager, Lead Underwriter and Sole Bookrunner within five (5) Business Days from demand for any actual, reasonable and documented legal or other expense reasonably incurred by it in connection with investigating or defending against such losses, claims, damages, expenses, liabilities or actions.

- 9.2 The Issuer shall indemnify and hold the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, its directors, officers and employees, free and harmless from any and all losses, claims, damages, liability and expenses (which are documented including fees and expenses of counsel), or any actions with respect thereto arising out of or in connection with the appointment of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner as such pursuant to this Agreement,. The Issuer will pay for or reimburse within five (5) Business Days from demand of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner of any actual, reasonable and documented legal or other expense in connection with investigating or defending against such losses, claims, damages, expenses, liabilities or actions.
- 9.3 The obligation of the Issuer to indemnify the Sole Issue Manager, Lead Underwriter and Sole Bookrunner for breach of the representations and warranties set out in Section 7.1 shall continue in full force and effect, notwithstanding the completion of the Offer, the performance of other provisions of this Agreement, or the termination of this Agreement.
- 9.4 In case of assertion of any claim against the Sole Issue Manager, Lead Underwriter and Sole Bookrunner or of the commencement of any claim, action or proceeding relating to this Agreement, including any breach or violation by or any action that is attributable to the Issuer or any claim, action or proceeding to refund to any person the moneys paid for the Bonds or to pay damages to any person ("**Claimant**") on the grounds that any statement contained in the Prospectus or the Registration Statement or any other offering material prepared by the Issuer or which were known to and/or approved by it in connection with the Offer is found to be untrue, inaccurate or misleading in any material respect or that the Prospectus or the Registration Statement or any other offering material prepared by it in connection with the Offer did not contain any material information in the context of other grounds which constitute a breach of any of the representations or warranties contained herein, the Issuer agrees to indemnify the liabilities, losses, damages, actions, claims, costs, charges and expenses in respect thereof including, without limitation, all such costs, charges and expenses as any of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner may pay or incur in disputing or defending against any such claim, action or proceeding instituted against it. If the Sole Issue Manager, Lead Underwriter and Sole Bookrunner receives notice of the assertion of any claim or of the commencement of any claim, action, or proceeding made or brought by any

Claimant, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner will give the Issuer prompt written notice thereof. Such notice shall describe the nature of the claim in reasonable detail (including a copy of the Claimant's claim, if made in writing) and shall indicate the estimated amount, if practicable, of the claim costs, charges, and expenses that has been or may be sustained by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner. The Issuer will have the right to participate in or, by giving written notice to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, assume the defense of any such claim at the Issuer's own expense and by the Issuer's own counsel, by all appropriate proceedings, which proceedings will be diligently defended, and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner will, upon reasonable request of the Issuer, cooperate in good faith in such defense, provided it is not inconsistent with the Sole Issue Manager, Lead Underwriter and Sole Bookrunner's interest, at the Issuer's expense.

- 9.5 The Sole Issue Manager, Lead Underwriter and Sole Bookrunner agrees to indemnify and hold the Issuer, its directors, officers and employees, free and harmless from any and all actual and documented losses, claims, damages, liability and expenses (including reasonable attorneys' fees) or actions with respect thereto arising solely and directly from the willful misconduct or gross negligence of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, provided that any such losses, claims, damages, liability, and expenses are incurred from the date of this Agreement until the Issue Date. The maximum liability of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner in respect of this Section shall be limited to the amount of fees actually received by it under this Agreement less taxes. The Sole Issue Manager, Lead Underwriter and Sole Bookrunner will pay for or reimburse within [ten (10)] Business Days from demand of the Issuer of any actual, reasonable and documented legal or other expense in connection with investigating or defending against such losses, claims, damages, liabilities, expenses, or actions.
- 9.6 If in one or more instances the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall take any action or assume any responsibility not specifically required to be taken or assumed pursuant to the provisions of this Agreement, neither the taking of such action nor the assumption of such responsibility shall be deemed to be an express or implied undertaking on the part of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner that it will take the same or similar action or assume the same or similar responsibility in any other instance.

Section 10 TERMINATION

- 10.1 Subject to Section 5 hereof, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner may suspend or terminate this Agreement upon the happening of any of the following events occurring from the execution of this Agreement and until the Issue Date:
- (a) The Issuer fails to perform any of its material undertakings, covenants and obligations described in this Agreement, as may be reasonably determined by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner;
 - (b) Any of the representations and warranties made or given by Issuer under Section 7.1 of this Agreement is or becomes untrue or misleading in any material respect, as may be reasonably determined by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner;

- (c) An order canceling, suspending, or terminating the Offer is issued by a competent Governmental Authority having jurisdiction on the matter;
- (d) There is a change in any Philippine law, rule, regulation, administrative practice or interpretation which, in the reasonable opinion of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner would materially and adversely affect: (i) any of the features, yield and marketability of the Bonds, taken as a whole; (ii) the financial condition, operations or profitability of the Issuer; or (iii) the ability of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner to perform any of its obligations hereunder, or which increase or may increase Taxes on its fees or increase its costs in connection with this Agreement, or would render illegal the performance by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner of any of its material obligations hereunder;
- (e) A (i) material and adverse change or development in the financial condition, assets, corporate structure or relationships, investments, revenues, operations, or business and profitability prospects of the Issuer or (ii) material change in the general commercial bank, loan syndication, financial or capital market conditions, the national or international financial, political or economic conditions or currency exchange rates or exchange controls, which in each case is reasonably expected to have a material and adverse effect on, and is likely to prejudice materially the successful distribution of, the Bonds in the primary market and/or dealings in the Bonds in the secondary market;
- (f) A change, or any development involving a prospective change, occurs or is revealed in the political, economic, or fiscal conditions, policies, or relationships of the Philippines, notably any material and adverse development or change in the general commercial bank, bond, loan syndication, financial or capital market conditions, the national financial, political or economic conditions which in each case may materially and adversely affect the Offer and render it inadvisable or impracticable to proceed with the Offer in the manner contemplated by this Agreement, the Registration Statement and/or the Prospectus;
- (g) Declaration of a war by a sovereign state against the Philippine Government or vice versa; occurrence of an invasion, sedition, revolution, military uprising, widespread civil disorder, national calamity or other adverse political or social developments which, in the reasonable determination of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, would have a material adverse effect on the value or marketability of the Bonds;
- (h) A general banking moratorium is declared in the Philippines;
- (i) The Issuer shall be adjudicated bankrupt or insolvent, or shall be proven to be unable to pay its debts as they mature, or shall make or threaten to make a general assignment for the benefit of, or a composition or arrangement with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on any of its indebtedness or any class thereof; or the Issuer shall apply for or consent to the appointment of any receiver, trustee, or similar officer for it or for all or any substantial part of its property; or the Issuer shall institute (by petition, application or otherwise), or consent to the institution of, any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation, or similar proceeding

relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted against it without its consent and the same is not dismissed within [thirty(30)] days from the Issuer's knowledge thereof or by the Issue Date, whichever is earlier; or any judgment, writ, warrant of attachment or execution of similar process shall be issued or levied against any material asset of the Issuer or any material part of the Issuer's assets and such judgment, writ or similar process shall not be released, vacated or fully bonded within [thirty (30)] days from service of process or by the Issue Date, whichever is earlier; or any event occurs which under the laws of the Philippines or any applicable political subdivision thereof has an effect equivalent to any of the foregoing; and

- (j) Any event occurs which makes it impossible, impracticable or inadvisable for the Sole Issue Manager, Lead Underwriter and Sole Bookrunner to perform its obligations hereunder due to conditions beyond its control.
- 10.2 If any of the events described in Section 10.1 occur, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, prior to service of notice of termination, shall consult with the Issuer and agree on what actions can be taken to correct, if possible.
- 10.3 Solely for the events described in Sections 10.1(a) and 10.1(b), the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall grant the Issuer a period of ten (10) days from the date of consultation, to effect such corrective measures.
- 10.4 Upon the giving of written notice of termination, all obligations of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner hereunder shall cease and terminate and neither party to this Agreement shall have any claim against the other in respect of any matter arising out of or in connection with this Agreement, except that: (i) all such actual, reasonable and documented expenses as may have been incurred by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner in connection with the Offer (including, but not limited to, all legal, printing and travel expenses) up to the time the notice of termination is served, shall be for the account of the Issuer; and (ii) for the avoidance of doubt, the obligations of the Issuer under Sections 9.1 and 9.2 of this Agreement, and the obligations of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner under Section 9.5 of this Agreement, shall continue in full force and effect notwithstanding such termination. Expenses incurred up to the time of service of notice of termination shall be reimbursed to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner within [ten (10)] Business Days from receipt of a statement of account by the Issuer. The statement of account shall be delivered to the Issuer as soon as practicable after service of the notice of termination but not later than [fifteen (15)] Business Days after service of such notice.
- 10.5 If this Agreement is terminated for any of the causes stated in Section 10.1 hereof, the Issuer (to the extent that it has received all or a portion of the Purchase Price) and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall within [seven (7)] Business Days return to each Applicant through the Sole Issue Manager, Lead Underwriter and Sole Bookrunner and Selling Agents, the full Purchase Price of all Applications procured from them, without interest, provided that full payment has already been remitted and received. It is understood that upon such return, the Issuer and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall be free from any and all liability to such Applicant.
- 10.6 The Issuer may, by prior written notice to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, cancel, suspend or terminate this Agreement fully upon the

occurrence of any of the following events prior to the Issue Date:

- (a) The Sole Issue Manager, Lead Underwriter and Sole Bookrunner fails to perform any of its material undertakings, covenants or obligations under this Agreement; or
- (b) Any of the representations and warranties of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner under this Agreement is or becomes untrue or misleading in any material respect.

Section 11 FEES AND EXPENSES

- 11.1 In consideration of the commitment and services to be rendered herein by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, the Issuer shall pay the Sole Issue Manager, Lead Underwriter and Sole Bookrunner within [five (5)] Business Days from the Issue Date an underwriting fee in an amount as indicated in the fee letter by and between the Issuer and the Sole Issue Manager, Lead Underwriter and Sole Bookrunner. The Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall, in turn, bear full and complete responsibility for paying the Selling Agents such amount of selling fees or participation fees as may be separately agreed upon between the Sole Issue Manager, Lead Underwriter and Sole Bookrunner and Selling Agents in separate agreements; provided that the Sole Issue Manager, Lead Underwriter and Sole Bookrunner may request the Issuer, in writing, to settle any participation or selling fees directly due to the Selling Agents and deduct any such payments from the underwriting fee payable to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner. The Sole Issue Manager, Lead Underwriter and Sole Bookrunner agrees that such selling or participation fees as may be due and payable to the Selling Agents shall be borne by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner.
- 11.2 It is understood that the GRT on the underwriting fees of the Sole Issue Manager, Lead Underwriter and Sole Bookrunners shall be for its account. The payment of such fees by the Issuer to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall be free and clear of any and all applicable taxes (other than applicable creditable withholding tax) as may be imposed by the Republic of the Philippines.
- 11.3 The Issuer shall pay or cause to be paid the following costs and expenses, provided each such cost and expense is reasonably incurred and documented: (a) expenses in connection with the preparation, printing and filing of the Registration Statement, Application for Listing of Bonds, the Prospectus, including amendments and supplements thereto; (b) expenses in connection with the preparation, printing and delivery of copies of the Prospectus to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner; (c) cost of the preparation, filing and printing of any other documents in connection with the offering, purchase, sale and delivery of the Bonds; (d) all expenses, Taxes (including the documentary stamp taxes but excluding creditable withholding taxes) and listing fees in connection with the issuance, offering and listing of the Bonds; and (e) all other costs and expenses, including out-of-pocket expenses and fees payable to advisors and consultants, which are incidental to the offer, distribution, sale, and listing of the Bonds. Any single expense in excess of [Fifty Thousand Pesos (₱50,000.00)] shall require the prior approval of the Issuer (not to be unreasonably withheld); provided that if a request for such approval has been submitted to the Issuer and it has not disapproved such request within five (5) calendar days from its receipt thereof, then such request shall be deemed approved

as of the date thereof.

- 11.4 If any of the aforementioned expenses in connection with the Offer are advanced by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner and not deducted from the proceeds of the Offer, the expense shall be reimbursed by the Issuer on demand. Except in the case of termination of this Agreement (in which case, the provisions of Section 10.4 shall apply), the Sole Issue Manager, Lead Underwriter and Sole Bookrunner shall deliver a statement of account detailing the expenses to be reimbursed by the Issuer, which shall be paid by the Issuer not later than [ten (10)] Business Days from receipt of the statement of account.
- 11.5 All payments by the Issuer under this Agreement shall be paid without set-off or counterclaim, and free and clear of and without deduction or withholding for or on account of Taxes. If any Taxes are required by law to be deducted or withheld in connection with any such payment, the Issuer will increase the amount paid so that the full amount of such payment is received by the payee as if no such deduction or withholding had been made. In addition, the Issuer agrees to indemnify and hold the Sole Issue Manager, Lead Underwriter and Sole Bookrunner harmless against any Taxes (except corporate income taxes due and payable by the Sole Issue Manager, Lead Underwriter and Sole Bookrunner for its own account) which it is required to pay in respect of any amount paid by the Issuer to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner under this Agreement.

Section 12 PROCEEDS OF THE OFFER

The Issuer shall use the proceeds of the sale of the Bonds in accordance with the purposes stated in the Prospectus. In the event of any substantial deviation/adjustment or reallocation in the planned use of proceeds, Issuer shall comply with the requirements under applicable regulations.

Section 13 NOTICES

- 13.1 All notices, statements and requests hereunder shall be in writing and shall be (a) personally delivered; or (b) transmitted by email, to the party to its respective address and facsimile numbers, unless either party has been otherwise advised in writing, set forth as follows:

To Issuer:

D&L Industries, Inc.
65 Calle Industria, Bagumbayan
Quezon City, Philippines

Attention: [●]
Telephone No: [●]
Email: [●]

To the Sole Issue Manager, Lead Underwriter and Sole Bookrunner:

China Bank Capital Corporation
28th Floor, BDO Equitable Tower

8751 Paseo de Roxas, Makati City

Attention: Ryan Martin L. Tapia
Designation: President
Telephone No: (632) 8230 6602
Email: rmltapia@chinabank.ph

- 13.2 All notices shall be deemed to have been personally given on (a) the date of receipt, if delivered personally; and (b) the date of transmission with confirmation, if transmitted by email during business hours on a Business Day, otherwise on the next following Business Day. Each party may change its address for purposes of receiving notice by giving notice to the other parties hereto.

Section 14 DISCLOSURE

The Issuer expressly consents to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, its officers, employees, representatives, and agents disclosing information relating to the Issuer and its account(s) and/or dealing relationship(s) with the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, including but not limited to details of its facilities, any security taken, transactions undertaken and balances and positions with the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, to:

- (a) the head office of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner, any of its subsidiaries or subsidiaries of its holding company, parent company, affiliates, representative and branch offices in any jurisdiction (the "**Permitted Parties**");
- (b) any Permitted Party's service provider, professional advisor, insurer or insurance broker on a need-to-know basis and provided that each of them is bound by the same confidentiality obligations as the Sole Issue Manager, Lead Underwriter and Sole Bookrunner; and
- (c) as required by any law or Governmental Authority with jurisdiction over any of the Permitted Parties.

Section 15 GOVERNING LAW AND JURISDICTION

- 15.1 This Agreement shall be governed by and shall be construed in accordance with the laws of the Republic of the Philippines.
- 15.2 In the event of any legal action arising from, or by reason of, the interpretation and enforcement of the provisions of this Agreement, (a) the venue for such court action shall be the proper courts in Makati City, to the exclusion of all other courts and venue; and (b) the party adjudged by the court to be liable shall be obliged to pay the costs of litigation, as well as attorney's fees in an amount equivalent to twenty-five percent (25%) of the amount due, but in no case less than Fifty Thousand Pesos (₱50,000.00).

Section 16 NO WAIVER; CUMULATIVE REMEDIES

Unless otherwise stated in writing, no failure or delay on the part of any party in exercising any rights, powers or remedies under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other right, power or remedy thereunder. The remedies herein provided are cumulative in nature and not exclusive of any remedies provided by law.

**Section 17
BINDING EFFECT**

This Agreement shall be binding upon, and inure solely to the benefit of the Sole Issue Manager, Lead Underwriter and Sole Bookrunner and the Issuer, their respective officers and directors, successors and assignees, and no other person shall acquire or have any right under or by virtue of this Agreement. No subscriber of any of the Bonds shall be deemed a successor or assignee by reason merely of such subscription.

**Section 18
ASSIGNMENT**

Neither party shall assign the whole or any part of this Agreement or any of its right, obligation, benefit or interest in or under this Agreement without the prior written consent of the other party (which consent shall not be unreasonably withheld) and notice to the SEC.

**Section 19
ENTIRE AGREEMENT**

This Agreement states the entire understanding between the parties, and the parties herein are not and shall not be bound by any stipulations, representations, agreements or promises, oral or otherwise, not contained in this Agreement, except by mutual agreement of the parties in writing or except as otherwise stated in this Agreement.

**Section 20
SEVERABILITY**

Should any portion of this Agreement be declared by any court of law as illegal, invalid or ineffective, the portions not so declared shall remain effective, valid and binding on the parties herein.

**Section 21
NO PRIORITY**

It is understood and expressly agreed by the parties that any indebtedness of Issuer to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner that may arise on account of this Agreement shall not enjoy any priority or preference or special privilege whatsoever over any indebtedness of the Issuer. Accordingly, the Sole Issue Manager, Lead Underwriter and Sole Bookrunner hereby waives and renounces absolutely and unconditionally whatever priorities or preference it may have under Article 2244, paragraph 14(a) of the Civil Code of the Philippines in respect of such indebtedness. 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 or lender 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 Sole Issue Manager, Lead Underwriter and Sole Bookrunner or equally and ratably extended such preference to the Sole Issue Manager, Lead Underwriter and Sole Bookrunner.

**Section 22
COUNTERPARTS**

This Agreement may be executed in several counterparts, each of which is an original, but all of which together constitute one and the same agreement.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized officers on the date and place first above written.

D&L Industries, Inc.

As Issuer

By:

[•]
[•]

[•]
[•]

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF) S.S.

BEFORE ME, a Notary Public for and in the City of _____, Philippines on this ___ day of _____ 2021 personally appeared the following with their respective identification, to wit:

Name	Driver's License/ Passport No.	Issued On/Expiry Date	Issued At
D&L Industries, Inc.			
<i>Represented by:</i>			

who were identified by me through competent evidence of identity to be the same persons described in the foregoing Underwriting Agreement, who acknowledged before me that their respective signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary act and deed, and that they have the authority to sign on behalf of the corporations they represent.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and place first above written.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2021.

CHINA BANK CAPITAL CORPORATION

As Sole Issue Manager, Lead Underwriter and Sole Bookrunner

By:

RYAN MARTIN L. TAPIA
President

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF) S.S.

BEFORE ME, a Notary Public for and in the City of _____, Philippines on this ____ day of _____ 2021 personally appeared the following with his respective identification, to wit:

Name	Driver’s License/ Passport No.	Issued On/Expiry Date	Issued At
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RYAN MARTIN L. TAPIA

who was identified by me through competent evidence of identity to be the same person described in the foregoing Underwriting Agreement, who acknowledged before me that his signature on the instrument was voluntarily affixed by him for the purposes stated therein, and who declared to me that he has executed the instrument as his free and voluntary act and deed, and that he has the authority to sign on behalf of the corporation here represents.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and place first above written.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2021.

**Schedule 1
UNDERWRITING COMMITMENT**

Sole Issue Manager, Lead Underwriter and Sole Bookrunner	Underwriting Commitment
China Bank Capital Corporation	₱ [•]
TOTAL	₱ [•] _____

Schedule 2
¹SUBSIDIARIES OF THE ISSUER

1. Oleo-Fats, Incorporated
2. Chemrez Product Solutions, Inc.
3. First in Colours, Incorporated
4. Chemrez Technologies, Inc.
5. Aero-Pack Industries, Inc.
6. D&L Polymer & Colours, Inc.
7. Natura Aeropack Corporation
8. D&L Premium Foods Corp.

¹For confirmation.

Annex A
TERMS AND CONDITIONS OF THE OFFER BONDS

[To be provided from the Prospectus once finalized.]

Annex B
FORM OF APPLICATION TO PURCHASE

[To be provided once finalized.]

Annex C
FORM OF MASTER CERTIFICATE OF INDEBTEDNESS

D&L INDUSTRIES, INC.

Master Certificate of Indebtedness
Series [A]/[B] Bonds due [2024]/[2026]

D&L INDUSTRIES, INC. (the “Company”) acting by authority of its Board of Directors pursuant to resolutions adopted and passed on [●] hereby issues this Master Certificate of Indebtedness to [China Banking Corporation – Trust and Asset Management Group], in its capacity as Trustee, in acknowledgement of the obligations of the Company in respect of the Series [●] Bonds – Philippine Peso fixed rated bonds (the “Series [●] Bonds”) duly registered with the Philippine Securities and Exchange Commission with a total aggregate amount of ₱[●] based on an issue price of one hundred percent (100%) of the face value of each Series [●] Bond, with a fixed interest rate equivalent to [●] per annum, and due on [●]. The Company hereby promises to pay the holders of its Series [●] Bonds the principal and interest due on the Series [●] Bonds subject to the Trust Agreement dated [●] which is hereby incorporated by reference in this Master Certificate of Indebtedness.

Issued this [●].

[NAME]
Authorized Signatory

[NAME]
Authorized Signatory