March 14, 2018

CERTIFICATE OF TAX EXEMPTION NO. 489-18

CERTIFICATE OF TAX EXEMPTION

TO WHOM IT MAY CONCERN :

This certifies that **COMMUNITIES CEBU, INC.**, with Tax Identification Number (TIN) 000-000-000-000, is exempt from income tax and creditable withholding tax on its income received directly in connection with its low-cost mass housing project, **Camella Carcar-Sitio Tindahan, Can-asujan, Carcar City, Cebu** consisting of **632** residential units located at Sitio Tindahan, Can-asujan, Carcar City, Cebu, a project duly registered with the Board of Investments (BOI) under Registration No. 2013-087 dated April 08, 2013, for a period of **4** years beginning from **April 2013** or actual start of commercial operation/selling, whichever is earlier, but in no case earlier that the date of registration of the project with the BOI, pursuant to Executive Order No. 226, otherwise known as the "Omnibus Investments Code of 1987" and Section 2.57.5 (B) (2) of Revenue Regulations 2-98, as amended.

Moreover, the sale by the Company of residential lots valued at P1,919,500.00 and below, or house and lot and other residential dwellings valued at P3,199,200.00 and below, is VAT-exempt under Section 109 (1) (P) of the 1997 Tax Code, as amended.

The sale, however, of housing units in excess of the 632 residential units registered with the Board of Investments (BOI), if any, shall be subject to the regular taxes that may be applicable.

The grant of tax exemption herein is subject to the compliance with the provisions of applicable BIR rules and regulations and the Terms and Conditions stated at the back hereof. The Company is liable, however, for all other applicable taxes not discussed above.

This Certificate of Tax Exemption is being issued on the basis of the facts and documents as represented and submitted. However, if upon investigation, the BIR ascertains that the facts are different, then this Certificate shall be considered null and void.

Issued this 14th day of March, 2018.

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(SGD.) CAESAR R. DULAY
Commissioner of Internal Revenue

ATTACHMENT

TERMS AND CONDITIONS OF THE CERTIFICATE OF TAX EXEMPTION

1. The exemption from income and creditable withholding taxes covers only income directly attributable to the revenues generated from the project, **Camella Carcar-Sitio Tindahan, Can-asujan, Carcar City, Cebu** consisting of **632** residential units located at Sitio Tindahan, Can-asujan, Carcar City, Cebu. Such exemption shall not cover revenues from units with selling price exceeding P3,000,000.00.

2. The Company is obligated to construct and sell 632 housing units based on the following schedules/sales revenues:

Year	Volume (No. of Units)	Value ('000)
1	95	_____
2	197	_____
3	208	_____
4	132	_____
Total	**632**	_____

3. In the computation of the project's ITH, interest income from in-house financing shall not be considered as part of the revenues generated from the registered housing project.

4. The Company's entitlement to ITH from its BOI-registered housing project is subject to the compliance with the provisions of the Specific Terms and Conditions of its BOI Registration.

5. Pursuant to Section 4 of the Republic Act (RA) No. 10708, [1] the Company is required to file its tax returns and pay their tax liabilities, on or before the deadline as provided under the 1997 Tax Code, as amended, using the electronic system for filing and payment of taxes of the BIR. It shall file with BOI a complete annual tax incentives report of its income-based tax incentives, VAT and duty exemptions, deductions, credits or exclusions from the tax base, as may be provided under E.O. 226, within the periods prescribed under R.A. 10708's Implementing Rules and Regulations and Joint Memorandum Circular No. 1-2016 dated September 1, 2016.

6. The Company shall be constituted as a withholding agent for the government if it acts as employer and any of its employees received compensation income subject to compensation withholding tax, or if it makes payments to individuals or corporations subject to

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the withholding taxes at source as required under Chapter XIII and Section 57 of the Tax Code of 1997, as amended and implemented by Revenue Regulations No. 2-98, as amended.

7. The Company is required to file on or before the 15th day of the fourth month following the close of its accounting period of a Profit and Loss Statement and Balance Sheet with the Annual Information Return under oath, stating its gross income and expenses incurred during the taxable year.

8. Finally, the Company's books of accounts and other pertinent records shall be subject to periodic examination by revenue enforcement officers of this Bureau for the purpose of ascertaining whether it has been complying with the conditions under which it has been granted tax exemption or tax incentives and its tax liability, if any, pursuant to Section 235 of the Tax Code of 1997, as amended.

Footnotes

1. An Act Enhancing Transparency in the Management and Accounting of Tax Incentives Administered by Investment Promotion Agencies.

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