April 22, 2022

Philippine Dealing & Exchange Corporation
29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

Attention: Atty. Marie Rose M. Magallen-Lirio
Head - Issuer Compliance and Disclosure Department

Gentlemen:

We submit herewith PSE Disclosure Form 4-30 in connection with the agreements between Smart Communications, Inc. ("Smart") and Digitel Mobile Philippines, Inc. ("DMPI"), and Comworks Infratech Corp. and ISOC edotco Towers, Inc., respectively, for the (a) sale of 5,907 telecommunication towers and related passive telecommunication infrastructure for P77 billion, and (b) subsequent leaseback by Smart of the said towers.

Smart is a wholly-owned subsidiary of PLDT Inc. ("PLDT"), while DMPI is a wholly-owned subsidiary of Digital Telecommunications Philippines, Inc., a 99.6% subsidiary of PLDT.

Very truly yours,

Marilyn A. Victorio-Aquino
Corporate Secretary

PLDT Inc.

TEL

PSE Disclosure Form 4-30 - Material Information/Transactions References: SRC Rule 17 (SEC Form 17-C) and Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
PLDT Group Sale and Leaseback Towers Deal of P77 billion
Background/Description of the Disclosure
On April 19, 2022, PLDT subsidiaries, Smart Communications Inc. ("Smart") and Digitel Mobile Philippines, Inc., signed Sale and Purchase Agreements in connection with the sale of 5,907 telecom towers and related passive telecom infrastructure for P77 billion. Transaction covers two portfolios: Portfolio 1 2,934 towers to be sold to a subsidiary of EdgePoint (Comworks Infratech Corp.) for P35 billion Portfolio 2 2,973 towers to be sold to a subsidiary of edotco Group (ISOC edotco Towers, Inc.) for P42 billion Smart also entered into Master Services Agreements with Comworks Infratech Corp. and ISOC edotco Towers, Inc., whereby Smart has agreed to lease back the towers sold in the transaction for a period of 10 years.
Other Relevant Information
For additional details, please see attached: (a) Press Release (b) Presentation

PLDT pressrelease

PLDT Group pioneers tower sharing in the Philippines

- PLDT Group announces landmark sale and leaseback towers deal of PHP 77 billion
- Major investment by international tower operators represents a strong endorsement of the country's recovery from the pandemic and its long-term growth prospects
- Significant efficiencies and improved connectivity to benefit all Filipinos
- Smart's customers to enjoy superior network quality, improved resilience, and even better customer experience
- Supports the Philippine DICT's goal of improving tower density

MANILA, April 19, 2022 - The country's largest integrated telco, PLDT Inc. ("PLDT") (PSE: TEL) (NYSE: PHI), announced today that its subsidiaries, Smart Communications, Inc. ("Smart") and Digitel Mobile Philippines, Inc., have signed Sale and Purchase Agreements in connection with the sale of 5,907 telecom towers and related passive telecom infrastructure for PHP 77 billion, a landmark transaction that is expected to have far-reaching benefits for all. This pioneer undertaking supports the Philippine Department of Information and Communications Technology's goal of improving tower density which will lead to significant efficiencies and improved connectivity across the Philippines, thus benefitting the country and all Filipinos.

The winning bidders, a subsidiary of edotco Group and a subsidiary of EdgePoint (the "TowerCos"), are backed by international groups with extensive experience in the telecom tower space. Both groups will bring to bear global best practices and technologies in operating the towers which should translate into better network quality, higher resilience and faster

recovery from typhoons and other natural calamities. edotco Group manages over 54,000 towers across nine countries in Asia and is majority-owned by Axiata Group (KLSE: AXIATA), a major telecom operator across Asia. EdgePoint, on the other hand, owns approximately 10,000 towers across Indonesia and Malaysia and is backed by DigitalBridge Group, Inc. (NYSE: DBRG), a leading global digital infrastructure investment firm with over US$ 45 billion in assets under management.

Of the 5,907 towers being monetized, 2,973 towers located primarily in Luzon, Visayas and Mindanao will be acquired by ISOC edotco Towers, Inc. (subsidiary of edotco Group) and 2,934 towers located in Luzon by Comworks Infratech Corp. (subsidiary of EdgePoint).

Concurrent with the execution of the Sale and Purchase Agreements, Smart has also entered into Master Services Agreements with the TowerCos whereby Smart has agreed to lease back the towers sold in the transaction for a period of 10 years. In addition to space, the TowerCos will also be responsible for providing operations and maintenance services as well as power to the sites. Smart has secured competitive terms as the anchor tenant on the towers and expects to benefit from operational and capital expenditure savings. The sale and leaseback will be complemented by a new tower build commitment of 1,500 towers in total over the next few years. This arrangement will further solidify Smart's superior network quality and enhance the best customer experience in the Philippines.

The transaction price of PHP 77 billion makes this deal the largest ever acquisition of assets in the Philippines by international investors. In addition to the intrinsic value of the towers, the transaction price reflects the attractive business opportunities that the assets will provide to the winning bidders including the leaseback arrangement with Smart, the growth prospects from the towers acquired, as well as the new tower build commitment from Smart. Upon completion of the transaction, the winning bidders will become the largest common tower operators in the country.

In addition to resulting in a significant gain on disposal for PLDT, the arrangement is also expected to be earnings accretive from the first full year post closing.

Commenting on the transaction, PLDT Chairman **Manuel V. Pangilinan** said "This partnership with experienced international tower companies represents another milestone in PLDT's strategic transformation. We expect to reap benefits in terms of a valuation uplift and capital reallocation with PLDT applying the proceeds to deleverage, further invest in the network, and return cash to shareholders via a special dividend."

PLDT and Smart President and CEO **Alfredo S. Panlilio** added "Our TowerCo partners, selected after a thorough process, will provide the Group with the infusion of global best practices and innovative solutions. PLDT is now even better positioned to continue our journey towards service excellence and best-in-class customer experience, making us the telco of choice in the Philippines."

Adlan Tajudin, CEO of edotco Group, said "This transaction presents a highly strategic acquisition for edotco as it diversifies and strengthens our pan-Asian platform with exposure to a nascent, high-growth market with strong governmental support. With an established platform in the Philippines, edotco can play an instrumental role in developing the nation's digital economy infrastructure while accelerating its organic and inorganic growth strategy."

Suresh Sidhu, CEO of EdgePoint, concluded "EdgePoint is delighted and honored by PLDT's faith in our capabilities. We look forward to working with PLDT in true partnership. We also look to bring to bear the vast experience of our local partners, Comworks Inc. and SMS Global Technologies Inc. We are committed to building a world class operation to expand next-generation connectivity solutions, bridging the digital divide in the Philippines and creating new job opportunities in the sector. The Philippines telecoms sector has tremendous potential, and we look forward to being part of its future."

Closing of the transaction will be staggered based on number of towers being transferred, with the first closing expected in May 2022 and the last closing by Q4 2022.

UBS AG acted as exclusive financial adviser to PLDT and Smart on this transaction.**XX**

This press release may contain some statements which constitute "forward-looking statements" that are subject to a number of risks and opportunities that could affect PLDT's business and results of operations. Although PLDT believes that expectations reflected in any forward-looking statements are reasonable, it can give no guarantee of future performance, action or events.

For further information, please contact:

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About PLDT

PLDT is the Philippines' largest fully integrated telco company. Through its principal business groups – from fixed line to wireless – PLDT offers a wide range of telecommunications and digital services across the Philippines' most extensive fiber optic backbone, and fixed line and cellular networks.

PLDT is listed on the Philippine Stock Exchange (PSE:TEL) and its American Depositary Shares are listed on the New York Stock Exchange (NYSE:PHI). PLDT has one of the largest market capitalizations among Philippine-listed companies.

For more information, visit: www.pldt.com

About edotco Group

Established in 2012, edotco Group is the first regional and integrated telecommunications infrastructure services company in Asia, providing end-to-end solutions in the tower services sector from tower leasing, colocations, build-to-suit, energy, transmission and operations and maintenance.

edotco Group operates and manages a regional portfolio of over 54,000 towers across Malaysia, Indonesia, Bangladesh, Cambodia, Sri Lanka, Pakistan, Philippines, Myanmar, and Laos. edotco strives to deliver outstanding performance in telecommunications infrastructure services and solutions. Its state-of-the-art real-time monitoring service, echo, has driven significant improvements in field operations while maximizing operational efficiencies in terms of battery, energy and fuel consumption for telecommunications infrastructure.

edotco Group was recently awarded the Frost & Sullivan 2021 Asia Pacific Telecoms Tower Company of the Year Award for its exemplary business growth and performance in Southeast Asia.

For more information, visit: www.edotcogroup.com

About EdgePoint

EdgePoint Infrastructure is a telecommunications infrastructure company that aspires to power Digital ASEAN via Next Generation Infrastructure. With operations in Malaysia, Indonesia and the Philippines, through EdgePoint Towers Sdn Bhd, PT Centratama Telekomunikasi Indonesia, Tbk and Comworks Infratech Corporation respectively, the company is focused on providing sharable and leading-edge telecom structures, small cells and in-building systems. EdgePoint aims to be an industry leader through scale and innovation, driving operational efficiencies through the adoption of analytics and digital technologies.

About DigitalBridge

DigitalBridge (NYSE: DBRG) is a leading global digital infrastructure investment firm. With a heritage of over 25 years investing in and operating businesses across the digital ecosystem including cell towers, data centers, fiber, small cells, and edge infrastructure, the DigitalBridge team manages a US$ 45 billion portfolio of digital infrastructure assets on behalf of its limited partners and shareholders. Headquartered in Boca Raton, DigitalBridge has key offices in New York, Los Angeles, London, and Singapore.

For more information, visit: www.digitalbridge.com

Pioneering tower sharing in the Philippines

Sale and leaseback of towers for PHP 77 billion

19th April 2022

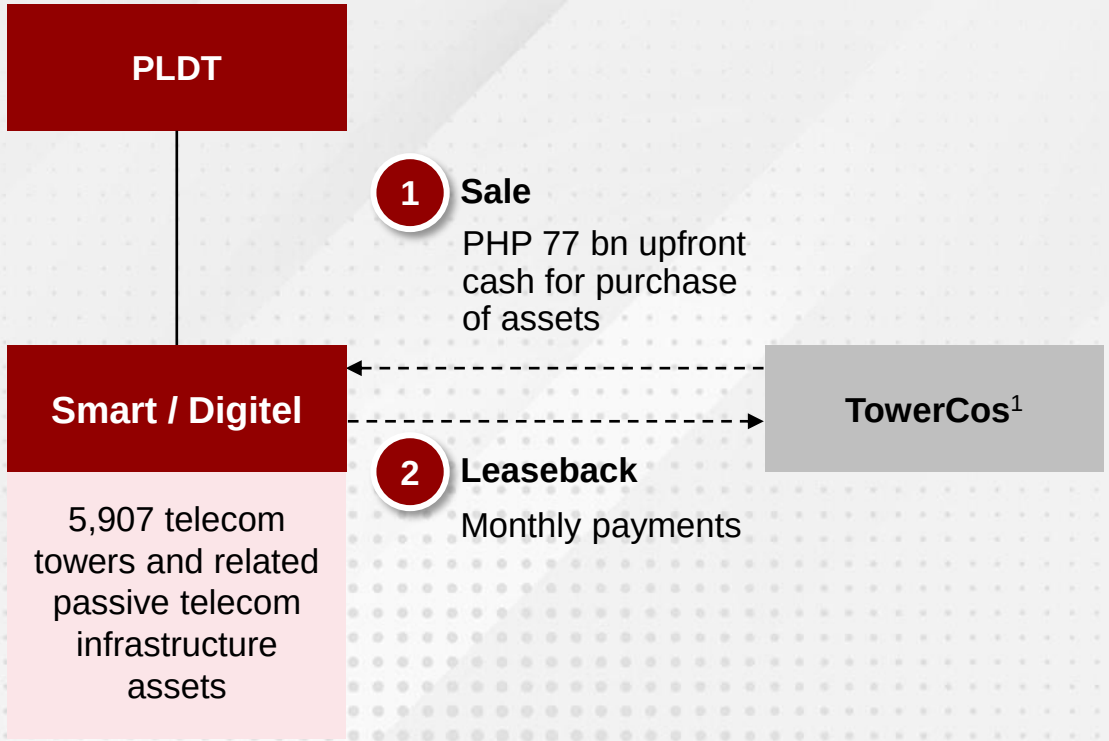
Meeting all the key objectives

Key objectives

- Valuation uplift
- Capital reallocation
- Better network quality and efficiency, higher resilience, faster recovery
- Benefit the country by supporting digital infrastructure sharing

Landmark sale and leaseback of towers in the Philippines

Sale and leaseback of 5,907 telecom towers for PHP 77 billion



1 Sale of 5,907 telecom towers for PHP 77 billion

Portfolio 1
2,934 towers to be sold to a subsidiary of EdgePoint (Comworks Infratech Corp.) for PHP 35 billion

Portfolio 2
2,973 towers to be sold to a subsidiary of edotco Group (ISOC edotco Towers, Inc.) for PHP 42 billion

2 Leaseback of space on the towers for 10 years

In addition to space, TowerCo will be responsible for providing O&M services as well as power to the sites

3 Complemented by a commitment to build an additional 1,500 new towers

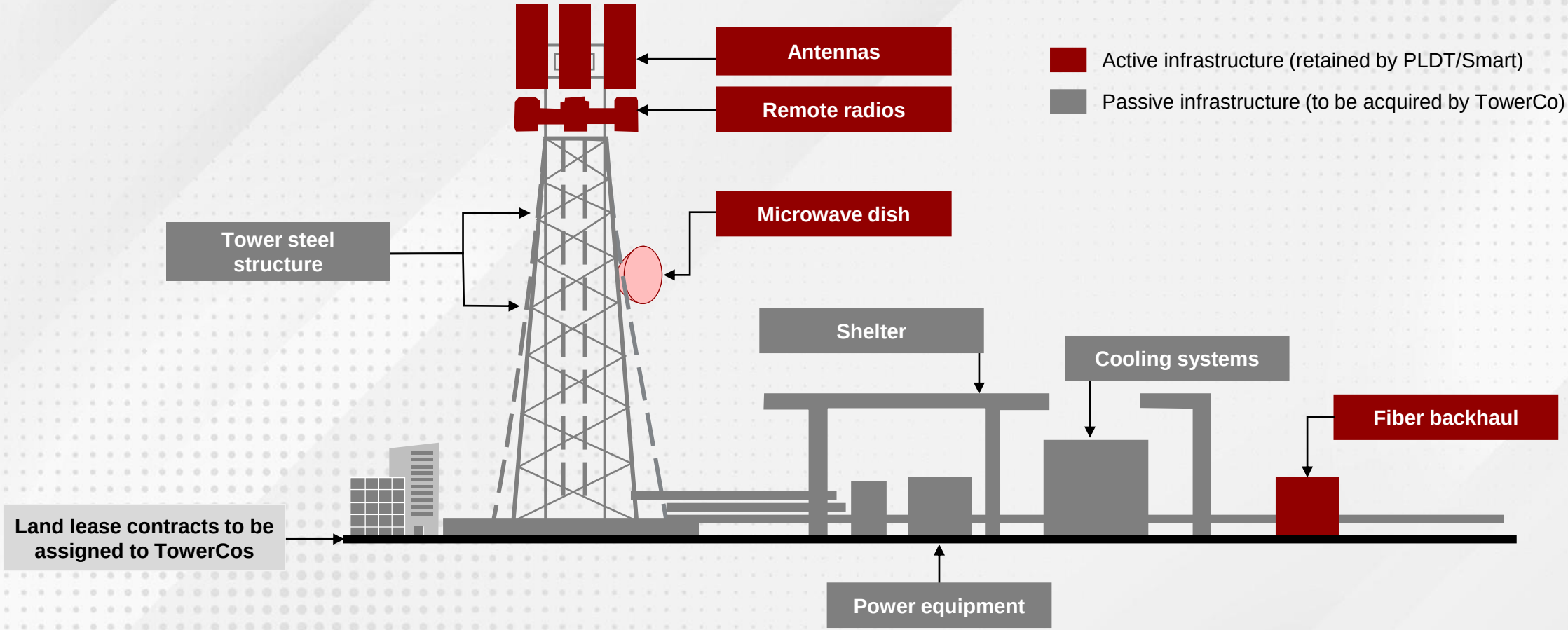
750 per portfolio:

- 500 to be built by 2025
- 250 to be built over the subsequent 5 years

Note:
1. Comworks Infratech Corp. (subsidiary of EdgePoint) and ISOC edotco Towers, Inc. (subsidiary of edotco Group)

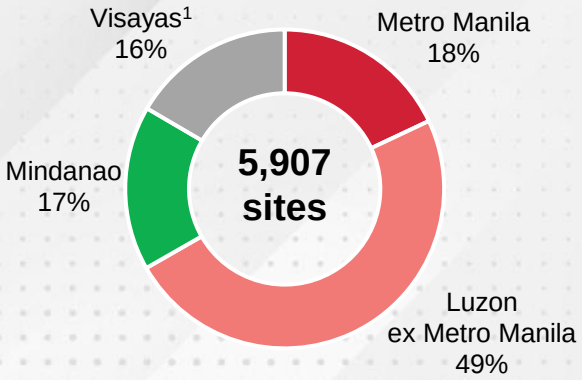
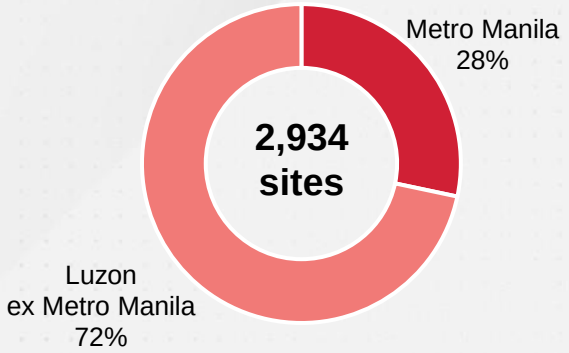
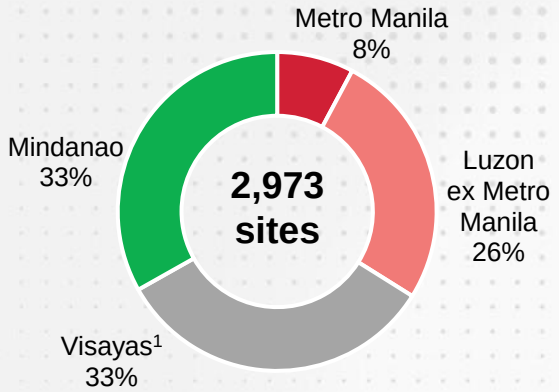
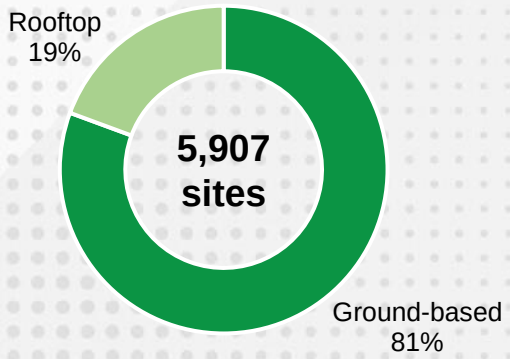
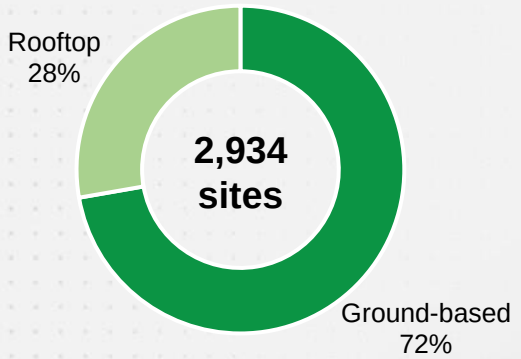
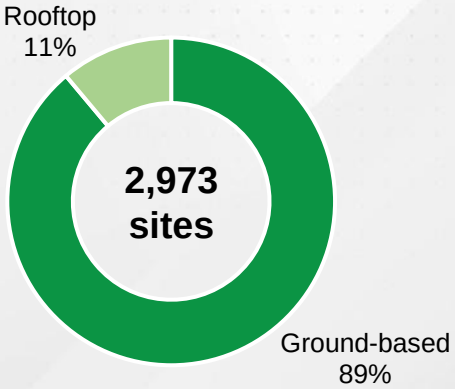
Only passive infrastructure is transferred

PLDT retains ownership of active infrastructure; TowerCos to own the passive infrastructure



Monetization of 2 complementary tower portfolios

Approximately half of PLDT/SMART's tower portfolio to be monetized

	Total	Portfolio 1	Portfolio 2
Geographical breakdown			
Site type breakdown			

Note:
1. Includes Palawan

Highly experienced international TowerCo partners

edotco Group

- Over 54k owned and managed towers
- Present in 9 countries
- Over 20 years of experience in tower deployment
- Backed by Axiata Group, a leading telecom operator in Asia

EdgePoint

- Telecom tower platform in Asia
- ~10k towers in Indonesia and Malaysia
- Partnership in the Philippines with Comworks and SMSGT (telecom services providers)

Backed by DigitalBridge:

- Dedicated global-scale digital infrastructure firm
- US$ 45bn of assets under management across the digital ecosystem, including towers, data centers, fiber, small cells and edge infrastructure

will bring to PLDT…

- **International experience**
- **Higher uptime**
- **Best-in-class operational expertise**
- **Faster rollout**
- **Energy efficient and sustainable solutions**
- **Faster recovery from typhoons and other natural calamities**

Favorable leaseback terms

	Key terms	Benefits to Smart
Tenor	10 years	✓ Long-term guaranteed use of the towers by Smart
Currency	PHP	✓ No FX risk
Monthly base rate charge	PHP 100k / tower / month (PHP 70k base fee[1] and PHP 30k O&M fee)	✓ In-line with running costs for PLDT/Smart ✓ Lower than current pricing for build-to-suit
Inflation escalation	Up to 3% p.a. on O&M component only (i.e. PHP 30k or 30%), none for non-O&M portion	✓ Protection against future inflation
Colocation discount	Yes	✓ Benefits from colocation with reduced pricing
Ground lease cost pass-through	None	✓ Smart monthly base rate charge not affected by any future increase in ground lease rent
Power	Pass-through at cost for electricity and fuel consumption	✓ Power provisioning to be provided by TowerCos against uptime requirements

Note:
1. Base fee subject to certain adjustments (for a small number of sites)

Leaseback rate considerations

Monthly base rate charge in line with running costs and appropriate considering services being received

- **The PHP 100k/tower monthly base rate charge for the sale and leaseback is in-line with the running costs for Smart**, which include:
  - Ground lease costs
  - O&M costs
  - Tower maintenance capex
  - Power capex (including batteries, generators, rectifiers)
  - Permits and tax
- **It is also lower than the current pricing for build-to-suits in the Philippines**
- **Pricing is in-line with Indonesia when factoring (i) power capex, (ii) differences in ground lease cost and (iii) colocation discount**

	Philippines		Indonesia	USA
	Transaction			
	Sale and leaseback	Build-to-suit		
Monthly base rate charge (PHP/tenant/month)	100	120	~45-50	~125-150
Colocation discount	Yes	Yes	No	No
Tower + Power	Yes	Yes	No	No

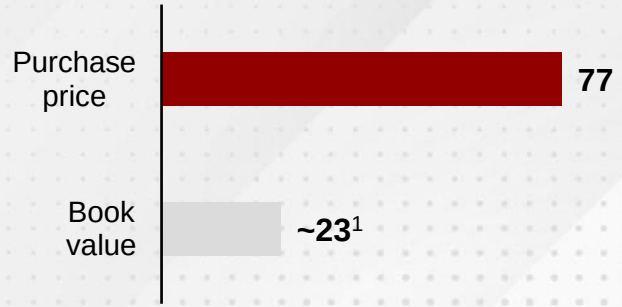
TowerCo to provide power to the sites and bear associated capex

Superior valuation achieved

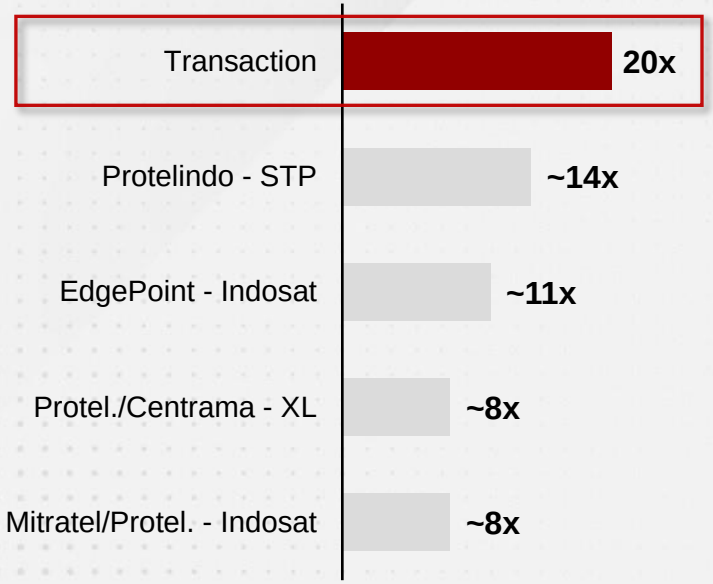
Attractive EV/EBITDA multiple of 20x attained for both portfolios

Significant premium over book value

(PHP billion)

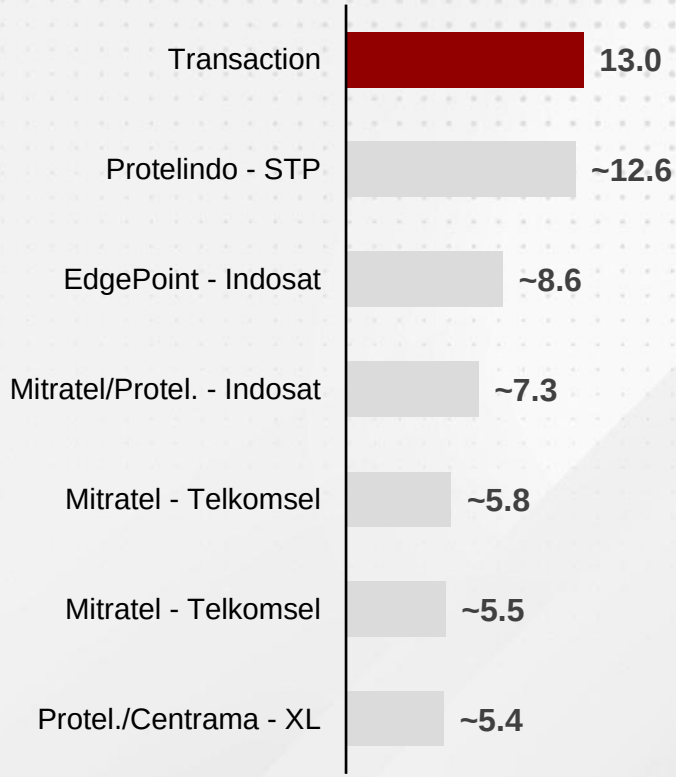


Highest EV/EBITDA multiple[2]



Highest value per tower[2]

(PHP million per tower)



Sources: PLDT, public disclosures
Notes: USD 1 = PHP 50 where applicable
1. Include capex commitment
2. Compared to Asia tower transactions announced in the past 3 years (with public disclosure)

Positive accounting impact on PLDT

Significant gain on sale, EPS accretive transaction

Significant gain on sale

	(PHP bn)
Selling price	**77**
Less: Net assets sold	(23)
Gain on sale	**55**
Gain on sale and leaseback (upfront)	**37**
Estimated gain (net of tax[3])	**28**
Deferred portion of gain	**18**

Smart leaseback of tower assets for 10 years

- Monthly base rate charge of PHP 100k
  - Base fee at PHP 70k
  - O&M service fee at PHP 30k

Gain on sale and leaseback is recognized by the seller-lessee to the extent of the rights transferred to the buyer-lessor, but deferred for the percentage of rights retained

- 48% rights retained
- 52% rights transferred

Earnings uplift

(PHP bn)	Pre-sale	Post-sale[2]	Difference
Expenses[1]	(7.0)	(5.7)	+1.4
Savings on financing costs	-	2.6	+2.6
Expenses and savings, pre-tax	**(7.0)**	**(3.1)**	**+4.0**
Expenses and savings, post-tax	**(5.3)**	**(2.3)**	**+3.0**

EPS accretion of ~10%
(based on FY2021 net income)

Notes:
1. O&M opex and depreciation
2. Average over 10 years
3. Corporate income tax

Use of proceeds

Cash proceeds[1]

1 Debt prepayment

- Debt reduction of **PHP 27.5bn**
- Net debt / EBITDA expected to go **below 2.0x**

2 Fund major cash requirements in 2022

- Avoidance of additional debt of up to **PHP 24.5bn**

3 Special dividends

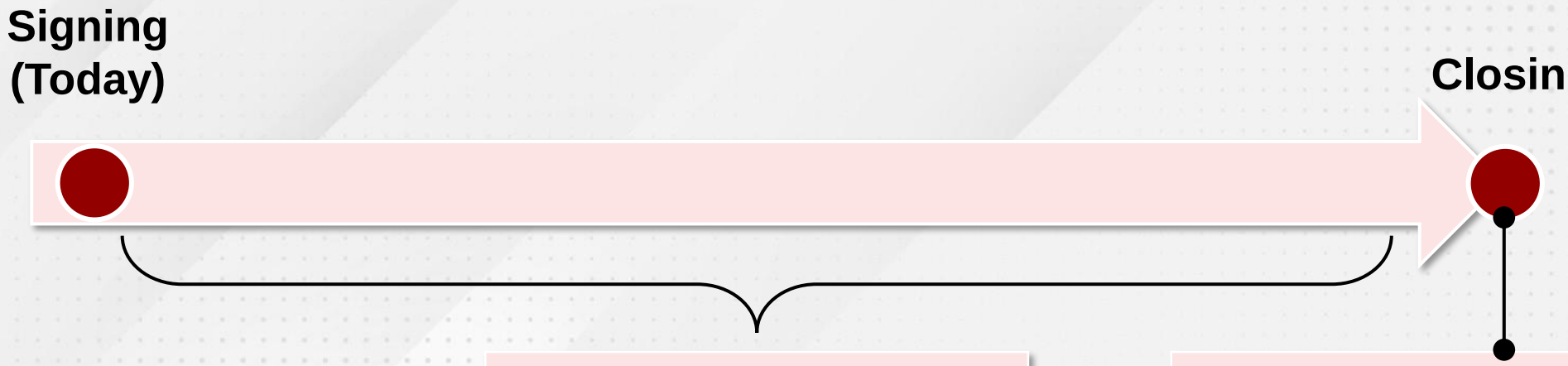
- Up to **PHP 9bn**

+ Savings on financing costs

- Estimated at **PHP 2.6bn p.a.**

Note:
1. Post tax and transaction expenses

From signing to closing



Note:
1. Landlord consents / land lease renewals

Thank you

Appendix

Accounting impact

Sale and leaseback ("SLB")

- Gain to be recognized by seller-lessee to reflect the amount relating to the rights transferred over the asset to the buyer-lessor.

- Entity first needs to determine the rights retained via the leaseback – as represented by the present value of the lease payments versus the selling price of the asset.
  - The resulting complement from that proportion is equivalent to the rights transferred.

- SLB transactions could be structured with a sale price that is above or below the asset's fair value and with lease payments that are above or below the market rates *(i.e., off–market terms)*.

- Effect of off-market terms are captured by the entity adjusting the fair value of the consideration based on readily determinable amounts *(i.e., comparison of the fair value of the asset versus the selling price OR comparison of the lease rates at market versus the contractual lease payments)*.

Accounting impact – balance sheet

Balance sheet impact

(PHP bn)	Pre-sale	Post-sale	Movement
PPE	23.1	-	(23.1)
Right-of-use assets	7.6	**17.6**	10.0
Cash	-	77.0	77.0
Assets	**30.7**	**94.6**	**63.9**
Lease liabilities	7.8	**35.3**	27.5
Asset retirement obligation	1.1	-	(1.1)
Liabilities	**8.9**	**35.3**	**26.4**
Net assets	**21.8**	**59.3**	**37.5**

Present value of lease liability to be recognized post-sale at PHP 35.3bn

- Tower assets at PHP 21.2bn
- Land at PHP 14.1bn

ROUA to be recognized at PHP 17.6bn *(48% PHP 36.6bn)* for rights retained on net assets sold (PHP 22.5bn) and PV of land lease payments (PHP 14.1bn)

Post-sale, assets to increase by PHP 63.9bn and liabilities to increase by PHP 26.4bn

Except for historical financial and operating data and other information in respect of historical matters, the statements contained herein are "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. The words "believe", "intend", "plan", "anticipate", "continue", "estimate", "expect", "may", "will" or other similar words are frequently used to indicate these forward looking statements. Any such forward-looking statement is not a guarantee of future performance and involves a number of known and unknown risks, uncertainties and other factors that could cause the actual performance, financial condition or results of operation of PLDT to be materially different from any future performance, financial condition or results of operation implied by such forward-looking statement. Among the factors that could cause actual results to differ from the implied or expected results are those factors discussed under "Risk Factors" in Item 3 in PLDT's annual report on Form 20-F.

For inquiries, please contact: PLDT INVESTOR RELATIONS
pldt_ir_center@pldt.com.ph

PLDT