YHES PREMIER HOTEL INC.

Mesatierra Garden Residences Showroom,
E. Quirino Ave., Brgy. 11-B (Pob.),
Davao City, Davao del Sur,
Philippines 8000

Preliminary Prospectus relating to the Registration Two Hundred Sixty-Three (263) Rental Pool Agreements in Citadines Paragon Davao

The date of this Preliminary Prospectus is 26 September 2025

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

This Preliminary Prospectus and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Prospectus constitute an offer to sell or the solicitation of an offer to buy any Rental Pool Agreement nor

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This Preliminary Prospectus relates to the registration of 263 **Rental Pool Agreements** ("**RPAs**") of **Citadines Paragon Davao** (the "**Project**") by **YHES Premier Hotel Inc.** (the "**Issuer**" or the "**Company**") under the provisions of SEC Memorandum Circular No 12 series of 2024 on Securing & Expanding Capital in Real Estate Investments Transaction, otherwise known as SEC RENT. The Issuer is a corporation organized and existing under the laws of the Republic of the Philippines with principal officer address at Mesatierra Garden Residences Showroom, E. Quirino Ave., Brgy. 11-B (Pob.), Davao City, Davao del Sur, Philippines 8000. The RPAs have been offered to the condominium unit owners of the Project (each a "**Buyer**" or "**Unit Owner**") for free together with the sale of condominium units in the Project (the "**RPA Holder**," and the offer, the "**Offer**"). The specific terms and conditions of the Offer are set out in the relevant sections of this Preliminary Prospectus.

The 263 RPAs forming part of the Offer corresponds to the total number of residential units (each a "**Unit**") in the Project designated as serviced residences. The Project is owned and developed by Yuson Huang Excellence Soberano, Inc. (the "**Developer**"). Under a Contract to Sell, and the subsequent Deed of Absolute Sale, executed between the Developer and each Buyer, the Buyer acquires ownership of the Unit and, as a condition of the sale, commits to contribute its use to the rental pool to be operated by the Company. The RPAs are executed between the Issuer and each Unit Owner to formalize the rental pooling arrangement. Pursuant to the RPA, the Unit Owner (as lessor) and the Company (as lessee) will execute a Contract of Lease over the Unit for purposes of the Project.

The RPA Holders are not entitled to any dividends from the Issuer. In exchange for their participation in the Project and their contribution of their respective Units to the Project, and subject to certain conditions discussed in this Preliminary Prospectus, each Unit Owner shall receive, in their capacity as RPA Holder:

(i) A share in the rental revenues of the Project, based on their Final Share in Participation Interest (as defined herein); and

(ii) Certain annual usage privileges, subject to the terms and conditions set forth in the RPA and further discussed in this Preliminary Prospectus.

On 3 September 2025, the Board of Directors of the Company approved and ratified the offer and execution of 263 RPAs and authorized the registration of the RPAs pursuant to SEC RENT. The RPAs were offered for free for every Unit sold to be used as serviced residence. Accordingly, the Issuer did not raise any proceeds from the Offering.

The stockholders of the Company approved and ratified the issuance of the said RPAs on 3 September 2025.

The RPAs shall not be transferable, except when sold or disposed together with the corresponding Unit. Any agreement to the contrary shall be void and will not be recognized by the Issuer. The Issuer shall maintain a registry book ("**Registry**") containing the official information on the RPA Holders and transfers or assignments thereof. Only RPA Holders appearing in the Registry shall be entitled to receive their Final Share in Participation Interest.

The RPAs were offered solely in the Philippines. The distribution of this Preliminary Prospectus and the offer of RPAs may, in certain jurisdictions, be restricted by law. The Company requires persons into whose possession this Preliminary Prospectus comes to inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence, or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. This Preliminary Prospectus does not constitute an offer of any securities or an offer to sell, or a solicitation of an offer to buy, any securities of the Company in any jurisdiction to or from any person to whom it is unlawful to make such offer in such jurisdiction.

The information contained in this Preliminary Prospectus relating to the Issuer and its operations has been supplied by the Issuer, unless otherwise stated. To the best of its knowledge and belief, the Issuer, which has taken reasonable care to ensure that such is the case, confirms that, as of the date of this Preliminary Prospectus, the information contained herein is true and correct in all material respects, and that there are no material misstatements or omissions that would render any statement herein misleading. The Issuer accepts full responsibility for the accuracy of the information contained in this Preliminary Prospectus.

Each investor must comply with all applicable laws and must obtain any necessary consents, approvals, or permissions for participation under the laws and regulations in force to which such investor is subject.

Unless otherwise indicated, all information in this Preliminary Prospectus is as of the date of this Preliminary Prospectus. Neither the delivery of this Preliminary Prospectus nor any subsequent execution of an RPA shall, under any circumstances, create implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company since such date.

No person has been authorized to give any information or to make any representation other than those contained in this *Preliminary* Prospectus. If given or made, any such information or representation must not be relied upon as having been authorized by the Company. This Preliminary Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the securities of the Company in any jurisdiction, to or from any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Each Unit Owner must rely on their own due diligence and assessment of the Company and the terms of the RPAs, including the risks involved.

A REGISTRATION STATEMENT RELATING TO THE RENTAL POOL AGREEMENTS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE RPAS CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY RPAS.

By:

FREDERICK H. YUSON
President

SUBSCRIBED AND SWORN to before me this ____ day of _____________ 2025 at Cebu City by affiant exhibiting to me his ___________________ issued on _______________ at ___________________.

Doc. No.: ____
Page No.: ____
Book No.: ____
Series of 2025

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FORWARD-LOOKING STATEMENTS

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

- known and unknown risks;
- uncertainties and other factors which may cause actual results, performance or achievements of the Issuer, to be materially different from any future results; and
- performance or achievements expressed or implied by forward-looking statements.

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

- the ability of the registrant to successfully implement its strategies;
- the ability of the registrant to anticipate and respond to market trends;
- the ability of the registrant to successfully manage its growth;
- the condition and changes in the Philippines, Asian or global economies;
- any future political instability in the Philippines, Asia or other regions;
- changes in interest rates, inflation rates and the value of the Peso against the U.S. Dollar and other currencies;
- changes in government regulations, including tax laws, or licensing requirements in the Philippines, Asia or other regions; and
- competition in the hospitality industries in the Philippines and globally.

Additional factors that could cause actual results, performance or achievements of registrant to differ materially include, but are not limited to, those disclosed under “Risk Factors” and elsewhere in this Preliminary Prospectus.

These forward-looking statements speak only as of the date of this Preliminary Prospectus. The registrant expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the expectations of the registrant with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based.

This Preliminary Prospectus includes forward-looking statements, including statements regarding the expectations and projections of the Issuer for future operating performance and business prospects. The words “believe”, “expect”, “anticipate”, “estimate”, “project”, “may”, “plan”, “intend”, “will”, “shall”, “should”, “would” and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Preliminary Prospectus are forward-looking statements. Statements in this Preliminary Prospectus as to the opinions, beliefs and intentions of the Issuer accurately reflect in all material respects the opinions, beliefs and intentions of the management of the registrant as to such matters at the date of this Preliminary Prospectus, although the Issuer can give no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Preliminary Prospectus discloses, under the section “Risk Factors” and elsewhere, important factors that could cause actual results to differ materially from the expectation of the Issuer. All subsequent written and oral forward-looking statements attributable to either the Issuer or persons acting on behalf of the Issuer are expressly qualified in their entirety by cautionary statements.

DEFINITION OF TERMS

As used in this Prospectus, the following terms shall have the meanings ascribed to them:

ACCRA	Angara Abello Concepcion Regala & Cruz Law Offices
Affiliate	A corporation that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under the common control of, another corporation
BIR	Bureau of Internal Revenue
Certificate of Interest or Participation	Has the same meaning as Investment Contract.
Condormitel	Also known as a condominium, condo hotel, condo dorm, or dormitel, is a building that is legally classified as a condominium but also provides hotel-style accommodations and dormitory-type units for guests or residents. Condormitel offer short-term rentals and maintain a front desk, cleaning service and more, similar to a hotel property.
Units	The residential units (each a "**Unit**") in the Project designated as serviced residences forming part of the Offer.
Condo Corporation	The condominium corporation to be established for the Condormitel. Pursuant to the requirements of Republic Act No. 4726 or The Condominium Act, which shall eventually hold the title to the common areas and the land over which the Condormitel is built.
Contract to Sell	A written agreement whereby the Developer undertakes to transfer ownership of the Unit to the Buyer upon full fulfillment of the agreed terms, including payment of the purchase price.
Data Privacy Act	Republic Act No. 2012, otherwise known as "The Data Privacy Act of 2012"
Deed of Absolute Sale	A written agreement between the Developer and the Buyer evidencing the complete transfer of ownership of the Unit to the Buyer upon full payment and fulfillment of all conditions.
Developer	Yuson Huang Excellence Soberano, Inc. a domestic corporation engaged in the development of real estate projects including the Project.
DENR	Department of Environment and Natural Resources
DHSUD	Department of Human Settlements and Urban Development
DOLE	Department of Labor and Employment
DOT	Department of Tourism
eCAR	Electronic Certificate Authorizing Registration
Eligibility Requirement	The condition that must be be satisfied by a Unit Owner to be eligible to hold the Certificates. For purposes of the Project, only condotel unit buyers who have executed the Rental Pool Agreement are eligible.

Final Share in Participation Interest	The portion of rental revenues from the Project allocated to each Unit Owner, calculated according to the profit-distribution provisions set out in the RPA.
Hotel Manager	Scotts Philippines Inc.
Hotel Management Agreement	The serviced residence management agreement between the Parent Company and the Hotel Manager.
Investment Contract	The document evidencing the participation of a Unit Owner in the Project.
Issuer or Company	YHES Premier Hotel Inc. doing business as Citadines Paragon Davao, a domestic corporation primarily engaged in the business of operating and managing real estate projects and rendering hospitality-related services.
Key Management Personnel	Persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entry
NIRC	The National Internal Revenue Code of 1997, including all its amendments.
OFWs	Overseas Filipino Workers
Offer	The limited offering of RPAs in the Project to Unit Owners subject to the terms and conditions in this Preliminary Prospectus and the RPA.
₱, P, or Php	Philippine Pesos, the lawful currency of the Republic of the Philippines
P&A	Punongbayan& Araullo
Parent Company	Yuson Huang Excellence Soberano, Inc.
Project	Citadines Paragon Davao
Property Manager	The Ascott Limited or Scott Phils. Inc.
Project Owner	Yuson Huang Excellence Soberano, Inc.
Rental Pool Arrangement	The agreement between Issuer and a Unit owner that allows the latter to be included in a pooled rental program, where rental income from all participating units is combined and shared according to agreed terms and conditions.
SEC	Philippine Securities and Exchange Commission
SEC RENT	SEC Memorandum Circular No. 12, Securing and Expanding Capital in Real Estate Investments Transactions.
SRC	Republic Act No. 8799, otherwise known as “The Securities Regulation Code”
Subsidiary	A corporation which is controlled, directly or indirectly, by another corporation which thereby becomes its parent company.

TCT	The transfer certificate of title obtained from the Registry of Deeds of the city in which the property is at, this document proves that the ownership of the condominium has been transferred to the unit owner
Ultimate Parent Company	Cebu Landmasters, Inc.

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information, including the Company's audited financial statements, including notes thereto, appearing elsewhere in this Preliminary Prospectus. Prospective investors should read this entire Prospectus fully and carefully, including the section on "Risk Factors". In case of any inconsistency between this summary and the more detailed information in this Prospectus, then the more detailed portions, as the case may be, shall at all times prevail.

COMPANY OVERVIEW

The Company, doing business under the name Citadines Paragon Davao, was incorporated in the Philippines and registered with the SEC on October 28, 2019. The Company was established to engage in the operation of hotels and related hospitality business, but has not yet commenced operations as of date. The Company is a wholly owned subsidiary of Yuson Huang Excellence Soberano, Inc., (the "**Parent Company**"), which is 50% owned by Cebu Landmasters, Inc. (the "**Ultimate Parent Company**"), the ultimate parent company. The Parent Company and the Ultimate Parent Company are likewise incorporated in the Philippines and are engaged in real estate business.

The Ultimate Parent Company's shares are listed for trading in the Philippine Stock Exchange. The registered office, which is also the principal place of business of the Company and the Parent Company, is located at. The registered office of CLI is located at 10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu I.T. Park, Brgy. Apas, Cebu City. The financial statements of the Company as at and for the year ended December 31, 2024 (including the comparative financial statements as of and for the year ended December 31, 2023)

BUSINESS STRATEGY

The Company's strategy is to leverage the full integration of condominium unit ownership with a professionally managed rental pool to maximize both occupancy and investor value. Through the RPA, Unit Owners commit their Units to the pool, ensuring steady supply of serviced residences. This setup allows the Project to compete with hotels and serviced residences in Davao City.

Revenues will mainly come from accommodation services, with additional income from amenities and related services. Unit Owners, who are also RPA Holders, receive a share of rental revenues and enjoy usage privileges, keeping their interests aligned with the Company's long-term growth. The partnership with Ascott under the Citadines brand further strengthens the Project's position by providing access to global marketing, booking platforms, loyalty programs, and professional management expertise.

The RPAs have been offered to the Unit Owner for free together with the sale of condominium units in the Project.

RISK FACTORS

Before making an investment decision, investors should carefully consider the risks associated with an investment in the RPAs. These risks include:

Risks related to the Company

- There is heightened competition among local and national players where the Company is operating and expanding.
- The Company operates a material part of its businesses in a highly regulated environment where regulations go beyond standard business permits and delve into the specific nature of the business model.
- The Company's business may be adversely affected by major political and economic developments.

- The current market demand for rental pool agreements in the Philippines is heavily influenced by the overall real estate sector's growth and is experiencing a shift in market dynamics.
- Impact of high interest rates on real estate financing.
- Adverse impact of a damaged reputation on investor trust.
- The Company relies on its key executives and officers and the members of the Soberano Family to manage business operations.
- Risk of non-compliance with contractual and financial obligations, including potential defaults and accelerations.
- The Company is exposed to information security or cybersecurity risk as it relies on technology which posts risks on data security, confidentiality, and availability.
- Limited operating history and uncertainty of future profitability.
- The Company is also exposed to emerging risks.

Risks related to the Philippines

- The Company's business may be negatively affected by slowdown in the Philippine and global economy.
- Political or social instability, acts of terrorism or military conflict, or changes in laws and policies could adversely affect the financial results of the Company.
- The Company's operations may also be affected by acts of insurgency and terrorism which could have an impact on financial results and performance.
- The occurrence of natural catastrophes, or man-made catastrophes, and outbreaks of infectious diseases or fears of such occurrences may materially disrupt the Company's business.

Risks relating to the Rental Pool Agreements

- Rental pool agreements introduce a host of new and substantial compliance burdens.
- The business is highly susceptible to market fluctuations.
- Lack of guaranteed returns.
- When an investor participates in a rental pool, they relinquish direct control over the management and operation of their property.
- The success of a rental pool agreement is critically dependent on professional management.
- Illiquidity of the rental pool

CORPORATE INFORMATION

The Company has its principal place of business at Mesatierra Garden Residences Showroom, E. Quirino Ave., Brgy. 11-B (Pob.), Davao City. The Company's Finance department, headed by its Chief Financial Officer, Mr. Beauregard Grant L. Cheng, can be reached at + 63 231-4870. Information on the Company may be obtained at https://yhesph.com/.

RISK FACTORS

The price of securities can and does fluctuate, and any individual security is likely to experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not indicative of future performance and results and there may be a large difference between the buying price and the selling price of a security. There are also additional risks of losing money when securities are bought from smaller companies. Although RPAs are generally not a speculative security and therefore usually not subject to the fluctuation of share prices, an investment in the kind of security does involve a number of risks.

Investors should carefully consider all the information contained in this Preliminary Prospectus, including the risk factors described below. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on the Company and/or on the operation of Citadines Paragaon Davao.

The means by which the Company intends to address the risk factors discussed herein are principally presented under the captions “Business,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Board of Directors and Senior Management” of this Prospectus. This risk factor discussion does not purport to disclose all of the risks and other significant aspects of investing in RPAs. Investors should undertake independent research and study on the concept of the RPAs and the risks involved in investing and may request information on the securities and the Issuer from the SEC which are available to the public. Investors should seek professional advice regarding any aspect of the securities such as the nature of risks involved on securities which are not publicly traded on an organized stock exchange so that a market valuation is not readily available. Further, the RPAs are not transferable, except when sold or disposed together with the corresponding Unit.

RISKS RELATED TO THE COMPANY

There is heightened competition among local and national players where the Company is operating and expanding.

The Company’s future growth and development are dependent on the profitability of a rental pool which is directly tied to the demand for rentals, particularly from tourists, business travelers, and expatriates. Economic downturns, public health crises (like the pandemic), or a decline in tourism can lead to a significant drop in occupancy rates and rental income.

The Company operates in the same market as traditional landlords, but with a different pricing and management model. If traditional rentals offer more flexible terms or lower prices, the rental pool may struggle to attract and retain tenants. Further, while the rental pool model focuses on rental income, the value of the underlying real estate is still a key consideration. A decline in the overall real estate market can lead to a depreciation of the units, which can undermine the investment's long-term viability and spook potential new investors.

Moreover, oversupply of condominiums, particularly in major business districts, can lead to higher vacancy rates and downward pressure on rental prices which directly impacts the income of the rental pool. While the rental pool model is designed to spread this risk among all unit owners, a prolonged oversupply in the market can still result in lower-than-expected returns.

Nevertheless, the Company offers amenities that are not available in traditional rental units, such as high-end fitness centers, co-working spaces, a dedicated concierge service, or exclusive access to a pool or event spaces. The Company builds a strong brand reputation for hospitality and quality service through professional property management, quick response times to tenant inquiries, and creating a memorable guest experience.

The Company operates a material part of its businesses in a highly regulated environment where regulations go beyond standard business permits and delve into the specific nature of the business model.

The SEC has classified rental pool agreements as investment contracts or securities under the SRC. This is a game-changer for the industry and introduces substantial compliance burdens. The registration process mandates that companies adhere to strict financial reporting and corporate governance standards. This includes submitting audited financial statements, a prospectus detailing the project's risks, and getting clearances from various SEC departments.

Separately, the rental pool agreement's financial model is subject to various tax obligations as monitored by BIR such as income tax, value-added tax and withholding tax, among others, and any non-compliance can lead to penalties and audits.

Further, the management and operation of a rental pool require a workforce, from property managers and front desk staff to housekeeping and maintenance personnel. This exposes the company to labor law risks.

Lastly, operating a real estate business in the Philippines requires compliance with numerous LGU permits and ordinances.

Given the highly regulated nature of the business—extending beyond simple business permits to complex laws governing securities, taxation, labor, and local ordinances—the Company embeds a culture of compliance into its core operations. The company establishes robust corporate governance practices to ensure adherence to strict financial reporting standards and to provide transparent reporting to all unit owners. Separate, auditable books for the rental pool's operations are also in place to prevent commingling of funds and to streamline the audit process should the BIR conduct one.

The Company's business may be adversely affected by major political and economic developments.

Geopolitical tensions and conflicts, especially those that trigger travel advisories, can lead to a significant drop in international tourist and business traveler arrivals. Since rental pool agreements rely on the profitability of short-term rentals, a decrease in arrivals directly translates to lower occupancy rates and a sharp decline in rental income, which hurts all unit owners.

Many Filipinos work as OFWs in the Middle East and other conflict-prone regions. Geopolitical instability can disrupt their employment, leading to mass repatriations and a reduction in remittances sent back to the Philippines. Since these remittances are a vital source of income for many Filipino families and a significant driver of consumer spending, a decline can reduce the financial capacity of potential tenants and investors. This can also lead to a decrease in the demand for long-term rentals that cater to returning OFWs.

Global conflicts, particularly those in major oil-producing regions like the Middle East, can cause a spike in oil prices. As the Philippines is heavily dependent on imported oil, this leads to higher domestic fuel and electricity costs. The resulting inflation can erode the purchasing power of consumers and tenants, making them less willing or able to afford higher-end accommodations. It also increases the operating costs for the rental pool company, such as utility bills for the property and transportation for staff, which can further reduce profitability.

Nevertheless, the Company proactively diversifies its target market. By creating promotional packages for local residents and families, the Company can generate stable income even during periods of travel restrictions. One of the strategies to pivot to attracting long-term tenants, offering flexible lease terms and tailored amenities make the units appealing for extended stays, providing a consistent revenue stream that is less susceptible to global shocks.

The current market demand for rental pool agreements in the Philippines is heavily influenced by the overall real estate sector's growth and is experiencing a shift in market dynamics.

The demand for rental units continues to be driven by foreign investment, a growing middle class, and the strong and consistent remittances from OFWs who are a major source of capital for residential properties. Developers are also increasingly targeting the luxury and high-end segments, where there remains strong demand.

However, the market is seeing a notable shift from pre-selling to ready-for-occupancy units, indicating a more mature and discerning buyer base. Developers are responding by offering more flexible payment schemes and other incentives to attract buyers. Beyond Metro Manila, there is a growing demand in key secondary cities like Cebu and Davao, which are largely driven by end-users rather than speculative investors. This localized demand presents opportunities for rental pool businesses that can cater to these specific markets.

Impact of high interest rates on real estate financing.

When interest rates rise, investors face increased monthly payments, which can reduce their disposable income and their ability to absorb any periods of low rental income. This can lead to financial distress for the investor and, in a worst-case scenario, force them to default on their loan, putting the unit back on the market and adding to the oversupply risk.

Furthermore, a high-interest rate environment can negatively impact the Company's own ability to secure financing for future development projects or for working capital. The higher cost of borrowing can make it more difficult to expand, develop new properties, or maintain a healthy cash flow, directly hindering the company's future growth and stability.

Nonetheless, the Company helps its investors manage their financial burden and protects its own business model and the stability of the entire rental pool. A combination of prudent financial management at the corporate level and empowering investors with better financing options creates a resilient business model that can withstand the cyclical nature of interest rates.

Adverse impact of a damaged reputation on investor trust.

As a rental pool operator, the Company’s reputation is critically linked to its ability to generate consistent income and manage the property professionally.

If the company fails to deliver on its promised rental yields—perhaps due to poor management, low occupancy rates, or high operational costs—it creates a significant disconnect between investor expectations and reality. This can lead to a loss of trust from unit owners who feel their investment is underperforming. In the age of social media and online forums, negative reviews and word-of-mouth can quickly spread, not only among existing investors but also to potential new buyers. This can severely hinder the Company's ability to sell new units, as a poor track record of profitability is a major red flag for prospective investors.

The Company, as connected to its Ultimate Parent Company which is known for its inherent strengths in engineering, project planning and execution, establishes a professional property management team dedicated to ensuring high occupancy rates and providing an exceptional tenant experience, which in turn justifies the rental prices and delivers on investor expectations. This includes using data-driven management to quickly address maintenance issues and respond to tenant needs.

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

The Company’s key executives and management have contributed to its success with their combined knowledge, experience, business relationship and expertise in the industry. Key executives and members of management of the Company include members of the Soberano family.
Aside from occupying key executive positions in the Company, the members of the Soberano family also occupy key executive positions in the Ultimate Parent Company Group.

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

To minimize the risk, the Company maintains a competent and dynamic team of professional executives and managers engaged in the management of the financial and operational areas. The Company believes it maintains a positive and harmonious working relationship with its executives, members of senior management and other key officers.

Risk of non-compliance with contractual and financial obligations, including potential defaults and accelerations.

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

The Company enters into material contracts with several parties in its ordinary course of business. These contracts contain several provisions defining the Company's obligations as a party to these agreements, its representations and warranties, agreed covenants, events of default, among other things. The breach of these terms, if not remedied or cured, may trigger defaults or accelerations of obligations.

To mitigate this risk, the Company practices constant, and continuous vigilance up and down the organization to comply with its obligations, financial and otherwise. Specifically, for the Company's financial and other obligations, whose non-compliance may trigger a default, the Company regularly tests for compliance using targeted key performance indicators ("KPIs"), proactively manages its operations to monitor the trend and movements of such KPIs, and makes adjustments as necessary to its strategies to ensure conservative compliance on these conditions.

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

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

Despite security measures, the Company's systems are potentially exposed to physical or electronic break-ins, computer viruses, piracy, hacking, phishing attacks, and other similar disruptive problems. Furthermore, the Company's operating activities could be subject to risks caused by misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in its IT systems and those of its third-party vendors, including customer, personnel, and vendor data.

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

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

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

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

Limited operating history and uncertainty of future profitability.

The Issuer has a limited or no operating history. Since commencing operations on this year, it has generated minimal or no profit, and there can be no assurance that it will achieve profitability in the future.

The Company is also exposed to emerging risks.

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

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

RISKS RELATED TO THE PHILIPPINES

Economic Considerations

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

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

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

Political Considerations

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

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

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

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

In May 2022, Ferdinand "Bongbong" Marcos, Jr. was elected President of the Philippines in a landslide victory where he obtained 31.6 million votes. Meanwhile, Sara Duterte, daughter of former President Rodrigo Duterte, was elected Vice-President of the Philippines after garnering 32.2 million votes. The election of Bongbong Marcos comes 36 years after the 1986 People Power Revolution that ousted his father and late strongman Ferdinand Marcos and drove the Marcos family into exile. Despite his electoral win, a petition seeking to disqualify Bongbong Marcos as President has been filed before the Supreme Court.

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

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

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

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

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

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

On September 26, 2009, Typhoon Ketsana (Ondoy) resulted in 341.30 millimeters of rainfall in six hours, causing massive flooding that submerged several areas of Metro Manila and adjacent provinces. The typhoon caused 464 deaths and approximately ₱86.00 billion in property damage. On August 6, 2012, a monsoon hit Metro Manila and other nearby provinces which also caused severe flooding and landslides. Other calamities in recent years include unusually strong earthquakes and outbreaks of infectious diseases such as H1N1 influenza (commonly known as swine flu), as well as the COVID-19 pandemic.

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

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

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

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

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

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

In addition, a natural disaster, such as a major earthquake or a super typhoon, can lead to prolonged power outages, water supply interruptions, and disruptions to internet and telecommunication services across large areas. For a rental pool agreement, which operates a high-end hospitality service, this is a significant operational risk. Without reliable electricity and water, the units become uninhabitable, leading to immediate cancellations of bookings and a significant drop in occupancy.

Further, the loss of internet and communication services can disrupt the company's ability to manage bookings, communicate with tenants and investors, and even process payments. While the physical building may remain standing, the business's ability to operate is severely compromised. This risk is particularly acute in a country like the Philippines, where natural disasters are frequent and the infrastructure is vulnerable to their effects. The company's business is not just about the physical building; it is about providing a functional and comfortable living space, which becomes impossible without these essential services.
To mitigate this risk, the Company has a risk and disaster team in place (i.e., fire marshals and dedicated safety officers). The Company’s accounting data is already in the cloud and maintains a back-up systems set up in several offices where it may transfer if warranted by the circumstances. Furthermore, although there can be no assurance that it will be adequately compensated for all damages and economic losses resulting from natural catastrophes, the Company maintains comprehensive insurance against natural catastrophes to cover its various developments.

RISKS RELATING TO THE RENTAL POOL AGREEMENTS

Rental pool agreements introduce a host of new and substantial compliance burdens

Under SEC Memorandum Circular (MC) No. 12, Series of 2024 (SEC RENT), rental pool agreements are classified as investment contracts or securities. This classification introduces a host of new and substantial compliance burdens. The company must now register these agreements with the SEC, which is a costly and time-consuming process that requires strict adherence to financial reporting, corporate governance, and disclosure standards. Failure to comply can lead to significant fines, legal action, and even the cancellation of sales, which would have a devastating impact on the company's financial condition and reputation.

To mitigate the risks associated with the SEC's classification of rental pool agreements as securities, the Company adopts a proactive and comprehensive compliance strategy. the Company establishes robust corporate governance practices and an internal compliance team to ensure strict adherence to all financial reporting and disclosure standards mandated by the SEC. This includes providing regular and transparent reports to unit owners. By demonstrating this commitment to transparency and compliance, the Company can protect itself from significant fines, legal action, and a damaged reputation, ensuring the long-term viability of its business model.

The business is highly susceptible to market fluctuations.

There is intense competition, higher vacancy rates, and downward pressure on rental yields, particularly in key urban areas. This directly affects the profitability of the rental pool. Furthermore, the business is vulnerable to economic downturns and geopolitical events. A decline in international tourism or business travel due to global conflicts or health crises can lead to a sharp drop in occupancy and rental income. Rising inflation and high interest rates also pose a significant threat. Higher inflation erodes the purchasing power of tenants and increases operational costs, while high interest rates make it more difficult for both the company and potential investors to secure financing, which can lead to loan defaults and a further increase in market oversupply.

By attracting a wider variety of tenants, the Company reduces its dependence on any single market segment and can maintain higher occupancy rates even during a decline in international arrivals. Further, in building its financial and operational resilience to combat the adverse effects of economic downturns and inflation, the Company adopts a dynamic pricing model that adjusts rental rates in real-time based on demand and market conditions, allowing it to maximize revenue during peak seasons and remain competitive during low periods.

Lack of guaranteed returns

Unlike a traditional rental property where the owner controls the rental rate and can vet tenants, a rental pool's income is shared among all unit owners. This means that a single unit's profitability is tied to the performance of the entire pool, and its income can be unpredictable. Low occupancy rates, high operating costs, and market oversupply in major cities can lead to lower-than-expected rental yields, often falling short of the high returns promised by developers. Furthermore, the value of the underlying real estate is also at risk. The Philippine property market is cyclical, and a downturn can lead to property value depreciation, undermining the long-term viability of the investment for unit owners.

The Company recognizes the expertise of having a professional property manager, which is a key advantage over a traditional rental property. Investors are relieved of the burdens of being a landlord, such as finding tenants, handling maintenance, and managing the property. Further, with the inclusion of the project’s high-end facilities, this makes the investment more appealing which provides a sense of belonging to investors in addition to financial returns. By offering a risk diversification, a single unit's vacancy does not result in a total loss of income for the owner. By pooling the income, the risk of low occupancy is spread across all units, providing a more stable income stream than a single-unit rental. Further, a rental pool agreement is a strategic investment in a real estate asset. With the project’s prime location, the property yields for a higher potential for capital appreciation over time. Rental pool agreements can serve as a source of dual income opportunity as a passive income stream and long term capital appreciation from the property’s value.

When an investor participates in a rental pool, they relinquish direct control over the management and operation of their property.

By joining a rental pool, an investor gives up direct control over their property. They cannot live in it whenever they want or lease it out on their own. Instead, they must rely entirely on a third-party manager to manage the property and its tenants. This arrangement comes with several risks, including the risk of poor management, which can result in low occupancy, poor maintenance, and a negative reputation for the property. Investors also have limited say in how the property is managed, maintained, or marketed, and they have no control over the types of tenants occupying the units. This loss of control can be a significant disadvantage for investors who prefer a more hands-on approach to their real estate assets.

Nevertheless, the Company establishes a robust communication and reporting system that keeps investors informed about the property's performance include providing regular, detailed reports on occupancy rates, rental income, operating costs, and maintenance activities. By giving investors a clear and accurate picture of their investment's performance, the Company helps address investors’ concerns and manage expectations, albeit lack of direct control by the investors.

The success of a rental pool agreement is critically dependent on professional management.

Poor management, a lack of transparency in financial reporting, or failure to maintain the property can lead to a damaged reputation. This risk is particularly acute in the age of social media, where negative reviews and word-of-mouth can quickly spread, deterring both potential new tenants and investors. This can also create a significant disconnect between investor expectations of high returns and the reality of an underperforming rental pool. Lastly, the company's business is vulnerable to natural catastrophes, which can disrupt essential services like power and water, rendering units uninhabitable and leading to immediate booking cancellations and a loss of revenue, even if the building itself is not physically damaged.

Illiquidity of the rental pool

A Unit within a rental pool is inherently an illiquid asset. It cannot be easily or quickly converted into cash without a significant reduction in its price. The process of selling a Unit involves lengthy legal procedures, a search for a willing buyer, and a long closing period, unlike liquid assets like stocks or mutual funds which can be sold in a matter of minutes. This risk is compounded by the fact that the number of potential buyers for a specific unit in a rental pool, particularly if the market is oversupplied, may be limited. If an investor needs to liquidate their investment quickly, they may be forced to sell at a substantial discount, leading to a significant financial loss. This lack of a liquid trading market directly undermines the investor's ability to exit their position when needed, tying up their capital for an indefinite period.

While a rental pool is not a liquid asset, the investment is protected from short-term market volatility. With the property's prime location which is a key driver of long-term value, the Company being part of the Ultimate Parent Group has a proven track record of professional management in generating steady rental income.

BUSINESS INFORMATION

THE REGISTRANT

Citadines Paragon Davao is a serviced-residence condotel set to rise in Brgy Bucana Davao City. It operates under the Citadines brand of The Ascott Limited, a global hospitality management company. The property combines the comfort of residential apartments with hotel-standard services and amenities.

The Issuer's primary business is the rental pool program, which aggregates individually owned condominium units into a unified hospitality operation. This allows unit owners to generate passive rental income while providing guests with standardized, professionally managed accommodation services.

THE PROJECT

Type of Project	Project Name	Status of Completion	Project Location
Condotel	Citadines Paragon Davao	Ongoing Construction	Davao City

BUSINESS STRUCTURE

RENTAL PROGRAM

To be eligible to join the rental pool, Unit Owners are not required to pay any membership fee. Those who have fully paid for their units automatically qualify for participation.

The operations of the Project is managed by the Property Manager who acts in best interest of individual renters and managing individual units, including managing rent payments and screening potential tenants. The Property Manager markets and operates the property as a hotel and/or serviced residence. Revenues from guest stays are pooled, and net proceeds (after operating expenses, taxes, and management fees) are distributed proportionately to the participating Unit Owners, thereby delivering a stable income stream to investors, i.e. Unit Owners, while ensuring professional hotel-standard services to guests.

PRINCIPAL SERVICES AND MARKETS

Ninety-Seven percent (97%) of the Project's revenue is expected to be derived from accommodation services, primarily from fully furnished studios and one-bedroom apartments. The Project's target market includes business travelers, long-stay expatriates, corporate accounts/clients, project-based consultants, and leisure tourists.

The remaining three percent (3%) of the revenue is projected to come from ancillary services, including laundry and car rentals, and income from the mini bar and recreational amenities such as the gym and swimming pool

SOURCES SUPPLIES AND CONTRACTS

The food and beverages, as well as the housekeeping consumable and cleaning supplies, will be sourced from local distributors and suppliers, while for the Project utilities such as electricity, water, and telecommunications, will be sourced from local providers, namely the Davao Light and Power Company, the Davao City Water District, and PLDT and Globe Communications, respectively.

The supplies shall be procured through standard purchase orders under the management of the Property Manager. The Company is not materially dependent on any single supplier, as essential supplies are readily available in the Davao market.

CUSTOMER DEPENDENCE

The Project caters to a diverse clientele including:

- Corporate accounts (BPOs, multinational firms, IT companies, medical institutions).
- Guests booked via online travel agencies such as Booking.com, Agoda, and Expedia.
- Domestic and international leisure travelers.
- Long-stay expatriates and project professionals.

No single customer contributes a material share of revenue. The Issuer is not dependent on any single client, and the loss of any one account would not have a material adverse effect on its business.

MANAGEMENT CONTRACT

On 23 November 2017, the Parent Company and the Hotel Manager entered into a ten (10) year Hotel Management Agreement, extendable upon mutual agreement of the parties. Under this agreement, the Hotel Manager is responsible for the Project's daily operations, staffing, training, maintenance, marketing, and compliance. In consideration, the Company shall pay the Hotel Manager a base management fee (percentage of gross revenues) and an incentive fee (based on operating profits).

EFFECT OF GOVERNMENT COMPLIANCE

In order to make the Project operational, the Company must comply with various government compliance, among which:

- Tourism Accreditation – the Company is subject to the DOT's standards for serviced residences.
- Tax Compliance – the Company is subject to VAT, income taxes, withholding taxes, and other BIR-mandated obligations.
- Labor Laws – the Company must comply with DOLE's regulations on wages, benefits, and mandatory service charge distribution.
- Environment laws – The Project is required to comply with DENR regulations on solid waste segregation, wastewater treatment, and energy efficiency.

Compliance on the aforementioned, e.g. waste management, water treatment, energy-efficient fixtures, is not material relative to the Project's operating revenues. Moreover, compliance the the foregoing has the added effect of improving brand image of the Project, especially for international travelers who value sustainability.

MARKET FORCES AND EXTERNAL RISKS

Tourism demand is cyclical, and downturns, pandemics, or travel restrictions can lower occupancy. Davao's exposure to earthquakes and flooding also poses operational risks and may increase insurance and maintenance costs. The changing consumer preferences favor serviced residences like Citadines, but peer-to-peer platforms such as Airbnb create pricing pressure. The Project likewise faces competition from international brands such as Seda, Quest, Radisson, and Marco Polo, though these risks are partly offset by Ascott's global booking network and loyalty programs.

PERMITS AND LICENSES

Detailed below are all the major permits and licenses necessary for the Company to operate its business:

Issuing Authority	Title of Permit / License	Permit Number	Validity/ Expiration Date	Status / Remarks
Securities and Exchange Commission	Certificate of Incorporation	CS201963199	N.A.	Valid and subsisting
Bureau of Internal Revenue	Certificate of Registration	TIN 756-684-389-000	N.A.	Valid and subsisting

Davao City Local Government Unit	Business Permit	B-173775-5	December 31, 2025	Valid and subsisting

COMPETITION

Citadines Paragon Davao competes with other international and local hotels and condotels in Davao, including Seda, Quest, Radisson, and Marco Polo. Its competitive advantage lies in Ascott's global brand, professional management, and loyalty network, combined with apartment-style units and long-stay amenities that differentiate it from traditional hotels.

LABOR REQUIREMENTS

Type of Work (e.g. front desk house keeping, etc.)	Projected Number of Workers Needed	Wage per person per day	Man-Days	Type of engagement of employees*
Front Desk	8	*	26.17	Permanent
Housekeeping	8	*	26.17	Mixed (Permanent and contractual)
Repairs and Maintenance	8	*	26.17	Permanent
Security	8	*	26.17	Contractual
Administration (Inc. Sales and Admin)	8	*	26.17	Permanent

**As of the date of this filing, the hotel is not yet operational. Once the hotel commences operations, wages will be determined in compliance with the applicable minimum wage rates mandated by the DOLE for the region, subject to applicable laws and regulations. The registrant likewise expects to provide employees with statutory benefits such as SSS, PhilHealth, Pag-IBIG, and 13th month pay, along with other common industry-standard benefits and incentive arrangements as may be adopted upon commencement of operations.*

PROPERTY

CITADINES PARAGON DAVAO IS A 263-UNIT SERVICED RESIDENCE WITHIN AN INTEGRATED DEVELOPMENT FEATURING RETAIL, OFFICE, AND EVENT SPACES, LOCATED 15 MINUTES FROM DOWNTOWN DAVAO AND 45 MINUTES FROM THE AIRPORT. OFFERING STUDIO TO TWO-BEDROOM UNITS WITH HOTEL-STYLE AMENITIES, IT IS POSITIONED TO SERVE DAVAO CITY'S GROWING BUSINESS AND LEISURE MARKETS.

Legal Proceedings of Company, its Subsidiaries and/or Affiliates

As of date 26 September 2025, the Company and its Subsidiaries are not a party to, nor are any of the Company's or its Subsidiaries' properties the subject of any pending material litigation, arbitration, or other legal proceedings, and no litigation or claim of material importance is known to the management and the directors to be threatened against the Company, its Subsidiaries, or any of its properties, except for the civil cases as summarized below:

CASE NAME AND PRINCIPAL PARTIES	COURT / AGENCY	NATURE / RELIEF SOUGHT	BACKGROUND SUMMARY AND LATEST STATUS
Wood Innovation Trading, Inc. v. Sps. Bouffard and Cebu Landmasters, Inc.	Regional Trial Court ("RTC") Br. 41, Dumaguete City	Annulment of Sale, Certificates of Titles, Tax Declarations, with Recovery of Ownership and Damages	The Plaintiff, Wood Innovation Trading, Inc., alleged that it had prior rights over two properties that the Cebu Landmasters, Inc. ("CLI") acquired in March 2017. Accordingly, the Plaintiff sought ₱10.70 million in damages and cancellation of the titles issued to CLI. CLI maintained that there was no double sale and that it had no knowledge of the alleged prior transaction by its co-defendant, Sps. Bouffard, with the Plaintiff. On August 20, 2019, the RTC of Dumaguete City dismissed the Plaintiff's claims. However, the Plaintiff thereafter refiled the case, and CLI pursued its counterclaim of ₱800.00 million against the Plaintiff. A decision dated October 24, 2024 was issued dismissing the civil case. The Plaintiff filed an appeal of the decision, which is pending with the Court of Appeals ("CA") as of date.
Pag-IBIG FUND – WTCI Condominium Corporation v. J.E. Abraham Lee Construction and Development Inc., Cebu Landmasters, Inc., and BL CBP Ventures, Inc.	RTC Br. 9, Cebu City	Easement of lateral and subjacent support and damages	The Plaintiff, Pag-IBIG FUND – WTCI Condominium Corporation, alleged that the construction of BL CBP Ventures, Inc.'s building adjacent to its own caused cracks in the basement of the latter. CLI raised as its defense that there was a lack of cause of action against it, as it was being impleaded as a defendant solely by reason of being a joint venture partner. As of date, the case is already submitted for decision.

CASE NAME AND PRINCIPAL PARTIES	COURT / AGENCY	NATURE / RELIEF SOUGHT	BACKGROUND SUMMARY AND LATEST STATUS
Sanford Marketing Corporation v. Cebu Landmasters, Inc. and Carwill Construction Incorporation	RTC Br. 39, Cagayan de Oro City	Temporary restraining order ("TRO"), preliminary injunction, and damages	This case was filed by the Plaintiff, Sanford Marketing Corporation, which owns a building adjacent to CLI's residential development in Cagayan de Oro City. The Plaintiff alleged that falling debris and a fire in its warehouse were caused by CLI's construction activities. CLI, on the other hand, raised procedural issues such as the improper joinder of parties and lack of jurisdiction, and further alleged that the Plaintiff failed to sufficiently substantiate their allegations. The judge has deferred the progress of the case and has so far only set status hearings with the general contractor, Carwill Construction Incorporation, undertaking to improve safety in the site since the filing of the case. As of date, the parties are awaiting a decision on the Plaintiff's affirmative defense of lack of jurisdiction.
Sps. Villacarlos v. Cebu Landmasters, Inc.	Human Settlements Adjudication Commission ("HSAC") 1st Division (HSAC-RAB VII)	Specific Performance	This case was filed on 3 March 2022 with the HSAC by Complainants Sps. Villacarlos, buyers in a residential development of CLI in Cebu City. The Complainants alleged that they had established interest and rights over a particular parking unit in the development. CLI maintained that the Complainants' occupancy of the subject parking unit was merely temporary and tolerated, and that the slot had already been sold to another buyer. HSAC ruled in favor of CLI, dismissing the Complainants' claim. The Complainants, however, filed an appeal. As of date, the case is pending before the CA.

CASE NAME AND PRINCIPAL PARTIES	COURT / AGENCY	NATURE / RELIEF SOUGHT	BACKGROUND SUMMARY AND LATEST STATUS
Cebu Landmasters, Inc. v. Devlarn Ventures and Development Corporation and the Office of the Register of Deeds of Lapu-Lapu City	RTC Br. 7, Cebu City	Permanent injunction with TRO and preliminary injunction	On March 11, 2024, CLI received a letter from Devlarn Ventures and Development Corporation ("DVDC"), notifying it that it intends to enforce a statutory lien on the titles of the land where CLI's exclusive beachfront community project is constructed. In response, CLI filed this civil case against DVDC, seeking to enjoin from doing any and all acts tending to unduly interfere with the business operations of CLI, particularly the ongoing construction its Costa Mira Beachtown Mactan project, and any adverse or prejudicial actions that could cause irreparable damage to CLI's goodwill and business reputation. The Register of Deeds of Lapu-Lapu City was also impleaded as co-defendant to prevent it from annotating any adverse claim on CLI's titles covering the Costa Mira Beachtown Mactan project. As of date, the case is set for the presentation of the first witness for the prayer for preliminary injunction.

CASE NAME AND PRINCIPAL PARTIES	COURT / AGENCY	NATURE / RELIEF SOUGHT	BACKGROUND SUMMARY AND LATEST STATUS
Ernesto C. Ouano Development Corporation represented by Thereone O. Villa v. Cebu Landmasters, Inc.	RTC Branch 23, Cebu City	Preliminary injunction with prayer for the issuance of TRO, specific performance, damages and attorney's fees	This case was filed by the Plaintiff, Ernesto C. Ouano Development Corporation, against CLI seeking to enjoin the latter from continuing its drainage and excavation works from its project leading towards the disputed road, which forms part of Camp Lapu-Lapu Road in Barangay Apas, Cebu City (the "Disputed Road"), and to recover damages. The Plaintiff alleges that it owns the Disputed Road. CLI, however, asserts that its excavation and drainage work along Camp Lapu-Lapu Road were validly undertaken in good faith, having secured all necessary government permits from the City of Cebu, and thus there can be no basis for the reward of damages to the Plaintiff. After receiving the Plaintiff's complaint, CLI promptly halted all drainage and excavation works on the Disputed Road and re-concreted it, thereby restoring it to its previous condition, and effectively rendering the issues in the case moot. A hearing on the application for preliminary injunction ensued where the court ordered the parties to observe the status quo. The court set the case for pre-trial but CLI intends to pursue early dismissal of the case considering that the act sought to be enjoined no longer exists.

Transactions with and/or Dependence on Related Parties

The Company's related parties include its Parent Company, its Ultimate Parent Company, and the Company's key management personnel. Currently, there are no related party transactions. The Company does not have key management personnel compensation as the key management functions are handled by the Ultimate Parent Company at no cost to the Company since it has not yet started its commercial operations.

USE OF PROCEEDS

The RPAs have been offered as a bonus and free of charge to the Buyers of the Units. Accordingly, no proceeds were received by the Issuer from the offering of the RPAs.

SUMMARY OF THE OFFER

DESCRIPTION OF THE OFFER

Set forth below is information relating to the Offer and the features of the RPA. This information is only a summary and is further qualified by reference to the applicable laws and regulations within the Philippines, the Articles of Incorporation and By-laws of the Issuer, as may be amended from time to time, and the RPA, as may be amended from time to time:

The Project and the RPAs

The RPAs relate to the Project, Citadines Paragon Davao, a condotel project operated by YHES Premier Hotel Inc. under Citadines brand managed by Scotts Philippines Inc. As the Issuer, YHES Premier Hotel Inc. offers the RPAs to unit owners of the Project as part of the Rental Pool Arrangement.

The Project was developed by the Developer, Yuson Huang Excellence Soberano, Inc., and the registrant who is the operator of the Project and the issuer of the RPAs, YHES Premier Hotel Inc. The Developer's primary obligation included:

- The construction of the condominium building, condotel units, amenities, and appurtenances;
- The turnover of units to buyers; and
- The establishment of common areas, building systems, and shared facilities.

Sales of Units were conducted through a network of accredited agents and licensed real estate brokers duly registered with the HLURB/DHSUD. Ownership of the condominium common areas shall be vested in the condominium corporation to be formed by the unit owners, subject to the master deed and declaration of restrictions.

Third-party contractors were engaged by the Developer for construction, and the Company may appoint contractors or service providers in relation to hotel management, food & beverage, housekeeping, and maintenance services.

Only Unit Owners are eligible to participate in the Rental Pool Arrangement. Unit Owners are not required to pay any membership fee. Upon execution of the RPA, Unit Owners, as RPA Holders, are entitled to:

- A share in the distributable net rental income from condotel operations;
- Complimentary usage privileges and preferential rates; and
- Access to reports on financial performance, occupancy, and distributions.

The RPAs described in this Prospectus were not offered under a delayed or continuous offering program.

Rental Income and Distribution

Only Unit Owners are eligible to participate in the Rental Pool Arrangement. Unit Owners are not required to pay any membership fee. Upon execution of the RPA, Unit Owners, as RPA Holders, are entitled to:

- A share in the distributable net rental income from condotel operations;
- Complimentary usage privileges and preferential rates; and
- Access to reports on financial performance, occupancy, and distributions.

All revenues generated from the rental pool units shall constitute the gross rental income. From this amount, operating expenses, management fees, contributions to the furniture, fixtures and equipment reserve, applicable taxes, and other government charges shall be deducted to arrive at the net rental income.

The net rental income shall be pooled and distributed among the Unit Owners on a pro rata basis, in proportion to the net floor area of their respective units, in accordance with the following formula:

Pro-rata share = (Net Rental Income / Total Net Floor Area of all Rental Pool Units) × Net Unit Floor Area

The timing, frequency, and manner of distributions shall be determined by the Company in consultation with the Unit Owners. All distributions shall be net of withholding tax and inclusive of VAT, and each Unit

Owner shall be required to issue a BIR-registered invoice or official receipt, as applicable under prevailing tax laws, as a condition for the release of their share.

Subsequent Conveyances

If a Unit Owner intends to sell their Unit, the Developer has a sixty (60)-day right to match any bona fide offer. Should the Developer decline, the Unit Owner may sell to the third-party buyer on the same disclosed terms. All transfers must incorporate the RPA, and any successor-in-interest shall automatically be bound by its terms.

Terms of Issuance and Transfer of Units which include the RPAs

The Units may be acquired either through (i) spot cash payment of the total contract price, (ii) spot downpayment with the balance payable through financing, or (iii) installment downpayments of up to forty-eight (48) months with the balance likewise subject to financing.

For buyers who settle the total contract price in spot cash, the Developer shall process all necessary clearances, including the payment of withholding taxes and related compliance requirements, to secure the eCAR, which is required for the transfer of ownership from the Developer to the Buyer. Upon issuance of the eCAR, the corresponding tax declaration shall be transferred to the Buyer’s name to complete ownership documentation and establish the Buyer’s obligation to pay real property tax.

For transactions involving financing, the same process shall apply, except that the TCT will bear a mortgage annotation.

No additional membership fees are required for participation in the RPA, as Unit Owners automatically become eligible under its terms once the full unit contract price has been paid.

TARGET MARKET

Citadines Paragon Davao is considered a four (4) star hotel located in a busy downtown area of Davao City which caters business travelers including domestic and international guests. The hotel offers a convention center, meeting rooms and functions rooms ideal for business meetings, special events and occasions all year round.

The target market of the Project includes business travelers, long-stay expatriates, corporate accounts/clients, project-based consultants, and leisure tourists.

DETERMINATION OF THE OFFER PRICE

No membership fees are required to participate in the Rental Pool Agreement. Unit owners automatically become eligible under the rental pool terms upon full payment of the unit contract price.

The RPAs shall not be transferable, except when sold or disposed together with the corresponding Unit.

PLAN OF DISTRIBUTION

The RPAs forming part of this Offer were not marketed or sold as stand-alone investment instruments but have been offered in conjunction with the sale of Units in the Project. Under the Contract to Sell, the execution of an RPA with the Issuer was a condition to the sale of the Unit. The RPAs have been executed by the Issuer and each Unit Owner to formalize the rental pooling arrangement.

The RPAs were offered exclusively to Unit Owners who purchased Units in the Project and satisfied the Eligibility Requirements described in this Prospectus. The Offer was not made to the general public, but only to the Buyers of the Units. The RPAs were not distributed through any public solicitation.

The Issuer has not engaged any selling agents, external brokers, or dealers to separately market or sell the RPAs, considering that the RPAs were offered solely in conjunction with the sale of the Units by the Developer. Any commissions paid in connection with the transaction were attributable solely to the sale of the Units and were handled exclusively by the Developer. The Issuer shall not be responsible for the payment of any commission in relation to the Offer.

The Offer is not underwritten, and the Issuer has not engaged any underwriters, finders, or promoters in connection with the Offer. The RPAs will not be listed or traded on any stock exchange, and no person has been appointed to sell or distribute the RPAs through a trading platform or other secondary market facility.

CAPITALIZATION

CAPITAL STOCK

Authorized Capital Stock

Type of Shares	Number of Shares	Par Value in	Amount	% of Ownership
Common	10,000,000	1.00	10,000,000.00	N/A
		Total	**10,000,000.0**	

Subscribed Capital Stock

Type of Shares	Number of Shares	Par Value	Amount	% of Ownership
Common	2,500,000	1.00	2,500,000.00	100%
		Total	**2,500,000.00**	**100%**

OUTSTANDING CERTIFICATES AND PRINCIPAL SHAREHOLDERS

OUTSTANDING SECURITIES

a. For each class of the Issuer's certificates, indicate the total number of outstanding certificates and the total number of certificates of the Issuer is authorized to issue. Also, include a description of each class of securities.

Class of Certificates	**Certificates Outstanding**	**Certificates the Issuer is Authorized to Issue**
Studio Units	180	180
One -bedroom Units	73	73
Two-bedroom Units	10	10
T O T A L	263	263

STOCKHOLDERS

Original Stockholders

Provide the names of the original stockholders, common shares, number of shares held and percentage of total shares held over outstanding shares.

No	Name	No of Shares Subscribed	Amount Subscribed	%
1	Yuson Huang Excellence Soberano, Inc.	2,499,994	2,499,994.00	99.9998%
2	Jose Franco B. Soberano	1	1.00	0.00004%
3	Ma. Rosario B. Soberano	1	1.00	0.00004%
4	Jose R. Soberano III	1	1.00	0.00004%
5	Jason P. Huang	1	1.00	0.00004%
6	Frederick H. Yuson	1	1.00	0.00004%
7	Sarah Jean Yuson	1	1.00	0.00004%
	T O T A L	**2,500,000**	**Php2,500,000.00**	**100%**

DESCRIPTION OF PROPERTY

The 263-unit Citadines Paragon Davao will be part of an integrated development that also comprises retail, office and event spaces. A 15-minute drive from downtown Davao City, the serviced residence is close to universities and malls, as well as a 45-drive to Davao International Airport. A key gateway city in Mindanao serving as its main commercial, industrial and education hub, Davao City is also one of the largest and most developed metropolises in the Philippines. An attractive investment and tourist destination, many large local and foreign companies have been expanding their business in the city. Besides having hotel rooms catered for short-term stay, Citadines Paragon Davao will also offer studio, one-bedroom, two-bedroom units. Facilities include a breakfast lounge, swimming pool, gymnasium, residents' lounge and functions room.

BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS

a) The table below sets forth each member of the Board of Directors of the Issuer as of the date of the Prospectus:

No	Name	Age	Position	Citizenship	Year Appointed
1	Jose R. Soberano III	69	Chairman of the Board	Filipino	2019
2	Frederick H. Yuson	57	Director and President	Filipino	2019
3	Ma. Rosario B. Soberano	66	Director and Treasurer	Filipino	2019
4	Jose Franco B. Soberano	39	Director	Filipino	2019
5	Jason P. Huang	55	Director and Corporate Secretary	Filipino	2019
6	Atty. Sheila Lou R. Ceballos		Independent Director	Filipino	2025
7	Richard Roel L. Valparaiso		Independent Director	Filipino	2025

The qualifications of the Directors, including their current and past positions held and business experiences, are set forth below:

1. *Jose R. Soberano III,* 69 years old, has been the Company's Chairman of the Board since its incorporation. He obtained a Bachelor of Arts degree in Economics from the Ateneo De Manila University in 1976 and completed the Strategic Business Economics Program at the University of Asia and Pacific in 2000. In 2015, he completed the Advanced Management Development Program in Real Estate from the Harvard University Graduate School. He previously worked for the Ayala Group of Companies for over 23 years, including various stints in Ayala Investment, Bank of the Philippine Islands, and in Ayala Land. Inc., where he was appointed Senior Division Manager in 1997. He was Vice-President of Cebu Holdings, Inc., the pioneer Ayala Land subsidiary in Cebu City when he resigned in 2000 from Ayala. He served as President of the Rotary Club of Cebu 2011, and President of the Chamber of Real Estate Builders Association-Cebu in 2010. He is currently the (i) Chairman of the Board of the Center for Technology and Enterprise Inc., a socially oriented instruction that offers technical training to less privileged youth; (ii) Director and Treasurer of Sugbu Chinese Heritage Museum Foundation Inc.; and (iii) President of the Cebu Country Club, Inc. Mr. Jose R. Soberano III has more than 20 years of experience in managing and heading companies engaged in real estate development.

2. *Frederick H. Yuson*, 57 years old, has served as the Company's President since its incorporation. He obtained his Bachelor of Science degree in Business Management from De La Salle University in 1988. He is currently (i) President of CWC International Corporation, a leading fit-out business in the Philippines for over thirty (30) years; (ii) President of Yuson Huang Excellence Soberano, Inc. ("YHES"), Yuson Excellence Soberano ("YES"), and YHEST Realty and Development Corporation ("YHEST"); (iii) President of Yuson Investments Holdings, Inc., Yuson Strategic Holdings, Inc., and Yuson Newtown Corp, Yuson Comm. Investments Inc.; (iv) Director of Plaza De Luisa Inc.; and (v) Chairman of Mutya ng Pilipinas Inc.

3. *Ma. Rosario B. Soberano,* 66 years old, has served as the Director and Treasurer of the Company since its incorporation. She received a Bachelor of Science major in Accountancy degree in 1979 and graduated summa cum laude from St. Theresa's College in Cebu. She also obtained a Master's Degree in Business Administration from the University of the Philippines ("**UP**") – Cebu in 1983. She is a Certified Public Accountant and a licensed real estate broker duly registered with the

Professional Regulations Commission and Department of Human Settlements and Urban Development.

4. *Jose Franco B. Soberano*, 39 years old, has served as Director of the Company since its incorporation. He received a degree in Bachelor of Science in Management, major in Legal Management and minor in Finance, from the Ateneo de Manila University in 2007. In 2012, he obtained a Master's Degree in Real Estate Development from Columbia University in New York City. Prior to joining the Company, he was a project manager at Hewlett-Packard Asia Pacific (HK) Ltd. He is a founding member of the Global Shapers – Cebu Hub, an initiative of the World Economic Forum, and is President of the Sacred Heart School – Ateneo de Cebu Alumni Association since 2014. He is the son of Jose R. Soberano III and Ma. Rosario B. Soberano.

5. *Jason Huang,* 55 years old, is the Corporate Secretary and a member of the Board of Directors of the Company. He obtained his Bachelor of Science in Business Management degree from De La Salle University. He also serves as Managing Director of Plaza de Luisa Development, Inc. and Director of Davao Filandia Realty Corporation. He is active in various civic and professional organizations, including the Boy Scouts of the Philippines, Knighthawk Rescue Team, Knights of Baden Powell, Knighthawk Amateur Radio Network, De La Salle Alumni Association (Davao Chapter), and the Davao Unified Responders for Immediate Action Network.

6. *Atty. Sheila Lou R. Ceballos* is an Independent Director of the Company. She is a corporate lawyer and holds a Juris Doctor degree from the University of Cebu and a Bachelor of Arts degree in Political Science from the University of the Philippines (Cebu). She previously worked as a Legal Assistant with Smith Law Corporation, an employment law firm based in Los Angeles, California, and as a Legal Citator for Innodata/Bloomberg Law. She is currently the Legal Counsel and HR Head of AB Soberano Holdings Corporation. Atty. Ceballos is not related within the fourth civil degree, either by consanguinity or affinity, to any of the directors in the Company. The election of the independent director is subject to the SEC's approval of the pending application for amendment of the Articles of Incorporation which includes the increase in the number of directors.

7. *Richard Roel L. Valparaiso* is an Independent Director of the Company. He is a Certified Public Accountant and holds a Bachelor of Science degree in Accountancy from the University of Cebu. He brings over sixteen (16) years of professional experience in accounting and finance, having served with the SV More Group of Companies where he advanced from Bookkeeper and Internal Auditor to Finance and Accounting Supervisor/Officer. He later served as Accounting Manager of Excelsior Farms, Inc., Eggcelsior Poultry Farms, Inc., and Eggcel Food Products, Inc. Mr. Valparaiso is currently the Accounting Manager of AB Soberano Holdings Corporation. He is not related within the fourth civil degree, either by consanguinity or affinity, to any of the directors in the Company. The election of the independent director is subject to the SEC's approval of the pending application for amendment of the Articles of Incorporation which includes the increase in the number of directors.

SECURITY OWNERSHIP OF DIRECTORS

The following table shows the security ownership of directors in the common shares of the Company as of 26 September 2025.

Name	**Amount and Nature of Beneficial Ownership**		**Citizenship**	**No. of Common Shares**	**% Ownership**
	Direct	Indirect			
Jose R. Soberano III	1	-	Filipino	1	16.03%
Frederick H. Yuson		-		1	.00004%
Ma. Rosario B. Soberano	1	-	Filipino	1	. 15.14%
Jose Franco B. Soberano	1	-	Filipino	1	.00004%

Jason P. Huang	1	-	Filipino	1	5.30%
Atty. Sheila Lou R. Ceballos	1	-	Filipino	1	.00004%
Richard Roel L. Valparaiso	1	-	Filipino	1	.00004%

MANAGEMENT

The following persons are the key executive officers as identified in the Company's latest General Information Sheet:

No	Name	Age	Position	Citizenship	Year Appointed
1	Frederick H. Yuson	57	President	Filipino	2019
2	Ma. Rosario B. Soberano	66	Treasurer	Filipino	2019
3	Jason P. Huang	55	Corporate Secretary	Filipino	2019
4	Beauregard Grant L. Cheng	44	Chief Financial Officer	Filipino	2019
5	Atty. Larri-Nil G. Veloso	47	Assistant Corporate Secretary	Filipino	2019

For the description of the business experience of Mr. Frederick H. Yuson, Ma. Rosario B. Soberano, and Jason P. Huang, please refer to the description set out under the section "*Members of the Board of Directors*". For the other key executive officers, please see below description:

- *Beauregard Grant L. Cheng*, 44 years old, is currently the Chief Financial Officer of the Company. Before joining the Company and the CLI Group of Companies, Mr. Cheng was a Senior Deal Manager with a rank of Vice-President at BDO Capital & Investment Corporation. He led his project teams in managing various complex capital market transactions and advised companies in a broad array of industries on corporate restructuring and reorganization. Previously, he was a private banker based in Singapore handling accounts for high-net-worth individuals and institutions. He is a registered Chartered Financial Analyst ("**CFA**") Charter holder and is a member of the CFA Philippines Society. He earned his degree in Bachelor of Science in Manufacturing Engineering and Management as a Star Scholar from De La Salle University Manila and graduated Magna Cum Laude. He was awarded as one of the Top Ten Outstanding Students of the Philippines by the Philippine President. He earned his Masters of Science in Wealth Management with distinction from Singapore Management University and Swiss Finance Institute in Zurich. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

- *Atty. Larri-Nil G. Veloso,* 47 years old, is the Company's Assistant Corporate Secretary. He is an experienced practitioner in corporate law, with extensive in-house practice in real estate development, hospitality companies, and related commercial transactions. Atty. Veloso holds a Bachelor of Arts in Mass Communication from the University of the Philippines and earned his Bachelor of Laws from the University of Southern Philippines Foundation. While finishing law school, he worked for print and online newspapers, occupying various positions in progression from correspondent, staff reporter, copy editor, copywriter, junior editor, group editor, to managing editor. Prior to joining the Company and the CLI Group, he was the Corporate Legal Counsel of InfoWeapons Corporation, an American-owned software company specializing in networking appliances, and was later promoted to General Manager. He is not related within the fourth civil degree, either by consanguinity or affinity, to any of the directors or fellow executive officers of the Company.

SECURITY OWNERSHIP OF OFFICERS, MANAGERS AND KEY PERSONS

The following table shows the security ownership of management in the common shares of the Company as of 26 September 2025.

Name	Amount and Nature of Beneficial Ownership		Citizenship	No. of Common Shares	% Ownership
	Direct	Indirect			
Frederick H. Yuson	1	-	Filipino	1	16.03%
Ma. Rosario B. Soberano	1	-	Filipino	1	15.14%
Jason P. Huang	1	-	Filipino	1	5.30%
Beauregard Grant L. Cheng	None	-	Filipino	0	-
Atty. Larri-Nil G. Veloso	None	-	Filipino	0	-

COMPENSATION

The Company has not paid any compensation to the officers which are officers and employees of the Developer. However, the Developer will eventually charge management fee to the Company starting in 2026.

INSOLVENCY LEGAL PROCEEDINGS OF MANAGEMENT AND KEY PERSONNEL

To the best of the Company's knowledge and belief, and based on available records, none of the Company's directors, executive officers, or controlling persons of the Company have, in the five-year period prior to the date of this Prospectus:

1. Had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. Have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses;

3. Have been the subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities, or banking activities; or

4. Have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and such judgment having not been reversed, suspended, or vacated.

FAMILY RELATIONSHIP

As of the date of this Prospectus, family relationships (by consanguinity or affinity within the fourth civil degree) between Directors and members of the Company's senior management are as follows:

1. Ma. Rosario B. Soberano (Director and Treasurer) is the spouse of Jose R. Soberano III (Chairman of the Board).

2. Jose Franco B. Soberano (Director) is the son of Jose R. Soberano III (Chairman of the Board) and Ma. Rosario B. Soberano (Director and Treasurer).

Apart from the foregoing, there are no other family relationships up to the fourth civil degree either by consanguinity or affinity among directors or executive officers of the Company.

CERTAIN RELATIONSHIP AND RELATED PARTY TRANSACTIONS

The Company's related parties include its Parent Company, its Ultimate Parent Company, and the Company's key management personnel. Currently, there are no related party transactions.

FINANCIAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) OR PLAN OF OPERATION

For the year ended December 31, 2024, the Company remained in its pre-operational stage, posting a net loss of ₱51,953, a 42% decrease from ₱90,030 in 2023, mainly due to lower professional and administrative expenses. No revenues were recognized, while finance income rose 18% to ₱2,104 from ₱1,785, and total expenses declined 42% to ₱53,636 from ₱91,815. As of year-end, total assets amounted to ₱2,097,457, composed largely of cash of ₱2,058,997, with liabilities reduced to nil from ₱78,950, leaving equity at ₱2,097,457.

REVIEW ON THE COMPANY'S RESULTS OF OPERATION
JANUARY 1 TO DECEMBER 31, 2024 VS JANUARY 1 TO DECEMBER 31, 2023

REVENUES
The Company has not yet commenced commercial operations as at December 31, 2024 and 2023. No hotel revenues have been recognized for the periods presented.

EXPENSES
Operating expenses amounted to ₱53,636 in 2024 compared to ₱91,815 in 2023, a decrease of 42%. The decline was due to lower professional fees and reduced administrative costs during the pre-operational phase.

FINANCE INCOME
Interest income from bank deposits totaled ₱2,106 million in 2024, a 6% decrease compared to ₱2,231 million in 2023.

NET LOSS
As a result, the Company recorded a net loss of ₱51,953 in 2024 down 42% from ₱90,030 in 2023, primarily due to lower operating expenses year-on-year.

REVIEW OF THE COMPANY'S FINANCIAL CONDITION
AS OF DECEMBER 31, 2024, VS DECEMBER 31, 2023

ASSETS
6% decrease in Cash and Cash Equivalents
Mainly due to operating cash outflows during the year, bringing the balance to ₱2,058,997 from ₱2,195,097 in 2023.

11% increase in Input VAT
From ₱33,263 in 2023 to ₱36,960, this is due to recognition of additional input VAT and settlement of prior-year balance.

100% increase in Other current Asset
Amounted to ₱1,500 in 2024, compared to nil in 2023, representing advances or other miscellaneous items.

LIABILITIES
100% decrease in Accrued Expenses
From ₱78,400 in 2023 to nil in 2024, primarily due to the settlement of professional fees and other accrued costs.

100% decrease in Due to Parent Company
Decreased by ₱550 or 100% to nil from ₱550 in 2023 as prior-year payables were fully settled in 2024

EQUITY
Capital Stock remained unchanged at ₱2,500,000 as of December 31, 2024 and 2023.

Deficit increased by ₱51,953 or 15% to ₱402,543 from ₱350,590 in 2023, reflecting the net loss for the year.

PROJECTED INCOME STATEMENT

(In '000s)	Year 1	Year 2	Year 3	Year 4	Year 5
Initial Capital	40,000	40,304	43,026	43,431	43,849
Cash Inflow					
Sales Collection	24,305	248,150	334,998	376,565	400,329
Less: Cash Outflow					
Operational Expenses	-14,887	-154,650	-231,663	-260,668	-278,883
Rental	-9,114	-90,778	-102,930	-115,480	-121,254
Ending, Cash Balances	40,304	43,026	43,431	43,849	44,042

Citadines Paragon Davao is expected to have its soft-opening by the second half of 2026.

FINANCIAL RATIOS

		For the six (6) months ended 30 June		For the years ended 31 December	
Ratio	**Formula**	**2025**	**2024**	**2024**	**2023**
Return on Asset	Net Profit divided by Total Ave. Assets	0%	0%	0%	0%
Return on Equity	Net Profit divided by Total Ave. Equity	0%	0%	0%	0%
Gross Profit margin	Gross Profit divided by Total Revenue	0%	0%	0%	0%

SUMMARY FINANCIAL INFORMATION

Prospective purchasers of the Offer should read the summary financial data below together with the financial statements, including the notes thereto, included in this Prospectus and "Management's Discussion and Analysis of Results of Operations and Financial Condition". The summary financial data for the for the years ended December 31, 2024, 2023, and 2022, and interim statements as of and for the six-month period ended June 30, 2025 are derived from the audited financial statements of the Company, including the notes thereto. The detailed financial information for the years ended December 31, 2024, 2023, and 2022, and interim statements as of and for the six-month period ended June 30, 2025 are presented below.

The summary of financial and operating information of the Company presented below for the years ended December 31, 2024, 2023, and 2022, and interim statements as of and for the six-month period ended June 30, 2025, were audited by P&A and were prepared in compliance with the Philippine Financial Reporting Standards ("**PFRS**"). The financial and operating information of the Company presented below as of and for the six months ended June 30, 2025 were derived from the audited financial statements of the Company prepared in compliance with Philippine Accounting Standards ("**PAS**") 34, "Interim Financial Reporting" and reviewed by P&A . in accordance with Philippine Standards on Reviewing Engagements ("**PSRE**") 2410, "Review of Interim Financial Information performed by the Independent Auditors of the Entity." The information below should be read in conjunction with the financial statements the Company and the related notes thereto, which are included in this Preliminary Prospectus. The historical financial condition, results of operations and cash flows of the Company are not a guarantee of its future operating and financial performance.

Statements of Income

In Pesos (Php)	For the six (6) months ended 30 June		For the years ended 31 December		
	2025 (Audited)	2024 (Unaudited)	2024	2023	2022
Expenses	55,300	22,838	53,636	91,815	69,865
Finance Income	(1,015)	(1,055)	(2,104)	(2,231)	(2,295)
Loss Before Tax	**54,285**	**21,783**	**51,532**	**89,584**	**67,570**
Tax Expenses	203	211	421	446	459
Net Loss	**54,488**	**21,994**	**51,953**	**90,030**	**68,029**
Other Comprehensive Income	0	0	0	0	0
Total Comprehensive Income	**54,488**	**21,994**	**51,953**	**90,030**	**68,029**

Balance Sheets

In Pesos (Php)	As of 30 June	As of 31 December		
	2025 (Audited)	2024 (Audited)	2023 (Audited)	2022 (Audited)
Current Assets	2,042,969.00	2,097,457.00	2,228,360.00	2,308,432.00
Total Assets	**2,042,969.00**	**2,097,457.00**	**2,228,360.00**	**2,308,432.00**
Current Liabilities	0	0	78,950.00	68,992.00
Total Liabilities	**0**	**0**	**78,950.00**	**68,992.00**
Net Equity	**2,042,969.00**	**2,097,457.00**	**2,149,410.00**	**2,239,440.00**

SUMMARY STATEMENTS OF CASH FLOWS

In Pesos (₱)	For the six (6) months ended 30 June		For the years ended 31 December		
	2025	2024	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax	(54,285)	(21,783)	(51,532)	(89,584)	(67,570)
Adjustment for finance income	(1,015)	(1,055)	(2,104)	(2,231)	(2,295)
Operating profit before working capital changes	**(55,300)**	**(22,838)**	**(53,636)**	**(91,815)**	**(69,865)**
Increase (decrease) in input value-added tax	(5,622)	1	(3,697)	(8,399)	(7,392)
Increase (decrease) in other current asset	0	(1,500)	(1,500)	0	0
Decrease (increase) in accrued expenses	0	(78,400)	(78,400)	9,408	31,360

Decrease (increase) in due to parent company	0	(550)	(550)	550	0
Cash generated from operations	**(60,922)**	**(103,287)**	**(137,783)**	**(90,256)**	**(45,897)**
Cash paid for taxes	(203)	(211)	(421)	(446)	(459)
Net cash provided by (used in) operating activities	**(61,125)**	**(103,498)**	**(138,204)**	**(90,702)**	**(46,356)**
CASH FLOW FROM INVESTING ACTIVITIES					
Interest received	1,015	1,055	2,104	2,231	2,295
Net cash used in investing activities	**1,015**	**1,055**	**2,104**	**2,231**	**2,295**
NET INCREASE (DECREASE) IN CASH	**(60,110)**	**(102,443)**	**(136,100)**	**(88,471)**	**(44,061)**
CASH AT BEGINNING OF PERIOD	**2,058,997**	**2,195,097**	**2,195,097**	**2,283,568**	**2,327,629**
CASH AT END OF PERIOD	**1,998,887**	**2,092,654**	**2,058,997**	**2,195,097**	**2,283,568**

PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition and ownership of the RPAs. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the RPAs and no information is provided regarding the tax aspects of acquiring, owning, or holding of the RPAs under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning or holding of the RPAs in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Preliminary Prospectus.

The tax treatment of an owner of RPA may vary depending upon such owner's particular situation, and certain owners may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to an owner of RPA.

PROSPECTIVE BUYERS OF THE RPAs ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE RPAs, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.

TAXATION ON THE ACQUISITION OF UNIT

When an investor buys a condominium, condo dorm, or dormitel unit to place it in a rental pool, the taxes on the acquisition are generally the same as any other real estate purchase.

Revenue Memorandum Circular ("**RMC**") No. 99-2023 provides that generally, sales of real property classified as "ordinary assets" are subject to Value-Added Tax ("**VAT**"). Pursuant to RR No. 16-2005 or the Consolidated VAT Regulations, "sale of real property on installment plan" means sale of real property by a real estate dealer, the initial payments of which in the year of sale do not exceed twenty-five percent (25%) of the gross selling price. However, in the case of sale of real properties on the deferred-payment basis, on the installment, the transaction shall be treated as cash sale which makes the entire selling price taxable in month of sale. Separately, "sale of real property by a real estate dealer on a deferred payment basis, not on the installment plan" means sale of real property, the initial payments of which in the of sale exceed twenty-five percent (25%) of the gross selling price.

The VAT, which is equivalent to 12%, shall be based on the gross sales. The definition of gross sales under the Ease of Paying Taxes ("**EOPT**") Act means the total amount of money or its equivalent value in money which the purchaser pays or is obligated to pay to the seller in consideration of the sale, barter or exchange of the goods or properties, excluding the VAT. The excise tax, if any, on such goods or properties shall form part of the gross sales.

Revenue Regulations ("**RR**") No. 99-2023, in relation to RR No. 16-2005, provides that the 12% VAT on the sale of real property shall be based on the gross selling price of the property which is the consideration stated in the sales document or the fair market value ("**FMV**"), whichever is higher. The FMV is the higher of the zonal value and assessed value.

Separately, pursuant to RR No. 17-2003, it is to be noted that in case of sale of real property paid under installment payment or deferred payment basis, the payment of the Documentary Stamp Tax ("**DST**") shall accrue upon the execution of the Deed of Absolute Sale but the basis for the imposition thereof shall be the gross selling price ("**GSP**") or fair market value of the property, whichever is higher, at the time of the execution of the Contract to Sell. Under Section 196 of the NIRC, as amended, DST on sale of real property amounts to 1.5% or P15 for every P1,000 of the tax base.

Further, the acquisition shall be subject to transfer taxes ranging from 0.5% to 0.75% of the selling price, fair market value or assessed value, whichever is higher, based on the local government unit ("**LGU**") where the property is located. Additionally, the acquisition is subject to fees with Register of Deeds for the transfer of title and other charges and impositions related to the ownership of the unit.

Moreover, in general, the acquisition shall be subject to withholding tax pursuant RR No. 2-98, as amended by RR No. 17-2003.

Pursuant to Republic Act No. 12001, otherwise known as the Real Property Valuation and Assessment Reform Act ("**RPVARA**"), the adoption and implementation of the Philippine Valuation Standard ("**PVS**") are prioritized to ensure uniformity in the valuation of real properties for taxation and other purposes. The said law mandates the use of market value as the singular valuation base for assessment, thereby eliminating inconsistencies arising from disparate valuation methods.

Consequently, with the enactment of the RPVARA, the authority to determine zonal values of real properties for internal revenue tax purposes has been transferred from the BIR to local assessors, who are now tasked with adopting the PVS to ensure consistency and uniformity in the valuation of real properties.

TAXATION ON THE RENTAL INCOME

All rental income distribution shall be net of withholding tax and inclusive of VAT and each Unit Owner must issue an official receipt as a precondition for the release thereof.

Pursuant to Section 42(A)(4) of the NIRC, as amended, rentals from property located in the Philippines or from any interest in such property shall be treated as gross income from sources within the Philippines subject to income tax which is withheld at source, at the rate of 5% based on the gross rental income.

Separately, pursuant to the Consolidated VAT regulations, 12% VAT is imposed for lease of property regardless of the place where the contract of lease was executed if the property leased or used is located in the Philippines.

INDEPENDENT AUDITORS AND COUNSELS

TAX AND LEGAL MATTERS

All tax and legal issues relating to the issuance of each Offer shall be passed upon by ACCRA, or any of its lawyers and/or employees, as authorized representatives for the Company, and by the Issuer's in-house legal counsels, Atty. Larri-Nil G. Veloso and Atty. John Edmar G. Garde.

ACCRA may from time to time be engaged to advise in the transactions of the Company and perform legal services on the same basis that they provide such services to their other clients.

Atty. Arlan Richard S. Alvarez, an independent external counsel for Issuer, issued the opinion on the legality and validity of the Offer, on the taxation applicable to the Offer, and the permits and licenses held by the Issuer.

The named independent legal counsels have not acted and will not act as promoter, underwriter, voting trustee, officer, or employee of the Issuer.

INDEPENDENT AUDITORS

The financial statements of the Company as at and for the years ended December 31, 2024, 2023, and 2022, and interim statements as of and for the six-month period ended June 30, 2025, have been audited by P&A, independent auditors, in accordance with Philippine Standards on Auditing as set forth in their report thereon appearing elsewhere in this Prospectus.

P&A has no shareholdings in the Issuer, or any right, whether legally enforceable or not, to nominate or to subscribe to the securities of the Issuer, in accordance with the professional standards on independence set by the Board of Accountancy and Professional Regulation Commission.

The aggregate fees billed to P&A are as follows:

	6M 2025	**2024**	**2023**	**2022**
Audit Fees (in Php)	46,200.00	30,800.00	70,000.00	61,600.00
Other Fees	0	0	0	0
Total	46,200.00	30,800.00	70,000.00	61,600.00

The named independent auditor has not acted and will not act as promoter, underwriter, voting trustee, officer, or employee of the Issuer. The Company has no disagreements with P&A on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

The Company has not had any disagreements on accounting and financial disclosures, or auditing scope or procedure, with the P&A for the same periods or any subsequent interim period.