

27 October 2023

**Securities & Exchange Commission**

7907 Makati Avenue, Salcedo Village,  
Barangay Bel-Air, Makati City, 1209

**Philippine Stock Exchange**

Disclosure Department  
6/F PSE Tower, 28<sup>th</sup> Street corner 5<sup>th</sup> Avenue,  
BGC, Taguig City, Metro Manila

**Attention: Hon. Vicente Graciano P. Felizmenio, Jr.**  
Director, Market and Securities Regulation Department  
Securities & Exchange Commission

**Ms. Alexandra D. Tom Wong**  
Officer-in-Charge, Disclosure Department  
Philippine Stock Exchange

*Sir and Madam:*

We reply to your correspondence dated 27 October 2023 seeking clarification on a news article of BWorld online on 27 October 2023 entitled “Phoenix moves to generate cash flow via BDO deal” which in part quotes:

“LISTED independent oil firm Phoenix Petroleum Philippines, Inc. is looking at entering into a sale-and-leaseback agreement with BDO Unibank, Inc. to restructure its debts.

‘The corporation is currently in the process of streamlining its operations, restructuring its debts and identifying potential sources of liquidity in order to generate cash flow to settle its obligations or generate some liquidity for working capital,’ Ignacia S. Braga IV, officer-in-charge chief finance officer and treasurer of Phoenix, said during the company’s annual stockholders meeting on Thursday.

Ms. Braga said that the assets involved in the proposal are some terminals, depots, and retail stations.

'The restructuring will allow the company to receive over P9 billion for the transfer of the assets, which will be applied to its current obligations and reduce its debt,' Ms. Braga said.

She said BDO had agreed to lease back to the company the same set of assets "in the process of ensuring the company is still able to use the terminals and the depots.

Henry Albert R. Fadullon, president and chief executive officer of Phoenix, said the assets are under an exclusive leaseback arrangement, which grants the company the right to repurchase them within three to five years from the time of the sale.

'For avoidance of doubt, while the corporation is seeking authorization for such disposal of assets, these arrangements are subject to certain conditions. Some of these [are] regulatory,' Ms. Braga said.

'Likewise, the timing or certainty of the disposal of the assets are subject to different possible outcomes that could provide alternative sources of liquidity such as potential new credit facilities of new capital by way of new equity,' she added.

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The above statements were part of the report or presentation of the Company's CFO, Ms. Ignacia Braga. These are the details in the second corporate action which was part of the agenda and discussed in the Definitive Information Statement submitted and distributed by the Company to all its shareholders.

We hope we have answered and clarified all your queries.

Thank you and best regards.

Very truly yours,



**Atty. Socorro Ermac Cabrerros**  
Corporate Secretary