



MEGAWIDE CONSTRUCTION CORPORATION

20 N. Domingo Street, Brgy. Valencia,
Quezon City, Metro Manila
Telephone No. +63 2 8655 1111

Preliminary Prospectus

₱ 3.00 Billion with an Oversubscription Option of up to ₱ 1.00 Billion Fixed Rate Bonds

Consisting of:

Series A Bonds: [•]% p.a due 2026

Series B Bonds: [•]% p.a due 2027

Issue Price: 100% of Face Value

To be listed and traded through the Philippine Dealing and Exchange Corp.

Joint Issue Managers, Joint Lead Underwriters and Bookrunners



Trustee: Rizal Commercial Banking Corporation – Trust and Investments Group



This Preliminary Prospectus is dated May 27, 2022.

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.

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 Bonds nor shall there be any offer, solicitation, or sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MEGAWIDE CONSTRUCTION CORPORATION
20 N. DOMINGO STREET, BRGY. VALENCIA,
QUEZON CITY, METRO MANILA
Telephone No. +63 2 8655 1111
<http://www.megawide.com.ph/>

This Prospectus relates to the offering and sale of fixed-rate bonds in aggregate principal amount of Three Billion Pesos (₱3,000,000,000.00) (the “**Base Offer**”), with an oversubscription option of up to One Billion Pesos (₱1,000,000,000.00) (the “**Oversubscription Option**”, together with the Base Offer, the “**Offer**” or the “**Bonds**”), subject to the registration requirements of the Securities and Exchange Commission (“**SEC**”).

The distribution and sale of the Bonds shall be made solely in the Philippines through RCBC Capital Corporation (“**RCBC Capital**”) and SB Capital Investment Corporation (“**SB Capital**”), collectively the Joint Issue Managers, Joint Lead Underwriters and Bookrunners (the “**Underwriters**”), and the Selling Agents named herein who shall sell and distribute the Bonds to third party buyers/investors at the Offer Price.

In the event that Oversubscription Option is exercised, the Underwriters, in consultation with the Issuer, have the discretion to allocate the Oversubscription Option Bonds at the end of the Offer Period based on actual demand.

The Bonds shall be issued on August 11, 2022, or such other date as may be agreed upon by the Issuer, and the Underwriters (“**Issue Date**”) and shall be issued in two Series – Series A due on 2026 which will mature in three and a half years from Issue Date or on February 11, 2026 (“**Series A Maturity Date**”) with a fixed interest rate of [●]% per annum, and Series B due on 2027 which will mature in five years from the Issue Date or on August 11, 2027 (“**Series B Maturity Date**”) with an optional redemption on the fourth or fifth year. Interest on the Bonds shall be calculated on a European 30/360-day count basis and shall be paid quarterly in arrears. Other securities shall be issued as provided by applicable SEC rules and regulations effective at the time of issuance.

Subject to the consequences of default as contained in the Trust Indenture, and unless otherwise redeemed prior to the Maturity Date, the Bonds will be redeemed at par (or 100% of face value) on its Maturity Date.

The Bonds shall constitute the direct, unconditional, and unsecured obligations of MWIDE and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured obligations of MWIDE, other than obligations preferred by law.

The Bonds shall effectively be subordinated in right of payment to, among others, all of MWIDE’s secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines without a waiver of preference or priority.

The Bonds have been rated PRS Aa by Philippine Rating Services Corporation (“**PhilRatings**”). The rating is not a recommendation to buy, sell, or hold the Bonds, and may be subject to revision, suspension, or withdrawal at any time by PhilRatings. The Bonds shall be offered to the public at face value through the Underwriters with the Philippine Depository & Trust Corp. (“**PDTC**”) as the Registrar of the Bonds. It is intended that upon issuance, the Bonds shall be issued in scripless form, with PDTC maintaining the scripless Register of Bondholders, and listed on the PDEX. The Bonds shall be issued in denominations of ₱50,000.00 each, as a minimum, and in multiples of ₱10,000.00 thereafter, and traded in denominations of ₱10,000.00 in the secondary market.

Through the Offer, the Company expects to raise gross proceeds of ₱3,000,000,000.00, or if the Oversubscription Option is exercised in full, ₱4,000,000,000.00. The net proceeds from the Offer, estimated to be at ₱[2,973,858,834.25] or if the Oversubscription Option is exercised in full, ₱[3,968,481,820.67], determined by deducting from the gross proceeds the SEC Registration fees, underwriting and selling fees, documentary stamp taxes and other related fees and out-of-pocket expenses, will be used by the Company primarily to refinance its short term debt, fund the issuer’s capital expenditures, fund other general corporate requirements and pay the transaction fees related to the Offer (See “*Use of Proceeds*”).

RCBC Capital and SB Capital acting as the Underwriters shall receive underwriting fees of 0.50% of the gross proceeds of the Offer, inclusive of amounts to be paid to the Selling Agents, if any.

No dealer, salesman, or any other person has been authorized to give any information or to make any representation not contained in this Prospectus. If given or made, any such information or representation must not be relied upon as having been authorized by the Company, and the Underwriters. The distribution of this Prospectus and the offer and sale of the Bonds may, in certain jurisdictions, be restricted by law. The Company and the Underwriters require persons into whose possession this Prospectus come, to inform them of and observe all such restrictions. This Prospectus does not constitute an offer of any Bonds, or any offer to sell, or a solicitation of any offer to buy any Bonds of the Company in any jurisdiction, to or from any person to whom it is unlawful to make such offer in such jurisdiction.

Unless otherwise stated, the information contained in this Prospectus has been supplied by the Company to the best of its knowledge and belief. The Company (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in this Prospectus is correct, and that there is no material statement or omission of fact which would make any statement in this Prospectus misleading in any material respect. The Company hereby accepts full and sole responsibility for the accuracy of the information contained in this Prospectus. The Company and the Underwriters have exercised due diligence in ascertaining that all material representations contained in the Prospectus, its amendments and supplements, are true and correct, and that no material information was omitted which was necessary in order to make the statements contained in the aforementioned documents not misleading. The Underwriters confirm that it has exerted reasonable efforts to verify the information contained herein but do not make any representation, express or implied, as to the accuracy or completeness of the materials contained herein. The Underwriters, having made all reasonable enquiries, confirm that this document contains all information with respect to the Underwriters, and the Bonds which is material in the context of the issue and offering of the Bonds, that the information contained herein is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts, the omission of which would, in the context of the issue and offering of the Bonds, make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect and that all reasonable enquiries have been made by the Issuer to verify the accuracy of such information. The Issuer accepts responsibility accordingly.

Unless otherwise indicated, all information in this Prospectus is as of date hereof. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstances, create any 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 and its subsidiaries since such date. Market data and certain industry forecasts used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Company, the Underwriters make any representation as to the accuracy of such information. Each person contemplating an investment in the Bonds should make his own independent investigation and analysis of the creditworthiness of Megawide and his own determination of the suitability of any such investment. The risk disclosure herein does not purport to disclose all the risks and other significant aspects of investing in the Shares. A person contemplating an investment in the Bonds should seek professional advice if he or she is uncertain of, or has not understood any aspect of the Bonds to invest in or the nature of risks involved in trading of Bonds. For a discussion of certain factors to be considered in respect of an investment in the Bonds, see the section entitled "*Risk Factors*".

Megawide is incorporated under the laws of the Philippines. Its principal office address is at the 20 N. Domingo St, Quezon City, Metro Manila, Philippines, with telephone number +63 2 8655 1111.

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

MEGAWIDE CONSTRUCTION CORPORATION

By:

EDGAR B. SAAVEDRA

Chairman, Chief Executive Officer, and President

SUBSCRIBED AND SWORN to before me this _____ in _____, Philippines, by
affiant who is personally known to me and exhibited to me his _____ issued on
_____ at _____.

Doc. No.:

Page No.:

Book No.:

Series of 2022

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DEFINITION OF TERMS

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
Affordable Housing	Housing units with a price range of ₱400,000.00 to ₱3,000,000.00 per unit
Altria	Altria East Land, Inc.
Applicant	A person, whether natural or juridical, who seeks to subscribe to the Bonds by submitting an Application under the terms and conditions prescribed in this Prospectus
Application	An application to purchase the Bonds
Banking Day or Business Day	A day (except Saturdays, Sundays and holidays) on which banks in the Philippines are open for business in Metro Manila, Philippines
BBB	Build, Build, Build Program
BIR	Bureau of Internal Revenue
Board or Board of Directors	The Board of Directors of the Company
Bonds	Fixed-rate bonds with an aggregate principal amount of ₱3,000,000,000.00, with an oversubscription option of up to ₱1,000,000,000.00
Bondholders	Holders of the Bonds
BOT	Build-Operate-Transfer Program
BSP	Bangko Sentral ng Pilipinas, the central bank of the Philippines
BT	Build-Transfer Program
Citicore	Citicore Holdings Investment, Inc.
CMCI	Citicore-Megawide Consortium Inc.
Company, Issuer or Megawide	Megawide Construction Corporation
Construction Order Book	The value of construction contracts awarded to the Company during a specified period
Control	<p>The power of a corporation to direct or govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Control is presumed to exist when the parent owns, directly or indirectly, through Subsidiaries, more than one-half of the voting power of an enterprise, unless, in exceptional circumstances, it can clearly be demonstrated that such ownership does not constitute Control. Control also exists even when the parent corporation owns one-half or less of the voting power of an enterprise when there is power:</p> <p>(i) over more than one-half of the voting rights by virtue of an agreement with investors;</p>

	(ii) to direct or govern the financial and operating policies of the enterprise under a statute or an agreement;
	(iii) to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
	(iv) to cast the majority votes at meetings of the board of directors or equivalent governing body
COVID-19	A disease caused by a new strain of coronavirus. Formerly referred to as '2019 novel coronavirus' or '2019-nCoV'.
DENR	Department of Environment and Natural Resources
DepEd	Department of Education
Depository Agent	Philippine Depository and Trust Corp.
Depository Account	A securities account opened and maintained by the Bondholder, his custodian, or broker, as the case may be, with the PDTC.
DOH	Department of Health
DOTC	Department of Transportation and Communication
DPWH	Department of Public Works and Highways
ECQ	Enhanced Community Quarantine
Eligible Investors	Applicants who are qualified to subscribe to the r Bonds
EPC	Engineering, procurement, and construction
e-SIP	e-Securities Issue Portal established and maintained by the PDS Group
e-SIP Terms of Use	The terms and conditions for the use of the e-SIP
FIA	Foreign Investments Act of 1991, as amended
Formwork Systems	Temporary or permanent molds into which concrete or similar materials are poured
GDP	Gross domestic product, or the monetary value of all the finished goods and services produced within a country's borders, calculated on an annual basis
Government	The Government of the Republic of the Philippines
GMCAC	GMR-Megawide Cebu Airport Corporation, a joint venture between Megawide (60%) and GMR (40%)
GMR	GMR Infrastructure Limited
High Technology Building Systems	Pre-Cast Concrete and Formwork Systems currently employed by the Company in construction
Indebtedness	Any obligation (whether present or future, actual or contingent, secured or unsecured, as principal, surety or otherwise) for the payment or repayment of money
Joint Issue Managers, Joint Lead Underwriters and Bookrunners	RCBC Capital Corporation SB Capital Investment Corporation

Listing Date	The date on which the listing and trading of the Bonds on the PDEX begin, expected to be on August 11, 2022.
Majority Bondholders	Bondholders representing not less than 51% of the outstanding Bonds
MCIA	Mactan Cebu International Airport
MWCCI	Megawide World Citi Consortium, Inc., a joint venture between Megawide and World Citi, Inc.
MWMTI	MWM Terminals Inc.
MySpace	MySpace Properties Inc.
NAIA	Ninoy Aquino International Airport
NIRC	Philippine National Internal Revenue Code
Offer	The offer for ₱3,000,000,000.00 Series A Bonds due 2026 and Series B Bonds due 2027 plus an additional oversubscription option of up to ₱1,000,000,000.00, to Eligible Investors subject to the terms and conditions in this Prospectus and in the Application
Offer Period	The period commencing 9:00 a.m. on July 22, 2022 and ending at 12:00 nn on August 1, 2022 within which the Eligible Investors may subscribe to the Bonds
Oversubscription Option	Up to ₱1,000,000,000.00
₱, P, or Php	Philippine Pesos, the lawful currency of the Republic of the Philippines
PCAB	Philippine Contractors Accreditation Board
PCD	The Philippine Central Depository
PCD Nominee	The PCD Nominee Corporation, a corporation wholly owned by the PDTC
P.D. No. 1746	Presidential Decree No. 1746, entitled “Creating the Construction Industry Authority of the Philippines”, as amended by R.A. No. 4566
PDS	The Philippine Dealing System
Person	Any individual, firm, corporation, partnership, association, tribunal, limited liability company, trust, joint venture, government or political subdivision or agency or instrumentality thereof, or any other entity or organization
PDTC	The Philippine Depository and Trust Corp., the central securities depository of, among others, securities listed
PFRS	Philippine Financial Reporting Standards
PITX	Paranaque Integrated Terminal Exchange

Philippine Nationals

Pursuant to the FIA, any of the following:

- (a) a citizen of the Philippines; or
- (b) a domestic partnership or association wholly owned by citizens of the Philippines; or
- (c) a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; or
- (d) a corporation organized abroad and registered as doing business in the Philippines under the Corporation Code of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos; or
- (e) a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of the Philippine nationals. Where a corporation and its non-Filipino stockholders own stocks in an SEC-registered enterprise, at least 60% of the capital stock outstanding and entitled to vote of both corporations must be owned and held by citizens of the Philippines and at least 60% of the members of the Board of Directors of both corporations must be citizens of the Philippines, in order that the corporations shall be considered a Philippine national

Pursuant to SEC Memorandum Circular No. 8, Series of 2013, which generally applies to all corporations engaged in identified areas of activities or enterprises specifically reserved, wholly or partly, to Philippine nationals by the Philippine Constitution, the FIA and other existing laws, amendments thereto, and implementing rules and regulations of said laws, for purposes of determining compliance with the constitutional or statutory ownership requirement, the required percentage of Filipino ownership shall be applied to both:

- (i) the total number of outstanding shares of stock entitled to vote in the election of directors; and
- (ii) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

PPP

Public-Private Partnership

Pre-Cast Concrete System

A construction product resulting from casting concrete in a reusable mold which is then cured in a controlled environment, transported to the construction site and lifted into place

Prospectus

This Prospectus together with all its annexes, appendices and amendments

PSE

The Philippine Stock Exchange, Inc.

Public Debt

Any present or future indebtedness in the form of, or represented by bonds, notes, debentures, loan stock or other securities that are at the time, or are of the type customarily

	quoted, listed or ordinarily dealt in on any stock exchange, over the counter or other securities market
Qualified Institutional Buyer	Any of the qualified buyers provided under Rule 10 of the Securities and Regulations Code as amended by SEC Memorandum Circular No. 6, Series of 2021, and any other juridical persons that possesses at the time of registration with an authorized registrar: (b) have gross assets of at least One Hundred Million Pesos (₱100,000,000.00) or (b) a total portfolio investment in securities registered with the SEC or financial instruments issued by the government of at least Sixty Million Pesos (₱60,000,000.00).
R.A. No. 4566	Republic Act No. 4566 or the “Contractor’s License Law”
RCBC Capital	RCBC Capital Corporation
Registrar and Paying Agent	Philippine Depository and Trust Corp., or PDTC
Registry and Paying Agency Agreement	Registry and Paying Agency Agreement dated [●] entered into between the Company and the Registrar and Paying Agent in relation to the Bonds
Register of Bondholders	The electronic register which shows the legal title to the Offer Bonds, maintained by the Registrar, pursuant to and under the terms of the Registry and Paying Agency Agreement
Revised Corporation Code	Republic Act 11232 or the Revised Corporation Code of the Philippines
SB Capital	SB Capital Investment Corporation
SEC	The Philippine Securities and Exchange Commission
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
Trustee	Rizal Commercial Banking Corporation - Trust and Investments Group
Underwriting Agreement	The agreement entered into by and between the Company and the Underwriters, indicating the terms and conditions of the Offer and providing that the Offer shall be fully underwritten by the Underwriters.
VAT	Value Added Tax

FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties and should not in any way be confused or considered as statements of historical fact. Some of these statements can be identified by forward looking terms such as, “anticipate”, “believe”, “can”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “should”, “will”, “and”, “would” or other similar words. These words, however, are not the exclusive means of identifying forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- (a) Known and unknown risks;
- (b) Uncertainties and other factors which may cause Megawide’s actual results, performance or achievements to deviate significantly from any future results;
- (c) Performance or achievements expressed or implied by forward-looking statements;
- (d) Megawide’s overall future business, financial condition and results of operations, including, but not limited to, its financial position or cash flow;
- (e) Megawide’s goals for or estimated of its future operational performance of results;
- (f) Megawide’s submission of proposal or planned participation in future projects;
- (g) Megawide’s dividend policy; and
- (h) Changes in Megawide’s regulatory environment including but not limited to, policies, decisions and determinations of governmental or regulatory authorities.

Such forward-looking statements are based on numerous assumptions regarding Megawide’s present and future business strategies and the environment in which Megawide 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, but are not limited to, those disclosed under “*Risk Factors*”. These forward-looking statements speak only as of the date of this Prospectus.

Statements in this Prospectus as to the opinions, beliefs and intentions of Megawide accurately reflect in all material respects the opinions, beliefs and intentions of its management as to such matters at the date of this Prospectus, although Megawide can give no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This 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 forward-looking statements attributable to Megawide or persons acting on behalf of Megawide are expressly qualified in their entirety by cautionary statements.

Megawide and the Underwriters 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 Megawide’s expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based. In light of all the risks, uncertainties and assumptions associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Prospectus might not occur in the way Megawide expects or even at all. Investors should not place undue reliance on any forward-looking information.

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by the more detailed information, including the Company's financial statements and the notes relating thereto presented and based on a consolidated level, appearing elsewhere in this Prospectus. Prospective investors of the Bonds must read the entire Prospectus carefully, including the section on "Risk Factors". Capitalized terms not defined in this summary are defined in the section "Definition of Terms".

COMPANY OVERVIEW

Megawide Construction Corporation ("**Megawide**" or the "**Company**") was registered with the Philippine Securities and Exchange Commission ("**SEC**") on July 28, 2004. The Company is one of the country's most progressive infrastructure conglomerates, with a portfolio in Engineering, Procurement and Construction ("**EPC**"), Airport Infrastructure and Progressive Property Development. The Company's revolutionary construction and engineering solutions continue to shape the industry by integrating its comprehensive EPC capabilities with innovative construction solution technologies such as precast, formworks, concrete batching, and specialized logistics systems. Its principal office is located at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

The Company's Common Shares were listed on the Philippine Stock Exchange ("**PSE**") on February 18, 2011 under the trading symbol "**MWIDE**" while the Company's Series 1 Preferred Shares were listed in the PSE on December 3, 2014 under the trading symbol "**MWP**". The Company's Series 2A Preferred Shares and Series 2B Preferred Shares were listed on the PSE on November 27, 2020 under the trading symbol "**MWP2A**" and "**MWP2B**", respectively.

On February 26, 2021, the Company's Board of Directors approved the increase in the authorized capital stock of the Company from ₱5,054,000,000.00 divided into 4,930,000,000 Common Shares with par value of ₱1.00 per share and 124,000,000 cumulative, non-voting, non-participating, non-convertible, perpetual Preferred Shares with par value of ₱1.00 per share, to ₱5,080,000,000.00, divided into 4,930,000,000 Common Shares with par value of ₱1.00 per share and 150,000,000 cumulative, non-voting, non-participating, non-convertible, perpetual Preferred Shares with a par value of ₱1.00 per share.

Pursuant to such delegated authority of the Board of Directors to issue the preferred shares in series, sub-series or in tranches, the Board of Directors, in its meeting on September 13, 2021, approved the resolutions creating the 40,000,000 Series 4 Preferred Shares and its terms and conditions (the "Enabling Resolutions"). The SEC approved the Enabling Resolutions on September 30, 2021.

On October 29, 2021, the Company's Series 4 Preferred Shares were listed on the PSE Main Board under the trading symbol "**MWP4**".

As of date of this Prospectus, Megawide is governed by a Board of 7 directors composed of Mr. Edgar B. Saavedra, Mr. Manuel Louie B. Ferrer, Mr. Oliver Y. Tan, (Ret.) Chief Justice Hilario G. Davide, Jr., Mr. Ramon H. Diaz, Mr. Celso P. Vivas and Mr. Alfredo E. Pascual. Its management team is headed by a licensed civil engineer with over 20 years of experience in the construction industry, namely, its President, Chief Executive Officer and Chairman of the Board, Mr. Edgar B. Saavedra.

As of March 31, 2022, the Company's major shareholders are PCD Nominee Corporation (Filipino) with 57.51% of the total issued and outstanding common stock, Citicore Holdings Investment Inc. ("Citicore") with 35.41% and PCD Nominee Corporation (Non-Filipino) with 4.75%. Meanwhile, Megacore Holdings, Inc., whose common stock in the Company are lodged with PCD Nominee Corporation (Filipino), has a 30.68% ownership interest in the same.

The Company is currently servicing the majority of high-rise residential, commercial, office and mixed-use development projects in Metro Manila for several major local developers, primarily for its use of High Technology Building Systems, and quality workmanship. While Megawide is constantly invited to bid for major domestic high-rise building projects, it opts to focus on a selected clientele that provides synergy in business operations and better risk management. The Company's major clients include a variety of top and small property developers such as Suntrust

Home Developers, Inc., Megaworld Corporation, 8990 Holdings, Inc., Double Dragon Properties Corp., and HTLand, Inc.

Among the new contracts sealed by the construction segment are the Suntrust Home Developers' Suncity West Side City project, Megaworld's Newport Link project, and the DOTr's Malolos Clark Railway Phase 1 Project which is a joint venture project with Hyundai Engineering & Construction Co., Ltd., and Dong-ah Geological Engineering Company Ltd. The Company also signed a joint venture agreement with the local government of Cebu City for the modernization of the Carbon Market. The new market will serve as Cebu City's heritage district and will be composed of a restored Compania Maritama, a refurbished Freedom Park, and a modernized Carbon Market. For details of these projects, see "*Description of Business*" of this Prospectus.

To support its contracts and to gear up for more projects in the upcoming years, the Company has approximately 14-hectare state-of-the-art Precast Concrete Manufacturing Complex in Taytay, Rizal. The facility is fully automated and is considered to be the largest and most advanced precast plant in the country as well as in Southeast Asia. Through this technology, Megawide will be able to realize the full potential and inherent benefits of pre-cast concrete building solutions such as shorter construction period, cost efficiency, increased productivity and enhanced operational capability.

The Company also operates the second-largest airport in country, the Mactan-Cebu International Airport, which serves as the gateway to Cebu and other top tourist destinations in the Southern Philippines. In addition, Megawide also operates the first and only landport, the Parañaque Integrated Terminal Exchange, which currently serves as the model for a safe, secure, and efficient public transport system in the Philippines. Both these assets were secured through separate concession agreements from the government.

COMPETITIVE STRENGTHS

The Company believes that its principal strengths are the following: (1) fully-integrated EPC services, utilizing the most modern and state-of-the-art building technologies and employing a young, modern and branded fleet of building equipment; (2) AAAA and Large B contractor's license; (3) largest and most advanced pre-cast system facility and capacity; (4) largest private sector airport operator; (5) operates the first and only landport in the Philippines; (6) vertical integration and strong infrastructure platform where the Company can participate either as a general contractor, supplier, or developer/operator; (7) strong brand name and proven track record; and (7) organizational capability and flexibility. For a discussion of these strengths, see "*Description of Business*" of this Prospectus.

BUSINESS STRATEGY

The Company sees various opportunities in the private domestic real estate construction, public infrastructure projects, and transport-oriented developments, specifically in terms of addressing and improving the infrastructure development in the country through the National Government's initiative under its Modified BBB Program. Specifically, the Company is keen on the following business strategies: (1) expand its business into other segments, including but not limited to public infrastructure developments; (2) actively pursue value-accretive transport-oriented projects in the government pipeline; (3) capitalize on its fully-integrated EPC advantages; (4) leverage organizational competence and flexibility; and (5) constantly improve productivity and enhance operational efficiency in its on-going and future projects. For details of these strategies, see "*Description of Business*" of this Prospectus.

RISK FACTORS

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

1. Risks relating to the Company and its business

- The Company is exposed to the cyclical nature of a construction business coupled by risks associated with the Philippine's property development market, including potential construction contract cancellations.

- The on-going situation of the COVID-19 pandemic or any other public health outbreaks or epidemics could have negative effects on the Company's business operations.
- The Company is exposed to credit risk on its receivables.
- The Company is a party to a number of related party transactions.
- The Philippine Construction Industry is subject to extensive regulation by the Government.

a. Risks relating to the Construction Segment

- The construction industry is facing a skilled labor shortage.
- Significant competition in the construction industry could adversely affect the Company's business. The volatility in the price of construction materials could affect the Company's profitability.
- The Company's reputation will be adversely affected if its projects are not completed on time, or if projects do not meet customer requirements. The Company may be exposed to liquidity risk from delayed payments of progress billings.
- The availability of construction materials may affect the Company's projects.

b. Risks relating to the Airport (MCIA) Segment

- Modernization of existing and opening of new airports in the country.
- Slower tourism-related travel in the short-term due to global travel restrictions arising from the COVID-19 pandemic.
- Reduced commercial travel in the near term as a result of limited movements due to community quarantines.

c. Risks relating to the Landport (PITX) Segment

- People traffic in terminal may be impacted by social distancing protocols.
- Long-term contracts with office tenants may be affected by anti-POGO sentiments.

d. Risks relating to projects with Original Proponent Status

- Projects under Original Proponent Status may not necessarily be awarded to the Company.

2. Risks relating to the Company's Bonds

- The Bonds may not be a suitable investment for all investors. The trading price of the Bonds may be volatile, which could cause the value of investors' investments in the Bonds to decline, if sold at the secondary market.
- There may be a limited market for the Bonds, so there may be limited liquidity in the market.
- Holders of Bonds may not be able to reinvest at a similar return on investment.
- The Bonds may not be able to retain its credit rating.
- The Bonds have no preference under Article 2244(14) of the Civil Code.

3. Risks Relating 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.
- If foreign exchange controls were to be imposed, the Company's ability to access foreign currency to purchase raw materials and equipment and to service foreign currency denominated debt obligations could be adversely affected.
- The occurrence of natural catastrophes or man-made catastrophes or electricity blackouts may materially disrupt the Company's disruptions.
- Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

4. Risks Relating to Pending Material Legal Proceedings

- The Company's finances may be negatively affected should any of the claims for sum of money be granted.
- The operation of the Company's construction sites may be stalled should its license as a contractor be suspended or revoked.
- The Company's goodwill or relationship with its clients and subcontractors may be negatively affected due to the issues which brought about the material legal proceedings.
- With regard to the alleged violation of the Anti-Dummy Law case, GMR Megawide Cebu Airport Corporation, the Company's subsidiary, may lose its franchise to operate the Mactan Cebu International Airport.
- The suspension of the Company's licenses and franchises may negatively affect its reputation and impact its future transactions.

CORPORATE INFORMATION

The Company has its principal place of business at 20 N. Domingo Street, Brgy. Valencia, Quezon City, Metro Manila. The Company's Finance department, headed by its Chief Finance Officer, Mr. Ramon H. Diaz, and Assistant Vice President for Investor Relations, Mr. Rolando Bondoy, can be reached at +632 655 1111 loc. 803. Information on the Company may be obtained at www.megawide.com.ph.

SUMMARY OF FINANCIAL INFORMATION

The selected financial information set forth in the following table has been derived from Megawide's audited consolidated financial statements as of and for the years ended December 31, 2021, 2020, and 2019, and should be read in conjunction with the consolidated financial statements and notes thereto contained in this Prospectus and the section entitled "Management's Discussion & Analysis of Financial Condition" and other financial information included herein.

The financial statements of the Company for the years ended December 31, 2021, 2020 and 2019 are presented and based on a consolidated level were audited by Punongbayan & Araullo. In 2020, the Group made certain prior period adjustments to reflect the appropriate classification and presentation to reflect the effect of prior period adjustment discussed in detail in the consolidated financial statements annexed in this Prospectus. The summary of financial information set forth below does not purport to project the results of operations or financial conditions of Megawide for any future period or date.

(Amounts in ₱ thousands)	As of December 31		
	2021	As Restated 2020	As Restated 2019
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	5,846,088	7,226,150	6,518,600
Trade and other receivables – net	16,970,556	15,299,050	17,373,477
Financial assets at fair value through profit or loss		-	-
Construction materials	2,045,159	1,719,043	1,287,128
Contract assets	4,777,704	4,231,600	3,975,734
Other current assets	10,132,960	7,956,744	6,310,724
Total Current Assets	39,772,467	36,432,587	35,465,662
NON-CURRENT ASSETS			
Financial assets as fair value through other comprehensive income	3,544	3,544	3,544
Investments in associates	861,513	929,196	959,506
Concession assets	30,503,822	29,928,728	29,436,586
Property, plant, and equipment -net	7,166,867	7,239,862	7,624,032
Investment properties	4,493,344	4,378,381	4,228,699
Deferred tax assets – net	24,595	9,626	44,299
Other non-current assets	2,350,476	2,421,845	3,001,998
Total Non-current Assets	45,404,161	44,911,182	45,298,664
TOTAL ASSETS	85,176,628	81,343,769	80,764,326
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14,780,086	13,130,458	14,701,061
Trade and other payables	8,616,717	8,291,951	8,167,589
Contract liabilities	3,703,189	2,115,257	2,805,627
Other current liabilities	265,859	218,177	220,062
Total Current Liabilities	27,365,851	23,755,843	25,894,339

(Amounts in ₱ thousands)	As of December 31		
	2021	2020	2019
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	34,721,410	32,789,908	33,051,851
Contract Liabilities	2,056,202	2,478,673	2,125,643
Post-employment defined benefit obligation	300,125	343,402	340,207
Deferred tax liabilities - net	872,561	801,849	612,629
Other non-current liabilities	659,573	651,626	741,144
Total Non-current Liabilities	38,609,871	37,065,458	36,871,474
Total Liabilities	65,975,722	60,821,301	62,765,813
EQUITY			
Equity attributable to shareholders of the Parent Company:			
Capital Stock	2,528,052	2,486,427	2,439,426
Additional paid-in capital	16,987,856	13,057,711	8,776,359
Revaluation reserves	94,012	(8,951)	(63,384)
Other reserves	(22,475)	(22,475)	(22,475)
Treasury shares	(8,615,691)	(4,615,691)	(3,912,617)
Retained earnings	5,555,677	6,404,292	7,083,443
Total equity attributable to shareholders of the Parent Company	16,527,431	17,301,314	14,300,752
Non-controlling interests	2,673,476	3,221,154	3,697,761
Total Equity	19,200,907	20,522,468	17,998,513
TOTAL LIABILITIES AND EQUITY	85,176,629	81,343,769	80,764,326

Amounts in ₱ thousands	For the years ended December 31		
	2021	As Restated 2020	As Restated 2019
REVENUES			
Construction operation revenues	14,329,464	10,842,200	15,309,069
Airport operations revenues	576,043	1,108,668	3,691,112
Landport operations revenues	715,039	902,414	555,402
Trading operations revenues	23,426	69,945	326,221
	<u>15,643,972</u>	<u>12,923,227</u>	<u>19,881,804</u>
DIRECT COSTS			
Costs of construction operations	12,130,698	9,393,547	13,291,798
Costs of airport operations	388,165	634,707	1,536,617
Costs of landport operations	369,475	355,896	334,155
Costs of trading operations	15,969	20,960	88,214
	<u>12,904,307</u>	<u>10,405,110</u>	<u>15,250,784</u>
GROSS PROFIT	2,739,665	2,518,117	4,631,020
OTHER OPERATING EXPENSES	1,782,996	1,535,707	1,827,166
OPERATING PROFIT	956,669	982,410	2,803,854
OTHER INCOME (CHARGES)			
Finance costs	(2,809,511)	(2,506,745)	(2,308,928)
Finance income	482,014	694,777	767,838
Others – net	647,046	219,749	172,472
	<u>(1,680,451)</u>	<u>(1,592,219)</u>	<u>(1,368,618)</u>
PROFIT (LOSS) BEFORE TAX	(723,782)	(609,809)	1,435,236
TAX EXPENSE (BENEFIT)	169,372	264,787	324,202
NET PROFIT (LOSS)	<u>(893,154)</u>	<u>(874,596)</u>	<u>1,111,034</u>
Net Profit			
Attributable To:			
Shareholders of the Parent Company	(342,985)	(398,150)	859,487
Non-controlling interests	(550,169)	(476,446)	251,547
	<u>(893,154)</u>	<u>(874,596)</u>	<u>1,111,034</u>
Earnings per Share:	<u>(₱0.42)</u>	<u>(₱0.33)</u>	<u>₱0.28</u>

For more information on the Company's key performance indicators, please refer to the section entitled "Management's Discussion & Analysis of Financial Condition" and "Key Performance Indicators" of this Prospectus.

SUMMARY OF THE OFFER

The following do not purport to be a complete listing of all the rights, obligations and privileges of the Bonds. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective bondholders are enjoined to perform their own independent investigation and analysis of the Issuer and the Bonds. Each prospective shareholder must rely on its own appraisal of the Issuer and the proposed financing and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to participate in the proposed financing and must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective shareholder's independent evaluation and analysis.

The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information in this Prospectus. This overview may not contain all of the information that prospective investors should consider before deciding to invest in the Bonds. Accordingly, any decision by a prospective investor to invest in the Bonds should be based on a consideration of this Prospectus as a whole. Should there be any inconsistency between the summary below and the final documentation, the final documentation shall prevail.

Issuer	Megawide Construction Corporation (“ MWIDE ”, or the “ Company ”, or the “ Issuer ”)
Issue	SEC-registered fixed rate bonds constituting the direct, unconditional, unsubordinated, and unsecured obligations of the Issuer.
Offer Size	₱3,000,000,000.00, with an Oversubscription Option of up to ₱1,000,000,000.00
The Offer	Philippine Peso denominated 3.5-year Series A Bonds due 2026 and 5-year fixed rate Series B Bonds due 2027 (the “ Bonds ”) with an aggregate issue size of up to ₱4,000,000,000.00 consisting of the Base Offer of ₱3,000,000,000.00 and the Oversubscription Option of up to ₱1,000,000,000.00
Oversubscription Option	In the event of an oversubscription, the Underwriters, in consultation with the Company, reserves the right, but do not have the obligation, to increase the Offer size by up to an additional ₱1,000,000,000.00 (the “ Oversubscription Option ”)
Manner of Distribution	Public offering in the Philippines to eligible investors.
Use of Proceeds	The proceeds for this Offer will be used to: <ol style="list-style-type: none"> 1. Refinance the Company's short term debt; 2. Fund the Issuer's capital expenditures; 3. Fund its general corporate requirements; and 4. Payment of Transaction Fees relating to the Offer
Form and Denomination of the Bonds	The Bonds shall be issued in scripless form in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter, and traded in denominations of ₱10,000.00 in the secondary market.
Purchase Price	The Bonds shall be issued at 100% of face value.
Offer Period	The Offer shall commence at 9:00 a.m. on July 22, 2022 and end at 5:00 p.m. on August 1, 2022 or on such dates and time as the Issuer and the Underwriters may agree upon.
Issue Date of the Bonds	August 11, 2022, the date on which the Bonds shall be issued by the Issuer.

Maturity Date	Series A Bonds: Three and a half (3.5) years from the Issue Date Series B Bonds: Five (5) years from the Issue Date
Interest Rate	Series A Bonds: [●]% per annum Series B Bonds: [●]% per annum The Final Interest Rate for each series of the Bonds will be determined through a book-building process and will be based on the sum of a) simple average of the interpolated [3.5Y PHP BVAL] for Series A Bonds, and [5Y BVAL] for Series B Bonds, and b) the relevant Final Spread. The relevant PHP BVAL reference rate shall be for three business days preceding and inclusive of the Interest Rate Setting Date. The final interest rate shall be rounded off to four (4) decimal places.
Benchmark Rate	Series A Bonds: The simple average of the Interpolated 3.5-year PHP BVAL reference rate, as published on the relevant page of the Philippine Dealing System Group (or its successor) for the three (3) Business Days immediately preceding and inclusive of the Interest Rate Setting Date. Series B Bonds: The simple average of the 5-year PHP BVAL reference rate, as published on the relevant page of the Philippine Dealing System Group (or its successor) for the three (3) Business Days immediately preceding and inclusive of the Interest Rate Setting Date. If the Benchmark Rate cannot be determined as provided above, then the Issuer and <i>the Underwriters</i> shall agree on a mutually acceptable mechanism to determine the Benchmark Rate or otherwise determine the Interest Rate.
Interest Payment Dates and Interest Payment Computation	The Series A Bonds bear interest on its principal amount from and including Issue Date at the rate of [●]% p.a., payable quarterly in arrears, calculated on a 30/360-day count basis, starting on [●] 2022 for the first Interest Payment Date, and on [●], [●], [●], and [●] for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day, without adjustment for accrued interest, if such Interest Payment Date is not a Business Day. The Series B Bonds bear interest on its principal amount from and including Issue Date at the rate of [●]% p.a., payable quarterly in arrears, calculated on a 30/360-day count basis, starting on [●] 2022 for the first Interest Payment Date, and on [●], [●], [●], and [●] for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day, without adjustment for accrued interest, if such Interest Payment Date is not a Business Day.
Final Redemption	Unless otherwise earlier redeemed or previously purchased and cancelled, the Bonds shall be redeemed at par or 100% of the face value (the “ Final Redemption Amount ”) on the Maturity Date. However, if the Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment for accrued interest, on the succeeding Business Day.
Optional	Prior to the Maturity Date of the Series B Bonds, the Issuer shall

<p>Redemption for Series B Bonds</p>	<p>have the right, but not the obligation, to redeem in whole (but not in part) the outstanding Series B Bonds on the date set out below (the “Optional Redemption Date”):</p> <table border="1" data-bbox="549 286 1294 600"> <thead> <tr> <th data-bbox="549 286 952 353">Optional Redemption Date</th> <th data-bbox="952 286 1294 353">Optional Redemption Price</th> </tr> </thead> <tbody> <tr> <td data-bbox="549 353 952 510">On the 3rd anniversary of the Issue Date and every Interest Payment Date preceding the 4th anniversary of the Issue Date.</td> <td data-bbox="952 353 1294 510">101.0%</td> </tr> <tr> <td data-bbox="549 510 952 600">On the 4th anniversary of the Issue Date and every Interest Payment Date thereafter.</td> <td data-bbox="952 510 1294 600">100.5%</td> </tr> </tbody> </table> <p>provided, that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of accrued interest and the optional redemption price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and optional redemption price to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the Series B Bonds pursuant to this Optional Redemption Option.</p> <p>The amount payable to the Bondholders in respect of such redemption shall be calculated as the sum of (i) the relevant Optional Redemption Price applied to the principal amount of the outstanding Bonds being redeemed; and (ii) accrued interest on the Bonds as of the relevant Optional Redemption Date.</p> <p>The Issuer shall give no less than thirty (30) nor more than sixty (60) calendar days’ prior written notice to the Trustee, the Registrar and Paying Agent of its intention to redeem the Series B Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Series B Bonds on the Optional Redemption Date stated in such notice.</p> <p>No Optional Redemption is allowed for Series A Bonds.</p>	Optional Redemption Date	Optional Redemption Price	On the 3 rd anniversary of the Issue Date and every Interest Payment Date preceding the 4 th anniversary of the Issue Date.	101.0%	On the 4 th anniversary of the Issue Date and every Interest Payment Date thereafter.	100.5%
Optional Redemption Date	Optional Redemption Price						
On the 3 rd anniversary of the Issue Date and every Interest Payment Date preceding the 4 th anniversary of the Issue Date.	101.0%						
On the 4 th anniversary of the Issue Date and every Interest Payment Date thereafter.	100.5%						
<p>Redemption for Taxation Reasons</p>	<p>If payments under the Bonds become subject to additional or increased taxes, other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Bonds in whole, but not in part, on any Interest Payment Date (having given not more than 60 days’ nor less than 30 days’ prior written notice to the Trustee, the Registrar and Paying Agent) at par plus accrued interest, subject to the requirements of Applicable Law.</p>						
<p>Redemption by Reason of Change in Law or Circumstance</p>	<p>The following events shall be considered as changes in law or circumstances as it refers to the obligations of the Issuer and the rights and interests of the Bondholders under the Trust Agreement and the Bonds:</p> <p>a. Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Bonds shall be modified, withdrawn or withheld in a manner which, in the reasonable opinion of the Trustee, will materially and adversely affect the ability of the Issuer to comply</p>						

	<p>with such obligations; or</p> <p>b. Any provision of the Trust Agreement or any of the related documents is or becomes, for any reason, invalid, illegal or unenforceable to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations thereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part; or any law is introduced or any applicable existing law is modified or rendered ineffective or inapplicable to prevent or restrain the performance by the parties thereto of their obligations under the Trust Agreement or any other related documents; or</p> <p>c. Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.</p> <p>Upon the occurrence of a Change in Law or Circumstance (as enumerated above), the Issuer may redeem the Bonds in whole, but not in part, on any Interest Payment Date (having given not more than 60 nor less than 30 days' notice) at par plus accrued interest.</p>
<p>Status of the Bonds</p>	<p>The Bonds shall constitute the direct, unconditional, unsubordinated and unsecured obligations of MWIDE and shall at all times rank <i>pari passu</i> and ratably without any preference or priority amongst themselves and at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of MWIDE, contingent or otherwise, other than obligations preferred by law, and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws relating to or affecting the enforcement of creditors' rights generally, obligations preferred by the law (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines), any obligation incurred by the Issuer as allowed by the Trust Indenture Agreement, and other indebtedness or obligations disclosed by MWIDE to the Trustee prior to the execution of the Trust Indenture Agreement.</p>
<p>Negative Pledge</p>	<p>During the term of this Agreement and until payment in full of all the outstanding Bonds and performance of all other obligations of the Issuer hereunder, the Issuer hereby covenants that it shall not permit any of the following occurrences without the prior consent of the Majority Bondholders:</p> <p>(a) Encumbrances</p> <p>(i) the Issuer will not create or permit to subsist any lien upon the whole or any part of its undertaking, assets or revenues present or future to secure any Indebtedness or any guarantee of or indemnity in respect of any Indebtedness, and</p> <p>(ii) the Issuer shall procure that its Subsidiaries will not create or permit to subsist any lien upon the whole or any part of any Subsidiary's undertaking, assets or revenues present or future to secure any Public Debt or any guarantee of or indemnity in respect of any Public Debt; provided that the foregoing shall not apply to the following (the "Permitted Liens"):</p>

	<p>a. created in respect of Indebtedness (for the avoidance of doubt, including Indebtedness in respect of which there is a preference or priority under Article 2244 (except Article 2244(a)) of the Civil Code of the Philippines as the same may be amended from time to time) in aggregate principal amount not exceeding 20% of Total Consolidated Assets as determined in the Issuer's latest audited consolidated financial statements;</p> <p>b. created in respect of Hedging Transactions; and unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Trust Agreement, (x) are secured equally and ratably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, in each case to the satisfaction of the Trustee, or (y) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by the Majority Bondholders;</p> <p>c. any lien over any asset to secure: (i) payment of the purchase price or cost of leasehold rights of such asset; or (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business; or (iii) the payment of any Indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset;</p> <p>d. liens or charges of current taxes, assessments, or other governmental charges which are not delinquent or remain payable, without any penalty, or the validity of which is contested in good faith by appropriate proceedings diligently conducted, and adequate reserves have been provided for payment thereof to the extent required in accordance with generally accepted accounting principles in the Philippines as interpreted by a reputable independent auditor;</p> <p>e. deposits or pledges to secure statutory obligations, surety, or appeal bonds, bonds for release of attachments, stays of execution of injunction, or performance bonds for bids, tenders, contracts (other than for the repayment of borrowed money) or leases in the normal course of business;</p> <p>f. liens on the properties and assets of the Issuer: (i) imposed by Law, such as carriers' Liens, warehousemen's Liens, mechanics' Liens, unpaid vendors' Liens, and other similar Liens arising in the ordinary course of business; (ii) arising out of pledges or deposits under workmen's compensation Laws, unemployment insurance, old age pensions, or other social security or retirement benefits or similar legislation, or retirement benefit plans of the Issuer; or (iii) arising out of the set-off provision on other agreements of the Issuer relating to Indebtedness;</p> <p>g. any lien constituted for the purpose of guaranteeing an</p>
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	<p>affiliate's obligation in connection with any contract or agreement that has been assigned to such affiliate by the Issuer; or</p> <p>h. liens over any shares held by the Issuer in any company in which the Issuer has equity ownership in order to secure any project financing or any Subsidiary's or downward affiliate's project financing.</p> <p>(b) Except as required by Applicable Law or any Governmental Authority, the Issuer [or any Subsidiary] shall not: (i) make or permit any material change in the nature of its business from that being carried on as of the date hereof; or (ii) engage in any business operation or activity other than that for which it is presently authorized, expressly or impliedly, by its Articles of Incorporation or by Applicable Law.</p>
Covenants	<p>Issuance of the Bonds shall be subject to standard covenants [such as but not limited to cross-default provisions] and adherence to certain financial ratios. Financial Ratio Covenants shall include the following:</p> <ul style="list-style-type: none"> • Parent Debt-to-Equity Ratio of not more than [2.33:1] • Parent Debt Service Coverage Ratio of not less than [1.1:1]
Listing	<p>The Issuer will list the Bonds on the Philippine Dealing & Exchange Corp. ("PDEX") on the Issue Date.</p>
Purchase and Cancellation	<p>Upon listing of the Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.</p> <p>The Issuer may at any time purchase any of the Bonds at any price in the open market or by tender or by contract at market price, in accordance with PDEX Rules, as may be amended from time to time, without any obligation to make pro rata purchases from all Bondholders. Any bonds so purchased shall be redeemed and cancelled and may not be re-issued.</p>
Bond Rating	<p>The Bonds have been rated PRS Aa by the Philippine Rating Services Corporation on May 27, 2022.</p> <p>The rating is subject to regular annual reviews, or more frequently as market developments may dictate, while the Bonds are outstanding.</p>
Transfer of the Bonds	<p>Trading of the Bonds will be coursed through a PDEX Trading Participant subject to the applicable PDEX Rules. Trading, transfer and/or settlement of the Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and the Registrar. Upon any assignment of the Bonds, title thereto will pass by recording of the transfer from the transferor to the transferee in the Registry of Bondholders to be maintained by the Registrar.</p>
Joint Issue Managers, Joint Lead Underwriters and Bookrunners	<p>RCBC Capital Corporation ("RCBC Capital") and SB Capital Investment Corporation ("SB Capital") (each, an "Underwriter")</p>
Registrar and Paying Agent	<p>Philippine Depository & Trust Corp. ("PDTC")</p>

Trustee	Rizal Commercial Banking Corporation – Trust and Investments Group	
Counsel to the Issuer	Picazo Buyco Tan Fider & Santos	
Counsel to the Joint Issue Managers, Joint Lead Underwriters and Bookrunners	Angara Abello Concepcion Regala & Cruz	
Auditor	Punongbayan & Araullo	
Indicative Timetable	May 27, 2022	Filing of the Registration Statement, the Prospectus and the Offer Supplement with the SEC
	Week of July 18, 2022	SEC En Banc Pre-effective Approval
	July 19, 2022	Price Setting and Allocation
	July 21, 2022	Receipt of SEC Permit to Sell
	July 22 – August 1, 2022	Public Offer Period
	August 11, 2022	Settlement Date Issue and Listing Date
Governing Law	Philippine law	

RISK FACTORS

An investment in the Bonds, as described in this Prospectus, involves a certain number of risks. The price of bonds can and does fluctuate, and any individual security may 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 bonds. Past performance is not a guide to future performance and there may be a large difference between the buying price and the selling price of these bonds. There may be a large difference between the buying price and the selling price of the Bonds.

Investors should carefully consider all the information contained in this Prospectus, including the risk factors described below, before deciding to invest in the Bonds. The occurrence of any of the following events, or other events not currently anticipated, may have an adverse effect on our business, financial condition, results of operations, the purchase price of the Bonds and our ability to make interest payments to our bondholders. All or part of an investment in the Bonds may be lost.

This section entitled "Risk Factors" does not purport to disclose all of the risks and other significant aspects of investing in these bonds. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Company or that are currently considered immaterial could have a material adverse effect on the Company's business, results of operations, financial condition and prospects and on the Bonds and the investors may lose all or part of their investment. Prospective investors may request publicly available information on the Bonds and the Company from the SEC. Prospective investors should undertake independent research and study the trading of these bonds before commencing any trading activity. Prospective investors should seek professional advice if he or she is uncertain of, or has not understood any aspect of the Offer or the nature of risks involved in purchasing, holding and trading the Bonds. Each potential investor should consult its own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of an investment in the Bonds.

The risk factors discussed in this section are separated into categories for ease of reference, and within each category, are discussed in order of importance.

RISKS RELATING TO THE COMPANY AND ITS BUSINESS

The Company is exposed to the cyclical nature of a construction business coupled by risks associated with the Philippine's property development market, including potential construction contract cancellations.

Megawide's business is highly dependent on the ability of real estate developers to market, sell and dispose of condominium units to potential customers. In the event of a weak property market, developers may hold and/or cancel construction contracts and orders. Megawide seeks to minimize the possible effects of a weak property market by gradually diversifying into mid-rise Affordable Housing and socialized housing and infrastructure projects. Moreover, to ensure sustainable business growth and mitigate economic down cycles, Megawide has expanded and diversified into infrastructure development, an upstream integration that surely adds and creates greater value to Megawide in the short, medium and long term horizons. Not only will these infrastructure development projects provide construction revenues to its downstream business units, it will likewise become the source of future stable recurring income upon completion.

Recent Government administrations have been keen in developing the infrastructures in the Philippines giving Megawide new avenues to explore and win significant projects with the Government. Such opportunities dilute the possible effects of a weak property market.

Megawide seeks to minimize the possible effects of a weak property market by gradually diversifying into the affordable and socialized housing segments, where real consumer demand lies, and infrastructure projects, which the government is pushing due to its significant multiplier effect on the economy.

In the past three (3) years, Megawide did not experience client-driven project cancellations. As of December 31, 2021, the Company has renegotiated contracts with clients amounting to ₱6.35 billion, citing additional costs brought about by the COVID-19 pandemic, which ended unsuccessfully. This however was replenished quickly as Megawide was able to book new contracts and even achieved a record high order book of ₱68.40 billion by end of 2020 (healthy balance of ₱60.0 billion by end of 2021).

The on-going situation of the COVID-19 pandemic or any other public health outbreaks or epidemics could have negative effects on the Company's business operations.

Currently, the world is experiencing a global pandemic that has negatively affected economies and industries to varying extent. The pandemic forced businesses to limit or stop their operations. Megawide experienced delays in their construction projects due to lack of raw materials and manpower. Operations in its Mactan-Cebu International Airport were limited due to the imposed travel ban of the government. In addition, the operations of the Paranaque Integrated Terminal Exchange were temporarily suspended to restrict the movement of people and goods to contain the virus. On February 27, 2022, the Government announced that quarantine restrictions in varying areas of the country will be eased to Alert Level 1 or 2 in view of the decline in the number of COVID-19 cases. As of the date of the prospectus, Metro Manila is under Alert Level 1 of the Alert Levels System, with more relaxed restrictions. The Company, however, continues to practice minimum health and safety protocols within its premises to prevent the further spread of the virus and in compliance with IATF guidelines.

The uncertainty of when the pandemic will be fully contained will continuously affect and cause downturns in the Company's business operations and profitability. Megawide will rely on the operations ramp up of its business segments and the government's positive outlook on infrastructure projects to pull GDP growth which in turn, will help the Company sustain its operations and potentially yield positive bottom-line results.

Across the organization, the Company has created and is implementing its own COVID-19 Response Manual, in accordance with Inter-Agency Task Force (IATF) guidelines, which outlines specific action plans and programs per business and operating unit to address occupational health and safety standards under the new normal. The COVID-19 Response Manual is part of the Company's overall business continuity plan and crisis management program.

In the construction business, the Company complies with the IATF guidelines on new occupational health and safety protocols in construction sites, such as establishment of barracks, prior COVID-testing, and stay-in policy for workers, among others, to ensure the safety of the project site and its employees.

In airport operations, the Mactan Cebu International Airport (MCIA) has put up and is currently operating the first RT-PCR COVID-Testing Facility, inside an airport complex, in the country. The laboratory can process up to 3,000 tests per day, with results released in less than 24 hours. The initiative intends to address the travel-related safety guidelines imposed by the IATF and aims to facilitate domestic and international air travel, once relaxed, as well as promote passenger safety.

The Paranaque Integrated Terminal Exchange (PITX), on the other hand, is serving its purpose as the prototype for safe, secure, and convenient public commuting system in the country. Aside from implementing IATF health and safety standards in the terminal and office towers, the PITX mobile app is also available to allow travelers to pre-book their trips based on available bus schedules, thus minimizing human interaction and reducing the risk of infection among passengers.

If any other disease or public health outbreaks occur such as bird flu, polio, SARS, COVID-19 and others spreads in the Philippines, it could have an adverse effect in Megawide's businesses. To mitigate, the Company will create a Response Manual, specifically for the disease in accordance with the Government's guidelines. This will ensure business continuity.

As of the date of the prospectus, Metro Manila and Cebu are under Alert Level 1 of the Alert Levels System, with more relaxed restrictions. The Company, however, continues to practice

minimum health and safety protocols within its premises to prevent the further spread of the virus and in compliance with IATF guidelines.

The Company exposed to credit risk on its receivables.

For on-going construction projects, Megawide is exposed to credit risk if project owners are unable to fully settle the unpaid balance of receivables under construction contracts, and other claims owed to Megawide. Credit risk is managed in accordance with Megawide's credit risk policy, which requires the evaluation of the creditworthiness of each project owner. Megawide can also enforce its contractor's lien over the project with varying degrees of effectiveness. Under Article 2242 (3) of the Civil Code of the Philippines, a contractor's lien is the claim of a contractor engaged in the construction, reconstruction or repair of buildings, canals or other works, upon said buildings, canals or other works.

Megawide follows standard industry practice of receiving a down payment for every awarded contract and subject to progress billing thereafter until project completion. There are some cases when the Company accepts payment terms that are milestone-based, subject also to down payment and prior agreement between parties. There have been no instances in the Company's history of material default or write-off in its receivables, caused by failure to deliver and complete the project, within the terms of the contract, or arising from poor workmanship and operational inefficiencies. As an extra measure, the Company strictly enforces its KYC guidelines and diligently completes the scope of work for every project, based on the details of the contract, to mitigate the risk on collection of receivables.

Meanwhile, airport and terminal businesses is exposed to credit risk if the concessionaires, lessors and airlines are unable to fully settle the unpaid balance of its receivables. To manage this risk, careful evaluations of creditworthiness of its customers are being done in conjunction with the guidance from senior management.

The Company is a party to a number of related party transactions.

In the course of its business activities, RPTs inevitably arise between Megawide and its parent company, subsidiaries, and affiliates (collectively, the "Megawide Group"). These RPTs ordinarily pertain to construction and management services, cash advances, and office space rentals.

Megawide understands that the existence of RPTs may create the perception or possibility of conflicts of interest to occur. Therefore, Megawide has adopted the Related Party Transactions Policy (the "Policy"), in accordance with Memorandum Circular No. 10, Series of 2019, of the Securities and Exchange Commission ("SEC"), to ensure that all RPTs are at an arm's length basis for the protection of Megawide's stakeholders. Under the Policy, the Audit and Compliance Committee of Megawide monitors and reviews all RPTs. Additionally, RPTs falling within certain thresholds require the approval of the Chief Executive Officer and the Board of Director. Megawide has also defined material RPTs as that exceeding one percent (1%) of its consolidated assets, which is more stringent than that recommended by the SEC of ten percent (10%) of a company's total assets. Finally, Megawide fully discloses all RPTs to its stakeholders and regulators through its financial statements and annual reports. (See "*Related Party Transactions*")

On July 8, 2020, the BIR issued Revenue Regulation No. 19-2020 on the New BIR Form No. 1709 – Information Return on Transactions with Related Party to ensure that proper disclosures of related party transactions are made and that these transactions have been conducted at arm's length so as to protect the tax base, there should be an effective implementation of Philippine Accounting Standards (PAS) 24, Related Party Disclosures, for tax purposes. This Revenue Regulation requires the submission of BIR Form No. 1709 and its supporting documents following the guidelines prescribed by the related revenue issuances for the submission of the required attachments to the Annual Income Tax Returns. On December 18, 2020, the BIR issued Revenue Regulation No. 34-2020 which streamlined the guidelines and procedures for submission of BIR Form No. 1709, Transfer Pricing Documentation ("TPD") and other supporting documents by providing safe harbors and materiality thresholds. The Company has complied with the requirements of the aforementioned revenue regulations.

The Philippine Construction Industry is subject to extensive regulation by the Government.

The Megawide Group is subject to a number of laws, rules, and regulation, which includes the need to secure and maintain franchises, permits, licenses, clearances, and other regulatory requirements with the SEC, BIR, PCAB, etc. (collectively, "Regulatory Requirements"). The Megawide Group's compliance with all Regulatory Requirements is necessary for the regular conduct of its business. Hence, the Megawide Group has established the Regulatory Requirements Compliance Procedure (the "Procedure") in 2020, which provides an electronic web application and framework to monitor, track, maintain, and/or renew its Regulatory Requirements and view its status in real time. Thus far, the Procedure has proven to be an effective tool in ensuring that the Megawide Group secures its Regulatory Requirements in a timely manner; thereby, preventing or reducing any penalties or disruptions in its operations.

RISKS RELATING TO THE CONSTRUCTION SEGMENT

The construction industry is facing a shortage of skilled labor.

The construction industry has persistently experienced a shortage of skilled manpower due primarily to overseas employment and lack of institutional support leading to the sector's underdevelopment. Since skilled labor supply is low and the demand is high especially for specialized projects, direct labor costs may increase and such may impact the Company's profitability.

While Megawide is affected by this industry phenomenon, the Company has a natural mitigant due to its high technology and state-of-the-art building systems, particularly the use of pre-cast technology, which utilizes less human labor than traditional construction methodologies employed by other players. The Company partners with various architectural and engineering schools and offers scholarships to potential architects and engineers to eventually become members of the team and seeks out distinguished foreign technical partners in joint venture partnership for technical collaboration.

The volatility in the price of construction materials could affect the Company's profitability.

Market supply and demand affects the pricing of construction materials, such as cement and steel rebars. In addition, the stricter implementation of environmental laws has affected mining and quarrying operations in the country, resulting in regulated supply of inputs, such as sand and concrete aggregates.

To address this, Megawide adopts a materials hedging program and enters into fixed purchase contracts with its suppliers, immediately upon award of contracts, to fix the unit cost and lock in supply of critical raw materials. These contracts typically range from 90-120 days. No price escalation is charged until the estimated quantities have been delivered within the agreed period.

The Company's reputation will be adversely affected if its projects are not completed on time, or if projects do not meet customer requirements.

Megawide ensures to deliver quality and satisfactory work to its clients at all times, based on the terms of the contract. The Company's brand equity may be damaged if it fails to deliver the project on time or based on specifications. In addition, the required safety guidelines under the new normal may affect productivity and project timelines.

As a safeguard, Megawide has a project management team composed of well-trained and experienced technical managers that implement measures to supervise the project's progress, schedules, and quality and ensure a smooth workflow. In addition, contracts with suppliers and subcontractors are covered by warranties, through guarantee, surety, and performance bonds and liability insurance, for workmanship and requirements for timely completion. There have been no instances in the Company's history of material default or write-off in its receivables,

caused by failure to deliver and complete the project, within the terms of the contract, or arising from poor workmanship and operational inefficiencies.

Furthermore, the Company believes that its pre-cast technology and largely automated formworks and building systems are most suitable and highly functional under this new environment, minimizing the risk of project delays.

The Company may be exposed to liquidity risk from delayed payments of progress billings.

The construction business adopts progress billing and the Company is exposed to the risk of delayed collection on its completed works.

Megawide extends credit terms to its clients, which it strictly follows to ensure that receivables remain current as much as possible. In a worst-case scenario, the Company has a sound financial position and has established credit lines with several financial institutions from which it is able to obtain loans to finance its working capital requirements.

The availability of construction materials may affect the Company's projects.

Lack of availability of construction materials may result in higher costs and/or result in delays in meeting project timelines. However, it should be noted that the principal raw materials utilized by Megawide in its projects such as cement and steel, have historically been readily available in the market from a number of sources (i.e. Steel Asia Manufacturing Corporation and Pag-Asa Steel Corporation). Megawide also diversifies its sources of these raw materials so that it is not dependent on a limited number of suppliers. Megawide also utilizes a lock-in price of critical raw materials with its suppliers and maintains a 90-day inventory to manage price fluctuations.

RISKS RELATING TO THE AIRPORT (MCIA) SEGMENT

Modernization of existing and opening of new airports in the country

The Company is the largest private sector operator of airports in the country through the concession agreement of MCIA and is the primary gateway to the Southern Philippines. The government's privatization program and modernization of airport industry has attracted interest from other private sector players to participate in the program. This could result in the opening of smaller airports in other locations in the Visayas and Mindanao regions, which could host direct flights and potentially affect passenger throughput at the MCIA.

Given Megawide's concession agreement at MCIA, which serves as the primary gateway to the South, the emergence of smaller airports around Cebu will serve as feeder routes and naturally complement the operations of MCIA.

Slower tourism-related travel in the short-term due to global travel restrictions arising from the COVID-19 pandemic

MCIA is the primary gateway to the Southern Philippines, where most of the country's top international and local tourist attractions are located. Since Megawide and its partner took over operations at MCIA in 2014, international passenger volume has grown by an average of more than 20% annually for the past five years. However, the global travel restrictions arising from the COVID-19 pandemic may impact tourism-related travel in the near term and result in slower passenger volumes. As of end 2021, total passenger volume at MCIA went down by 52% from the previous year's level.

On the other hand, due to the highly domestic-driven passenger make-up at MCIA and the concentration of COVID-19 cases in the NCR and few urbanized centers in Luzon and Visayas, the domestic tourism market remains very attractive as soon as non-essential travels is allowed to resume across the country. As of March 2022, total passenger volume increased 214% from the same period in 2020, with domestic traffic comprising 90% of the total.

Reduced commercial travel in the near term as a result of limited movements due to community quarantines

The Province of Cebu is the second most populous and largest economy in the Philippines outside of the National Capital Region. It is also home to a world-class furniture business and one of the preferred Business Process Outsourcing (“BPO”) locations across the globe. With the limited movement of goods and people due to community quarantines imposed to arrest the spread of the COVID-19 virus, trade and commerce will slow down and commercial travel will likely be reduced.

On the other hand, Cebu and its vicinities are also among the top tourist destinations in the country and around the world. This phenomenon provides MCIa a strong tourism market and allows it to offset the weakness in commercial travel that are largely concentrated in Cebu City.

RISKS RELATING TO THE LANDPORT (PITX) SEGMENT

People traffic in terminal may be impacted by social distancing protocols.

The PITX is designed to accommodate passenger traffic of 100,000 daily that can provide a healthy source of demand and support the commercial establishments inside the terminal. However, people movement and normal consumer behavior may be affected by the pandemic and affect the commercial aspect of the terminal. To mitigate this, safety measures and contactless interaction through digitalization are being implemented inside the terminal through mobile phone apps to provide consumers with safer modes of purchases and avoid the spread of COVID-19 among passengers.

Long-term contract with office tenants may be affected by anti-POGO sentiments.

The office complex on top of the terminal is mainly leased out to the Philippine Online Gaming Operations (“POGO”) segment, contributing to 4.0% of Megawide consolidated revenues as of December 2021, which is allowed to operate under the GCQ guidelines. The continued presence of anti-POGO sentiments, however, coming from some sectors of society put pressure on the sustainability of the long-term contracts with these tenants.

Being located in one of the most valuable properties in Metro Manila, in addition to the multi-modal transport connectivity offered by the terminal in key destinations around the capital, PITX has a strong and natural demand and attraction for both traditional and non-traditional office locators, outside of the POGO industry. One of the four office towers is now prepared to accommodate non-POGO tenants.

RISK RELATING TO PROJECTS WITH ORIGINAL PROPONENT STATUS

Megawide has submitted several unsolicited and solicited proposals to the national and local governments and has been granted the Original Proponent Status (“OPS”). These projects under OPS are still under evaluation and will need to undergo the proper procedures, such as the Swiss Challenge, before being officially awarded to the Company. An OPS status provides an advantage over competing bidders as the OPS holder has the right to match competing bids on the project.

Until such process is completed, the projects remain at risk of not being awarded to the Company. Megawide’s long term strategies may evolve subject to opportunities and successful awarding of new projects. Megawide is closely coordinating with the government and all its agencies for the compliance of all the requirements relating to the OPS.

RISKS RELATING TO THE BONDS

The Bonds may not be a suitable investment for all investors.

Each potential investor in the Bonds must determine the suitability of that investment given its own features and circumstances. Each investor should:

- have sufficient knowledge and experience to make an evaluation of the Bonds, the merits and risks of relating to Bonds and the information contained in the Prospectus;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of Bonds and be familiar with the behavior of any relevant financial markets;
- have access to and knowledge of, appropriate tools to evaluate an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, foreign exchange rate and other factors that may affect its investment and its ability to bear the applicable risks

The trading price of the Bonds may be volatile, which could cause the value of investors' investments in the Bonds to decline, if sold at the secondary market.

The market price of our Bonds may be affected by multiple factors, including:

- (a) volatility in bond market prices and volume;
- (b) fluctuations in our revenue, cash flow and earnings;
- (c) general market, political and economic conditions;
- (d) changes in earnings estimates and recommendations by financial analysts;
- (e) the market value of our assets;
- (f) changes to government policies, legislation or regulations; and
- (g) general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could adversely affect the trading price of the Bonds. As a result of recent global economic downturns, the global markets have historically experienced price and volume volatility that has affected the share prices of many companies. Fluctuations such as these could adversely affect the market price of our Shares.

There may be a limited market for the Bonds so there may be limited liquidity in the market.

The Philippine debt markets are substantially less liquid and more volatile than major securities markets in other jurisdictions and are not as highly regulated or supervised as some of these other markets. The Company cannot guarantee that the market for the Bonds will always be active or liquid upon commencement of their trading on the PDTC.

As a mitigant, the Underwriters are obligated to tap a market maker for the Bonds and any such market making will be subject to the limits imposed by applicable law, and may be interrupted or discontinued at any time without notice. Accordingly, the Company cannot predict whether an active or liquid trading market for the Bonds will develop or if such a market develops, if it can be sustained. Consequently, a holder may be required to hold his Bonds for an indefinite period of time or sell them for an amount less than the Offer Price.

Holders of the Bonds may not be able to reinvest at a similar return on investment.

On the Maturity Dates, or any Interest Payment Dates thereafter, or at any time redemption due to a Tax Event occurs, Megawide will pay the Bonds for cash at the purchase price, as described in "*Description of the Bonds*". At the time of redemption, interest rates may be lower than at the time of the issuance of the Bonds and, consequently, the holders of the Bonds may not be able to reinvest the proceeds at a comparable rate of return or purchase securities otherwise comparable to the Bonds.

The Bonds may not be able to retain its credit rating.

There is no assurance that the rating of the Securities will be retained throughout the life of the Bonds. The rating is not a recommendation to buy, sell, or hold bonds and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

The Bonds have no preference under Article 2244(14) of the Civil Code.

No other loan or other debt facility currently or to be entered into by the Issuer shall have preference of priority over the Bonds as accorded to public instruments under Article 2244(14) of the Civil Code of the Philippines, and all banks and lenders under any such loans or facilities that are notarized have waived the right to the benefit of any such preference or priority. However, should any bank or security holder hereinafter have a preference or priority over the Bonds as a result of notarization, then the Issuer shall at the Issuer's option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Bonds as may be practicable.

RISKS RELATING TO THE PHILIPPINES

The Company's business may be negatively affected by slowdown in the Philippine and global economy.

In the past, the Philippine economy and securities of Philippine companies have been influenced to varying degrees by economic and market conditions in other countries especially in Southeast Asia, as well as investors' responses to those conditions. The uncertainty surrounding the global economic outlook could cause economic conditions in the Philippines to deteriorate. Any downturn can negatively impact consumer sentiment and general business conditions.

This risk is beyond the control of Megawide but due to its infrastructure business segments, the effect of a weak economy is mitigated. Moreover, there can be no assurance that current or future Philippine government policies will continue to be conducive to sustaining economic growth.

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.

From time to time, the Philippines and the region has experienced political and military instability. In recent years, there are public and military protests arising from alleged misconduct from the previous and current administrations. There can be no assurance that acts of political violence will not occur in the future and such events could negatively impact the Philippine economy. An unstable political environment whether due to the impeachment of government officials, imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the business, operations and financial condition of the Company.

In February 2022, Vladimir Putin authorized the use of military force, and the entry of Russian soldiers into the Ukrainian territory. Places across Ukraine, including Kyiv, the national capital, were struck with missiles. Shortly afterwards, Russian Forces entered Ukraine prompting Ukrainian President Volodymyr Zelensky to enact martial law and general mobilization (the "Russo-Ukrainian War").

While the Company does not expect any material impact from the ongoing Russo-Ukrainian War to its current and future businesses, ongoing tensions may affect oil and commodity prices in the near to medium term. Any political or economic developments of a global scale could impact prices in general and disrupt supply chains, which could in turn increase the Company's costs for the construction of its future projects. The Company continuously monitors such developments abroad and will assess any direct and indirect impact that the Russo-Ukrainian War may have on its current and future businesses.

In addition, the Company ensures proper and adequate insurance coverages (such as Comprehensive General and Contractor All Risk Insurances, among others) for all its projects.

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 Philippines has been subject to a number of terrorist attacks. The army has been in conflict with various extremist groups which are responsible for terrorist activities in the country. An increase in the frequency, severity or geographic reach of these terrorist attacks, violent crimes, bombings and similar events could have a material adverse effect on investment and confidence in and the performance of, the Philippine economy. Any such destabilization could cause interruption to parts of the Company's businesses and materially and adversely affect its financial conditions, results of operations and prospects.

To mitigate this, the Company ensures proper and adequate insurance coverages (such as Comprehensive General and Contractor All Risk Insurances, among others) for all its projects.

If foreign exchange controls were to be imposed, the Company's ability to access foreign currency to purchase raw materials and equipment and to service foreign currency denominated debt obligations could be adversely affected.

Generally, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. The Monetary Board of the BSP, with the approval of the President of the Philippines, has statutory authority in the imminence of or during a foreign exchange crisis or in times of national emergency to: (i) suspend temporarily or restrict sales of foreign exchange; (ii) require licensing of foreign exchange transactions; or (iii) require delivery of foreign exchange to the BSP or its designee banks. The Philippine government has, in the past, instituted restrictions on the conversion of Pesos into foreign currency and the use of foreign exchange received by Philippine residents to pay foreign currency obligations.

Any foreign exchange policy that may be imposed by the Government has minimal financial effect to the Company because it only operates in the Philippines.

The occurrence of natural catastrophes or man-made catastrophes or electricity blackouts may materially disrupt the Company's business.

Natural catastrophes may disrupt Megawide's ability to deliver its services and impair the economic conditions in the affected areas, as well as the overall Philippine economy. The Philippines has also experienced power outages from power generation shortages and transmission problems, and from disruptions such as typhoons and floods. These types of events may materially disrupt and adversely affect Megawide's business and operations. Prospective investors cannot be assured that the insurance coverage maintained by Megawide will adequately compensate for all damages and economic losses resulting from such natural catastrophes, blackouts or possible business interruptions.

To mitigate this, the Company ensures proper and adequate insurance coverages (such as Comprehensive General and Contractor All Risk Insurances, among others) for all its projects.

Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

The Philippines, China and several Southeast Asian nations have been engaged in a series of long standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. The Philippines maintains that its claim over the disputed territories is supported by recognized principles of international law consistent with the United Nations Convention on the Law of the Sea ("UNCLOS"). The Philippines made several efforts during the course of 2011 and 2012 to establish a framework for resolving these disputes, calling for multilateral talks to delineate territorial rights and establish a framework for resolving disputes.

In July 2016, the UNCLOS tribunal rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that China's claim over the same area is invalid. Despite the decision, the Chinese Government has maintained its position that the Tribunal has no jurisdiction over the dispute, and thus, the decision is not binding on the Chinese Government.

In March 2021, more than 180 Chinese military vessels were spotted on Julian Felipe Reef in the West Philippine Sea. The presence of the vessels defied a diplomatic protest and demand for the vessels to leave the area, issued by Philippine Defense Secretary Delfin Lorenzana.

Newly elected President Joe Biden has manifested that the United States would not be easing up its military operations in the West Philippine Sea. Southeast Asian nations and claimants involved in West Philippine Sea dispute also continue to enforce their sovereign rights against China as well as other Southeast Asian nations.

Should these territorial disputes continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result. In particular, this may lead both countries to impose trade restrictions on the other's imports. The Philippines' interests in fishing, trade and offshore drilling, the volume of trade between the Philippines and China, and the supply of steel available to the Philippines may be adversely affected, which in turn may affect, among other things, real estate and infrastructure development and general economic and business conditions in the Philippines.

RISKS RELATING TO PENDING MATERIAL LEGAL PROCEEDINGS

The Company's finances may be negatively affected should any of the claims for sum of money be granted.

The Company's finances will be adversely affected should the legal proceedings involving claims for sum of money be decided against it. Moreover, the institution of a legal proceeding by or against a client may lead to the termination of the relevant contract, which means that the Company may no longer be entitled to the entire value of such contract or recover its costs and expenses.

To avoid or mitigate this, the Company strives to diligently fulfill all its commitments and obligations under each contract in order to prevent undue claims and legal proceedings from arising. Further, the Company has obtained a directors and officers liability insurance policy to cover the costs of protecting its directors and officers against such legal proceedings. Moreover, the Company also engages expert legal counsels to actively defend and protect the interest of the Company.

The operation of the Company's construction sites may be stalled should its license as a contractor be suspended or revoked.

Under Republic Act No. 4566 or the Contractor' License Law ("R.A. No. 4566"), no contractor, sub-contractor, and specialty contractor shall engage in the business of contracting without first having secured a license to conduct business from the Philippine Contractors Accreditation Board ("PCAB"). Also, all architects and engineers preparing plans and specifications work to be contracted in the Philippines shall stipulate in the invitation to bidders, whether a resident of the Philippine or not, that any bidder (contractor, sub-contractor, and specialty contractor) must have a license before its bid will be considered. As such, the Company's continued possession of its PCAB license is integral to its construction business.

In this regard, the case of AsiaTech Development and Builders Corp. ("AsiaTech") vs Megawide Construction Corporation may lead to the suspension or revocation of the Company's PCAB license, should this be decided in favor of AsiaTech.

To avoid or mitigate this risk, the Company ensures that it meets all the requirements under R.A. No. 4566, especially with regard to the qualifications for a PCAB License. The Company has also engaged expert legal counsels who actively defend and protect the interest of the Company.

The Company's goodwill or relationship with its clients and subcontractors may be negatively affected due to the issues which brought about the material legal proceedings.

The institution of legal proceedings by or against the Company's clients and subcontractors may lead to the impairment of the goodwill or severance of the relationship between the parties.

To mitigate this, the Company has diversified its pool of clients and subcontractors to avoid concentration risks, and continues to build strong relationships with new ones. Moreover, the Company strives to diligently fulfill all its commitments and obligations under each contract in order to prevent undue claims and legal proceedings from arising.

With regard to the alleged violation of the Anti-Dummy Law case, GMR Megawide Cebu Airport Corporation ("GMCAC"), the Company's subsidiary, may lose its franchise to operate the Mactan Cebu International Airport ("MCIA").

Should the alleged violation of the Anti-Dummy Law case be decided against GMCAC in the case of NBI Anti-Fraud Division vs. Atty. Steve Dicdican, Manuel Louie B. Ferrer, et. Al., its franchise to operate MCIA may be revoked. Even worse, the directors and officers involved may be imprisoned.

However, last 21 March 2022, the President signed into law the "Act Amending Commonwealth Act No. 146, otherwise known as the 'Public Service Act, as Amended' ("Act"). With this Act, only the following sectors will be considered as "Public Utilities": (1) distribution of electricity; (2) transmission of electricity; (3) petroleum and petroleum products, pipeline transmission systems; (4) water pipeline distribution systems and wastewater pipeline systems, including sewerage pipeline systems; (5) seaports; and (6) public utility vehicles. This Act further provides that no other person shall be deemed a public utility unless otherwise subsequently provided by law. Since airports are not included in the enumeration of sectors that are considered as Public Utilities, the nationality requirements will no longer apply to airport operators and concessionaires.

GMCAC and its officers affirm their statement that they have not committed any violation of the Anti-Dummy Law. Nonetheless, this is a welcome development for GMCAC because this Act will further remove the airports from the ambit of the application of the Anti-Dummy Law. Accordingly, with this development, the GMCAC officers who have been charged with violation of the Anti-Dummy Law have filed a Motion to Quash/Dismiss the criminal case filed against them. The motion is grounded on the argument that the Information filed against them no longer states an offense because airport operations is no longer a Public Utility. After the hearing conducted last 25 April 2022, the court set a pre-trial conference on 23 May 2022 and deemed the motion submitted for resolution. To this date, the motion has not been resolved by the court and the pre-trial conference on 23 May 2022 was rescheduled to 13 June 2022.

The suspension of the Company's licenses and franchises may negatively affect its reputation and impact its future transactions.

The suspension of the Company's licenses and franchises may prohibit it from conducting its business and undertaking future transactions, which will eventually lead to the closure of the Company. Moreover, its reputation in the industries it operates in may be negatively affected since the suspension of such license or franchise may mean that the Company has committed an illegal act, or an infraction of the law.

To avoid or mitigate this, the Company ensures that it always complies with applicable laws, rules, and regulations, and that it strictly complies with all the requirements, qualifications, terms, and conditions of its licenses and franchises. Additionally, as a publicly listed company, the Company has an Investor Relations Team that proactively manages its investor relations program to enhance and promote the Company's reputation and good will.

USE OF PROCEEDS

Megawide expects to raise gross proceeds amounting to ₱3,000,000,000.00 from the Offer. In the event that the Oversubscription Option is exercised in full, the Company expects to raise gross proceeds from the Offer of ₱4,000,000,000.00.

The following are the estimated expenses to be incurred in relation to the Offer:

	Without Oversubscription (in ₱)	With Oversubscription (in ₱)
SEC Registration Fees	1,578,125.00	1,578,125.00
Documentary Stamp Tax	300,000.00	400,000.00
Underwriting Fees	9,384,040.75	12,512,054.33
Selling Fees	6,000,000.00	8,000,000.00
Legal Fees	4,000,000.00	4,000,000.00
PhilRatings Fees	2,451,000.00	2,600,000.00
Receiving and Paying Agency Fees	1,000,000.00	1,000,000.00
Listing Fees	500,000.00	500,000.00
Bond Trustee Fees	810,000.00	810,000.00
Printing and IC Application Fees	118,000.00	118,000.00
Total Estimated Expenses	26,141,165.75	31,518,179.33

Note: Other related expenses are composed of marketing related expenses (e.g., publication fees, investors' presentations, etc.)

Megawide expects the net proceeds from the Offer to be ₱2,973,858,834.25 or ₱3,968,481,820.67 assuming the Oversubscription Option is fully exercised, after deducting the above expenses.

The net proceeds for this Offer will be used to term out the Company's short-term debt, fund the Company's capital expenditures; and for general corporate requirements.

Terming out the Company's Short-Term Debt

MWIDE will use the proceeds from the Offer to 1) term out its short-term liabilities, and 2) fund capital expenditures related to its big-ticket infrastructure projects, as follows:

Nature	Amount Without Oversubscription (in ₱)	Amount With Oversubscription (in ₱)	Estimated Timing of Disbursements
Term Out Short-Term Debt	1,486,929,417.13	1,984,240,910.34	2022

Funding the Company's Capital Expenditures

In addition, MWIDE will use a portion of the proceeds to finance its capital expenditures for the following projects with their related percentage of completion before and after utilization of proceeds:

Project Name	Amount Without Oversubscription (in ₱)	Amount With Oversubscription (in ₱)	Estimated Timing of Disbursements
<i>Transport Centric Development</i>			
<i>Other Landport Locations</i> The Company has identified potential locations for its expansion of transit-centric developments, initially in Northern Luzon. Two other locations are being explored within the main island of Luzon to promote intra-island mobility and improve commercial activity.	889,543,533.70	1,287,392,728.27	Q2 2023 to Q2 2025
<i>Rail Infrastructure</i>			
<i>Metro Manila Subway Project</i> The Company, together with its joint venture partners from Japan signed Contract Package 104 ("CP-104") of the Metro Manila Subway Project, which may require ancillary services and other construction solutions.	200,000,000.00	200,000,000.00	Q4 2022 to Q4 2023
<i>South Commuter Railway Project</i> The Company submitted bids for the South Commuter Rail Project (SCRIP), which will improve connectivity in the public transport network by connecting with all existing LRT/MRT-lines in Metro Manila as well as the Metro Manila Subway System.	100,000,000.00	100,000,000.00	Q4 2022 to Q4 2023
	1,189,543,533.70	1,587,392,728.27	

PROJECT DESCRIPTION

TRANSPORT-CENTRIC DEVELOPMENTS

Other Landport Locations

PITX's operation is proving to be the prototype for safe, secure, and efficient public land transport system in the country. With the demands of the new normal, especially in terms of public transport, the Company has the prime-mover advantage and is seriously looking at replicating the same model in strategic locations around the country, which can serve as a blueprint for an effective and integrated transport system in the Philippines.

Initially, the Company has identified a potential location in Northern Luzon to facilitate movement of goods from the highlands to the lowlands as well as support tourism. Two other locations are being explored within the main island of Luzon to promote intra-island mobility and improved commercial activity.

Rail Infrastructure

Metro Manila Subway Project

The Company, together with its joint venture partners from Japan, Tokyu Construction and Tobishima Corporation, (“the Joint Venture”) officially signed Contract Package 104 (“CP-104”) of the Metro Manila Subway Project. CP-104 includes the construction of underground stations in Ortigas North and South as well as the tunnels connecting these two locations for an estimated contract cost of P17.5 billion. The Company is also interested to participate in CP-105, where the Company is expected to also offer cost and logistical advantages given its proximity to CP-104.

The Company expects to provide ancillary support to these milestone infrastructure projects, in the form of construction solutions and other inputs and services, which will require additional resources.

South Commuter Railway Project

The South Commuter Rail Project (SCRP) will support the construction of the 54.6-kilometer (km) Manila-Calamba section of the North-South Commuter Railway connecting Metro Manila and Calamba, Laguna and provide improved connectivity in the public transport network by connecting with all existing LRT/MRT-lines in Metro Manila as well as the Metro Manila Subway System.

Further, the Company has submitted a bid for the electromechanical and train works related to the entire stretch of the North-South Commuter Rail Project.

The Company has submitted bids for several packages and expects the winning bids to be announced soon. Moving forward, these might require ancillary support and services for the winning proponents, where funding will be necessary.

Other General Purposes

The Company will also use a portion of the proceeds to provide additional funds for the overhead expenses of the Company.

In summary, the net proceeds shall be used as follows:

Purpose	Amount Without Oversubscription (in ₱)	Amount With Oversubscription (in ₱)	Estimated Timing of Disbursement
General Corporate Requirements	297,385,883.43	396,848,182.07	2022

While awaiting disbursements, the Company may deposit the funds in time deposits or special deposit accounts and/or invest the same in Philippine government Peso-denominated securities. The Company will not use any portion of the proceeds to reimburse any of its officers, directors, employees or shareholders for services rendered, asset previously transferred, or money loaned or advanced. Other than the fees relating to the underwriting and issue management of the Company and the payment for the short-term loan from the Security Bank Corporation, the Company will not use the proceeds to pay any financial obligations with the Underwriters and its affiliates.

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Company’s current plans and anticipated expenditures. In the event there is any change in the Company’s development plan, including force majeure, market conditions and other circumstances, the Company will carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is better for the Company’s and its shareholders’ interest taken as a whole. The Company’s cost estimates may also change as these plans are developed further, and actual

costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans. In the event of any substantial deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC and the stockholders in writing at least 30 days before such deviation, adjustment or reallocation is implemented. Any material or substantial adjustment to the use of proceeds, as indicated above, shall be approved by the Board and shall be publicly disclosed through the SEC, PSE, and PDEx.

DETERMINATION OF THE OFFER PRICE

The Bonds shall be issued on an issue price that is at par.

The interest rate of the Bonds will be based on:

Series	Formula
Series A	the sum of the 3-day average of the interpolated 3.5-year PHP BVAL Reference Rate, based on the 3-Year and 4-Year PHP BVAL reference rates, as published on the relevant page of Bloomberg at approximately 5:00 p.m. (Philippine Standard Time), and a spread of [●] basis points
Series B	the sum of the 3-day average of the 5-year PHP BVAL Reference Rate, as published on the relevant page of Bloomberg at approximately 5:00 p.m. (Philippine Standard Time), and a spread of [●] basis points

Final interest rates are subject to a book building process.

PLAN OF DISTRIBUTION

Megawide plans to issue the Bonds to institutional and retail investors through a public offering to be conducted through the Underwriters.

THE OFFER

The offer by the Company of the Bonds is purely domestic and will not include an international offering. RCBC Capital and SB Capital have been appointed by the Company to act as the Joint Issue Managers, Joint Lead Underwriters and Bookrunners, together the "Underwriters" for the Offer.

However, there can be no assurance in respect of: (i) whether Megawide would issue such Bonds at all; (ii) the size or timing of any individual issuance or the total issuance; or (iii) the specific terms and conditions of such issuance. Any decision by Megawide to offer such Bonds will depend on a number of factors at the relevant time, many of which are not within Megawide's control, including but not limited to: prevailing interest rates, the financing requirements of Megawide's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

OBLIGATIONS OF THE UNDERWRITERS AND SELLING AGENTS

In accordance with the Underwriting Agreement to be entered into with Megawide, the Underwriters have agreed to underwrite ₱3,000,000,000.00 at the Purchase Price on a firm basis, and to distribute and sell the Bonds in the Offer, subject to the satisfaction of certain conditions, in consideration for certain fees and expenses.

The Underwriters have committed to underwrite the Offer up to the amount indicated below

RCBC Capital	₱ 1,500,000,000.00
SB Capital	₱ 1,500,000,000.00
Total	₱ 3,000,000,000.00

The underwriting and selling fees to be paid by the Company to the Underwriters in relation to the Offer shall be equivalent to 0.50% of the gross proceeds of the Offer. This shall be inclusive of underwriting fees to be paid to the Selling Agents, if any.

The Underwriters are duly licensed by the SEC to engage in underwriting or distribution of the Bonds. The Underwriters may, from time to time, engage in transactions with and perform services in the ordinary course of its business for Megawide or any of its subsidiaries.

The Underwriters have no direct relations with Megawide in terms of ownership by either of their respective major stockholders, and have no right to designate or nominate any member of the Board of Directors of Megawide. The Underwriters do not have any direct or indirect interest in the Company or in any securities thereof including options, warrants or rights thereto.

The Underwriters have no contract or other arrangement with Megawide by which it may return to Megawide any unsold Bonds.

The Underwriters may enter into other sub-underwriting agreements with other underwriters who may want to participate in the issuance. There is no agreement for any of the Underwriters to put back to Megawide any unsold Bonds. Megawide further grants the Underwriters an option, exercisable within the Offer Period, to subscribe, on a firm basis, up to an additional ₱1,000,000,000.00 amount of Bonds, on the same terms and conditions set forth in this Prospectus, solely to cover oversubscriptions, if any. In case the Oversubscription Option is exercised, the Bonds pursuant to the said Oversubscription Option will be allocated on a daily basis to the Underwriters based on actual demand. In the event the Oversubscription Option is not exercised, it is deemed cancelled and the filing fee for that over-subscription is forfeited.

Joint Issue Managers, Joint Lead Underwriters and Bookrunners (“Underwriters”)

RCBC Capital is a licensed investment house providing a complete range of capital raising and financial advisory services. Established in 1974, RCBC Capital has over 48 years of experience in the underwriting of equity, quasi-equity and debt securities, as well as in managing and arranging the syndication of loans, and in financial advisory. RCBC Capital is a wholly-owned subsidiary of the Rizal Commercial Banking Corporation and a part of the Yuchengco Group of Companies, one of the country's largest fully integrated financial services conglomerates. Prior approval from the SEC is required to effect a termination of the Underwriting Agreement. As of December 31, 2021, its total assets amounted to ₱3.70 billion and its capital base amounted to ₱3.10 billion

SB Capital is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. SB Capital provides a wide range of investment banking services including financial advisory, underwriting of equity and debt securities, project finance, privatizations, mergers and acquisitions, loan syndications and corporate advisory services. SB Capital is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major equity and debt issues. As of December 31, 2021, its total assets amounted to ₱1.46 billion and its capital base amounted to ₱1.43 billion

Prior approval from the SEC is required to effect a termination of the Underwriting Agreement.

SALE AND DISTRIBUTION

The distribution and sale of the Bonds shall be undertaken by the Underwriters who shall sell and distribute the Bonds to third party buyers/investors. The Underwriters are authorized to organize a syndicate of sub-underwriters, soliciting dealers and/or agents for the purpose of the Offer.

The Underwriters commit to underwrite, jointly and not solidarily, the Base Offer of the Bonds and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Underwriters, and nothing shall constitute them as mutual agents of each other.

TERM OF APPOINTMENT

The engagement of the Underwriters shall subsist so long as the SEC's permit to sell the Bonds remains valid, unless otherwise terminated by the Company and any of the Underwriters.

The Underwriting Agreement may be terminated by the Underwriters prior to payment being made to the Company of the net proceeds of the Bonds under certain circumstances such as (a) a cancellation order from a Government authority, (b) a change or an impending change of law that would materially and adversely affect Megawide, any of the features, yield or marketability of the Bonds, the ability of any of the Underwriters to perform any of their respective obligations, or the taxes on the fees or costs (if applicable) in connection with the Offer, (c) political, economic, or fiscal conditions, policies, or foreign relations of the Philippines or any material adverse development in the securities or other financial or currency market in the Philippines, in any of which case, in the reasonable determination of Megawide and the Underwriters, is of grave and unmanageable proportions and may adversely affect the financial market in the Philippines in general, and the Offer in particular, (d) the declaration of a general debt and/or banking moratorium in the Philippines, (e) the adjudication of Megawide as bankrupt or insolvent or any event which has an effect equivalent to the foregoing, or (f) the occurrence or revelation of any other event similar to the foregoing events which, in the reasonable determination of the Underwriters and Megawide, involves a material and adverse change in circumstances existing at the time this Agreement was entered into.

In addition to the foregoing, either Megawide or the Underwriters, may likewise suspend this Agreement by written notice of suspension or terminate the same by an irrevocable written notice of termination to the other Party if the Issue Date does not occur within six (6) Business Days from the Closing.

APPLICATION TO PURCHASE

Applicants may purchase the Bonds during the Offer Period by submitting to the Underwriters properly completed Applications to Purchase, whether originally signed or electronically submitted (through the e-Securities Issue Portal (“e-SIP”) upon and subject to the e-SIP’s approval by the SEC), together with all applicable supporting documentation in the prescribed form and submitted in the prescribed manner, with full payment of the purchase price of the Bonds in the manner provided therein. Corporate and institutional applicants may also be required to submit, in addition to the foregoing:

- an original notarized certificate of the corporate secretary or an equivalent officer of the Applicant setting forth resolutions of the board of directors, partners or equivalent body (i) authorizing the purchase of the Bonds indicated in the Application to Purchase and (ii) designating the signatories, with their specimen signatures, for the said purpose;
- copies of its Articles of Incorporation and By-Laws (or the Articles of Partnership, in case of a partnership) and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory(ies);
- two (2) duly accomplished signature cards containing the specimen signatures of the authorized signatories of the Applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies);
- validly issued tax identification number issued by the BIR;
- identification document(s) of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below;
- a list of natural persons who are the beneficial owners of the parent company of the Applicant;
- identification document(s) of at least two (2) of the Applicant's directors, including the managing director, if any;
- identification documents of beneficial owners who own at least ten percent (10%) of the capital stock of the Applicant;
- identification document of the corporate secretary or of the equivalent officer(s);
- authorization letter, if applicable, for the distribution of payments such as cash dividends, interest or coupon and/or principal payment; and
- such other documents as may be reasonably required by any of the Underwriters or the Registrar in the implementation of its internal policies regarding “know your customer” and anti-money laundering

Individual applicants may also be required to submit, in addition to the accomplished Applications to Purchase and its required attachments:

- identification document (“ID”) of the Applicant which shall consist of any one of the following valid identification documents bearing a recent photo, and which is not expired: Passport, Driver’s License, Professional Regulation Commission ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Voter’s ID, Barangay Certification, Government Service Insurance System e-Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman’s Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and government-owned and controlled corporation ID, e.g., Armed Forces of the Philippines, Home Development Mutual Fund, Certification from the National Council for the Welfare of Disabled Persons, Department of Social Welfare and Development Certification, Integrated Bar of the Philippines ID, company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, the SEC or the Insurance Commission, or school ID duly signed

by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age);

- two (2) duly accomplished signature cards containing the specimen signature of the Applicant;
- validly issued tax identification number issued by the BIR;
- authorization letter, if applicable, for the distribution of payments such as cash dividends, interest or coupon and/or principal payment; and
- such other documents as may be reasonably required by any of the Underwriters or the Registrar in implementation of its internal policies regarding “know your customer” and anti-money laundering.

The Applicant understands that the Registrar will not issue a Registry Confirmation nor will any Bondholder be allowed to sell or transfer the Bonds until such Bondholder shall have submitted to the Registrar all the documents required for the issuance of such Bonds.

An Applicant claiming exemption from any applicable tax, or is subject to a preferential withholding tax rate shall, in addition to the requirements set forth above, be required to submit the following requirements, subject to acceptance by the Issuer, as being sufficient in form and substance:

- a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion addressed to the relevant applicant or Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;
- a duly notarized undertaking executed by (1) the corporate secretary or any authorized representative of such applicant or Bondholder, who has personal knowledge of the exemption based on his official functions, if the applicant purchases, or the Bondholder holds, the Bonds for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent of any suspension or revocation of the tax exemption certificate, certificate, ruling or opinion issued by the BIR, executed using the prescribed form, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent, the Underwriter and the Selling Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax;
- with respect to tax treaty relief, duly accomplished (1) BIR Form No. 0901-I (Interest Income) or the Application Form for Treaty Purposes filed by the Applicant or, if the Applicant is a fiscally transparent entity, each of the Applicant's owners or beneficiaries with the proof of receipt by the concerned office of the BIR, (2) valid and existing tax residency certificate duly issued by the foreign tax authority or, if the Applicant is fiscally transparent entity, the country of residence of each of the Applicant's owners or beneficiaries, in the form acceptable for recognition under Philippine laws, if the validity period of the previously issued tax residency certificate has already lapsed, (3) the relevant provision of the applicable tax treaty providing for the claim tax exemption or preferential tax rate, in a form acceptable to the Issuer, (4) duly notarized, consularized or apostilled (as the case may be), if executed outside the Philippines, Special Power of Attorney executed by the Applicant or the Applicant's owners or beneficiaries, as may be applicable, in favor of the authorized representative (if the Application Form for Treaty Purposes and other documents that are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Applicant or the Applicant's owners or beneficiaries are not doing business in the Philippines to support the applicability of a tax treaty relief; and
- such other documentary requirements as may be required by the Issuer and the Registrar and Paying Agent, or as required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized or apostilled (as the case may be) proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided further that, all sums

payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

Completed Applications to Purchase and corresponding payments must reach the Underwriters prior to the end of the Offer Period, or such earlier date as may be specified by the Underwriters. Acceptance by the Underwriters of the completed Application to Purchase shall be subject to the availability of the Bonds and the acceptance by MWIDE. In the event that any check payment is returned by the drawee bank for any reason whatsoever, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase is deemed revoked.

MINIMUM PURCHASE

A minimum purchase of ₱50,000.00 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of ₱10,000.00.

ALLOTMENT OF THE BONDS

If the Bonds are insufficient to satisfy all Applications to Purchase, the Underwriters, in consultation with the Issuer, shall proceed with the manner of allocation and/or rejection of the Applications to Purchase, including the scaling down of allocations.

REFUNDS

If any application is rejected or accepted in part only, the corresponding payment or the appropriate portion thereof shall be returned without interest to such applicant through the Underwriters from whom such application to purchase the Bonds was made.

UNCLAIMED PAYMENTS

Any payment of interest on, or the principal of the Bonds which remain unclaimed after the same shall have become due and payable, shall be held in trust by the Paying Agent for the Bondholders at the latter's risk.

PURCHASE AND CANCELLATION

The Issuer may at any time purchase any of the Bonds in the open market or by tender or by contract at market price, without any obligation to purchase (and the Bondholders shall not be obliged to sell) the Bonds pro-rata from all Bondholders. Any Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

SECONDARY MARKET

MWIDE intends to list the Bonds in the PDEX. MWIDE may purchase the Bonds at any time in the PDEX trading system without any obligation to make pro-rata purchases of Bonds from all Bondholders. The Bonds shall be traded in denominations of ₱10,000.00 in the secondary market.

REGISTRY OF SHAREHOLDERS

The Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing the Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Bondholders.

Beneficial title to the Bonds shall be shown in the Register of Bondholders to be maintained by the designated registrar for the Bonds. Initial placement of the Bonds and subsequent transfers of interests in the Bonds shall be subject to applicable Philippine selling restrictions prevailing from time to time. The Issuer will cause the Register of Bondholders to be kept at the specified office of the Registrar. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers of Bonds shall be entered in the Register of Bondholders.

EXPENSES

All out-of-pocket expenses, including, but not limited to, registration with the SEC, printing, publication, communication and signing expenses incurred by the Underwriters in the negotiation and execution of the transaction will be for Megawide's account irrespective of whether the transaction contemplated herein is completed. Such expenses are to be reimbursed upon presentation of a composite statement of account. See "*Use of Proceeds*" of the Prospectus for details of expenses.

DESCRIPTION OF BONDS

The following is a description of certain terms and conditions of the Bonds. This description of the terms and conditions of the Bonds set forth herein does not purport to be complete and is qualified in its entirety by reference to the agreements relating to the Bonds, copies of which are available for inspection at the offices of the Trustee. The terms and conditions set out in this section will, subject to amendment, be set out in the Trust Indenture between the Issuer and the Trustee.

Subject to the certificate of permit to offer securities for sale to be issued by the SEC, the Company will issue fixed-rate bonds with an aggregate principal amount of Three Billion Pesos (₱3,000,000,000.00) (the “Base Offer”), with an oversubscription option of up to One Billion Pesos (₱1,000,000,000.00) (the “Oversubscription Option”, together with the Base Offer, the “Offer” or the “Bonds”) for public offer and sale in the Philippines under this Prospectus. The Base Offer will be comprised of Series A due 2026 and Series B due 2027.

The Bonds are constituted by a Trust Indenture executed on [●] (the “Trust Indenture Agreement”) between the Issuer and Rizal Commercial Banking Corporation – Trust and Investments Group (the “Trustee”, which term shall include all other persons or companies for the time being acting as trustee or trustees under the Trust Indenture).

The description of the terms and conditions of the Bonds set out below (“Terms and Conditions”) includes summaries of, and is subject to, the detailed provisions of the Trust Indenture Agreement and the Registry and Paying Agency Agreement executed on [●] (the “Registry and Paying Agency Agreement”) between the Issuer, and the Registrar and Paying Agent. Philippine Depository & Trust Corp. (“PDTC”) has no interest in or relation to MWIDE which may conflict with its roles as Registrar and Paying Agent for the Offer. Rizal Commercial Banking Corporation – Trust and Investments Group has no interest in or relation to MWIDE which may conflict with its role as Trustee for the Offer.

Copies of the Trust Indenture and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee and the Registrar. The holders of the Bonds (the “Bondholders”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Indenture and are deemed to have notice of those provisions of the Registry and Paying Agency Agreement applicable to them.

FORM, DENOMINATION AND TITLE

Form and Denomination

The Bonds are in scripless form and shall be issued in denominations of Fifty Thousand Pesos (₱50,000.00) each and in integral multiples of Ten Thousand Pesos (₱10,000.00) thereafter, and traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market.

Title

Legal title to the Bonds shall be shown in the Register of Bondholders maintained by the Registrar. A notice confirming the principal amount of the Bonds purchased by each applicant in the Offer shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Bonds shall pass by recording of the transfer from the transferor to the transferee in the electronic Register of Bondholders maintained by the Registrar. Settlement in respect of such transfer or change of title to the Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder.

BOND RATING

The Bonds have been rated PRS Aa by Philippine Rating Services Corporation (“PhilRatings”). Obligations rated PRS Aa are of high quality and are subject to very low credit risk. The obligor’s capacity to meet its financial commitment on the obligation is very strong. PRS Aa is second to the highest rating assigned by PhilRatings. A Stable Outlook, on the other hand, indicates that the rating is likely to be maintained or to remain unchanged in the next 12 months. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

The assigned issue rating takes into consideration Megawide’s solid experience in construction industry along with vertically integrated operations, notable expansion projects over the next years, and relatively high debt level on a consolidated basis due to the capital-intensive nature of the project companies’ operations, although leverage remains manageable on the Parent level. The assigned rating also took into account the recovering economy amid declining COVID-19 cases and increasing vaccination rate.

The issue credit rating assigned by PhilRatings is based on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments in relation to Megawide and may change the rating at any time, should circumstances warrant a change.

TRANSFER OF THE BONDS

Register of Bondholders

The Issuer shall cause the Register of Bondholders to be kept by the Registrar, in electronic form. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers of Bonds shall be entered into the Register of Bondholders. As required by Circular No. 428-04 issued by the BSP, the Registrar shall send each Bondholder a written statement of registry holdings at least quarterly (at the cost of the Issuer), and a written advice confirming every receipt or transfer of the Bonds that is effected in the Registrar’s system. Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Any requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfer of the Bonds may be made during the period commencing on a Record Date as defined in this Section on “Interest Payment Dates”.

Transfers; Tax Status

The Registrar shall ultimately and conclusively determine all matters regarding the evidence necessary to effect any such transfers. Settlement in respect of such transfers or change of title to the Bonds, including the settlement of any documentary stamps taxes, if any, arising from subsequent transfers, shall be settled directly between the transferee and/or the transferor Bondholders.

Transfers across tax categories shall not be allowed except on Interest Payment Dates that fall on a business day. Restricted transfers include, but are not limited to, transfers on a non-Interest Payment Date (1) between taxable and non-taxable entities, (2) between taxable entities of different tax categories, (where tax-withheld entities with different final withholding tax rates (e.g., 20%, 25%) are considered as belonging to different tax categories), or (3) between parties who claim the benefit of a tax treaty; provided, however, that transfers from a tax-exempt category to a taxable tax category on a non-Interest Payment Date shall be allowed using the applicable tax-withheld series name on PDEX, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. For such transactions, the tax-exempt entity shall be treated as being of the same tax category as its taxable counterpart for the interest period within which such transfer occurred.

A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified under the Registry and Paying Agency Agreement upon submission of the account opening documents to the

Registrar. Transfers taking place in the Register of Bondholders after the Bonds are listed on PDEX shall be allowed between tax-exempt and non-tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEX and Philippine Depository & Trust Corp. ("PDTC").

Secondary Trading of the Bonds

The Issuer intends to list the Bonds on PDEX for secondary market trading. The Bonds will be traded in a minimum board lot size of P10,000.00 and in multiples of P10,000.00 in excess thereof for so long as any of the Bonds are listed on PDEX. Secondary market trading in PDEX shall follow the applicable PDEX rules and conventions and guidelines, including rules, conventions and guidelines governing trading and settlement between Bondholders of different tax status, and shall be subject to the relevant fees of PDEX and PDTC. Upon listing of the Bonds with PDEX, investors shall course their secondary market trades through PDEX Brokering Participants for execution in the PDEX Trading Platform in accordance with PDEX Trading Rules, Conventions and Guidelines, and shall settle such trades on a Delivery versus Payment ("DvP") basis in accordance with PDEX Settlement Rules and Guidelines. The PDEX rules and conventions are available on the PDEX website (www.pds.com.ph).

RANKING

The Bonds shall constitute the direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking at least pari passu and ratably without any preference or priority among themselves and with all its other present and future direct, unconditional, unsecured and unsubordinated obligations (other than (i) applicable bankruptcy, insolvency, reorganization, rehabilitation, or other similar laws of general application relating to or affecting the enforcement of creditors' rights, (ii) obligations preferred by the law (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines), (iii) any obligation incurred by Megawide as allowed by the Trust Agreement, and (iv) other indebtedness or obligations disclosed by Megawide to the Trustee prior to the execution of the Issue Management and Underwriting Agreement.

INTEREST

Interest Payment Dates

The Series A Bonds bear interest on its principal amount from and including Issue Date at the rate of [●]% p.a., payable quarterly in arrears, calculated on a 30/360 basis, starting on [●] 2022 for the first Interest Payment Date, and on [●] and [●] for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day, without adjustment for accrued interest, if such Interest Payment Date is not a Business Day.

The Series B Bonds bear interest on its principal amount from and including Issue Date at the rate of [●]% p.a., payable quarterly in arrears, calculated on a 30/360 basis, starting on [●] 2022 for the first Interest Payment Date, and on [●] and [●] for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day, without adjustment for accrued interest, if such Interest Payment Date is not a Business Day.

The Final Interest Rate for each series of the Bonds will be determined through a book-building process and will be based on the sum of [3.5Y BVAL] for Series A Bonds, and [5Y BVAL] for Series B Bonds, and b) the relevant Final Spread.

The cut-off date in determining the existing Bondholders entitled to receive interest or principal amount due shall be two (2) Business Days prior to the relevant Interest Payment Dates (the "Record Date"), which shall be the reckoning date in determining the Bondholders entitled to receive interest, principal or any other amount due under the Bonds. No transfers of the Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Dates.

Interest Accrual

The Bonds shall cease to bear interest from and including the relevant Maturity Date, as defined in the discussion on “Final Redemption” below, unless, upon due presentation, payment of the principal in respect of the Bonds then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see “Penalty Interest” below) shall apply.

Determination of Interest Amount

The interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

REDEMPTION AND PURCHASE

Final Redemption

Unless otherwise earlier redeemed or previously purchased and cancelled, the Bonds shall be redeemed at par or 100% of the face value on the Maturity Date. However, if the Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment for accrued interest, on the succeeding Business Day.

Redemption for Taxation Reasons

If payments under the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Bonds in whole, but not in part, on any Interest Payment Date (having given not more than 60 nor less than 30 days’ notice) at par plus accrued interest.

Optional Redemption for Series B Bonds

Prior to the Maturity Date of the Series B Bonds, the Issuer shall have the right, but not the obligation, to redeem in whole (but not in part) the outstanding Series B Bonds in accordance with the schedule set forth below.

Bonds	Optional Redemption Dates	Optional Redemption Price
Series B Bonds	On the 3rd anniversary of the Issue Date and every Interest Payment Date preceding the 4th anniversary of the Issue Date	101.0%
	On the 4th anniversary of the Issue Date and every Interest Payment Date thereafter	100.5%

The Issuer shall give no less than thirty (30) nor more than sixty (60) calendar days’ prior written notice of its intention to redeem the Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Bonds at the Interest Payment Date stated in such notice. The amount payable to the Bondholders in respect of such redemption shall be calculated as the sum of (i) the relevant Optional Redemption Price applied to the principal amount of the outstanding Bonds being redeemed; and (ii) accrued interest on the Bonds as of the relevant Optional Redemption Date.

Purchase and Cancellation

Upon listing of the Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

The Issuer may at any time purchase any of the Bonds at any price in the open market or by tender or by contract at market price, in accordance with PDEX Rules, without any obligation to purchase Bonds pro-rata from all Bondholders. Any Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Change in Law or Circumstance

The following events shall be considered as changes in law or circumstances as it refers to the obligations of the Issuer and the rights and interests of the Bondholders under the Trust Agreement and the Bonds:

- (a) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Bonds shall be modified, withdrawn or withheld in a manner which, in the reasonable opinion of the Trustee, will materially and adversely affect the ability of the Issuer to comply with such obligations; or
- (b) Any provision of the Trust Agreement or any of the related documents is or becomes, for any reason, invalid, illegal or unenforceable to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations thereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part; or any law is introduced or any applicable existing law is modified or rendered ineffective or inapplicable to prevent or restrain the performance by the parties thereto of their obligations under the Trust Agreement or any other related documents; or
- (c) Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.

Upon the occurrence of a Change in Law or Circumstance (as enumerated above), the Issuer may redeem the Bonds in whole, but not in part, on any Interest Payment Date (having given not more than 60 nor less than 30 days' notice) at par plus accrued interest.

Payments

The principal of, interest on, and all other amounts payable on, the Bonds shall be paid to the Bondholders by crediting of the settlement accounts designated by each of the Bondholders. The principal of, and interest on, the Bonds shall be payable in Philippine Pesos. Megawide shall ensure that so long as any of the Bonds remains outstanding, there shall at all times be a Paying Agent for purposes of disbursing payments on the Bonds. In the event the Paying Agent shall be unable or unwilling to act as such, Megawide shall appoint a qualified financial institution in the Philippines authorized to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

Payment of Additional Amounts - Taxation

Interest income on the Bonds is subject to a withholding tax at rates of between 20% and 25% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:

- a) Income tax on any gain by a holder of the Bonds realized from the sale, exchange or retirement of the said Bonds;
- b) The withholding tax applicable on interest earned on the Bonds prescribed under the Tax Code, as amended, and its implementing rules and regulations as may be in effect from time to time. An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance:
 - (i) a current and valid Bureau of Internal Revenue-certified true copy of the tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue confirming the exemption or preferential rate. Should the submitted tax exemption certificate, ruling or opinion expire during the bond period, the Bondholder must submit an updated/revalidated tax exemption certificate;
 - (ii) a duly notarized undertaking executed by (1) the corporate secretary or any authorized representative of such applicant or Bondholder who has personal knowledge of the exemption based on his official functions, if the applicant purchases, or the Bondholder holds, the Bonds for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting its tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent of any suspension or revocation of the tax exemption certificate, ruling or opinion issued by BIR, with a declaration and warranty of its tax exempt status or entitlement to a preferential rate , and agreeing to indemnify and hold the Issuer and the Registrar and the Paying Agent, and the Joint Lead Underwriters and Joint Bookrunners free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax;
 - (iii) for those who are claiming benefits under tax treaties, duly submitted BIR Form 0901-I (Interest Income) or Application Form for Treaty Purposes and apostilled/consularized Tax Residency Certificate duly issued by the foreign tax authority as required under BIR Revenue Memorandum Order No. 14-2021; and
 - (iv) such other documentary requirements as may be required by the Issuer and the Registrar and Paying Agent, or as required under the applicable regulations of the relevant taxing or other authorities, e.g., BIR Revenue Memorandum Order No. 14-2021, which for purposes of claiming tax treaty withholding rate benefits, shall include, among others, evidence of the applicability and consularized or apostilled (as the case may be) proof of the Bondholder's legal domicile in the relevant treaty state, withholding rate benefits, shall include, among others, evidence of the applicability of a tax treaty and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided further that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar;
- c) Gross Receipts Tax under Section 121 of the Tax Code;
- d) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding; and
- e) Value Added Tax ("VAT") under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337.

Documentary stamp tax for the primary issue of the Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

FINANCIAL RATIOS

Similar to the covenants contained in other debt agreements of the Issuer, the Issuer shall maintain a Parent Debt-to-Equity Ratio of not more than [2.33:1] and Parent Debt Service Coverage Ratio of not less than [1.1:1].

There are no other regulatory ratios that the Issuer is required to comply with.

NEGATIVE PLEDGE

During the term of this Agreement and until payment in full of all the outstanding Bonds and performance of all other obligations of the Issuer hereunder, the Issuer hereby covenants that it shall not permit any of the following occurrences without the prior consent of the Majority Bondholders:

(a) Encumbrances

- (i). the Issuer will not create or permit to subsist any lien upon the whole or any part of its undertaking, assets or revenues present or future to secure any Indebtedness or any guarantee of or indemnity in respect of any Indebtedness, and
- (ii). the Issuer shall procure that its Subsidiaries will not create or permit to subsist any lien upon the whole or any part of any Subsidiary's undertaking, assets or revenues present or future to secure any Public Debt or any guarantee of or indemnity in respect of any Public Debt; provided that the foregoing shall not apply to the following (the "Permitted Liens"):
 - a. created in respect of Indebtedness (for the avoidance of doubt, including Indebtedness in respect of which there is a preference or priority under Article 2244 (except Article 2244(a)) of the Civil Code of the Philippines as the same may be amended from time to time) in aggregate principal amount not exceeding 20% of Total Consolidated Assets as determined in the Issuer's latest audited consolidated financial statements;
 - b. created in respect of Hedging Transactions; and unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Trust Agreement, (x) are secured equally and ratably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, in each case to the satisfaction of the Trustee, or (y) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by the Majority Bondholders;
 - c. any lien over any asset to secure: (i) payment of the purchase price or cost of leasehold rights of such asset; or (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business; or (iii) the payment of any Indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset;
 - d. liens or charges of current taxes, assessments, or other governmental charges which are not delinquent or remain payable, without any penalty, or the validity of which is contested in good faith by appropriate proceedings diligently conducted, and adequate reserves have been provided for payment thereof to the extent required in accordance with generally accepted accounting principles in the Philippines as interpreted by a reputable independent auditor;

- e. deposits or pledges to secure statutory obligations, surety, or appeal bonds, bonds for release of attachments, stays of execution of injunction, or performance bonds for bids, tenders, contracts (other than for the repayment of borrowed money) or leases in the normal course of business;
 - f. liens on the properties and assets of the Issuer: (i) imposed by Law, such as carriers' Liens, warehousemen's Liens, mechanics' Liens, unpaid vendors' Liens, and other similar Liens arising in the ordinary course of business; (ii) arising out of pledges or deposits under workmen's compensation Laws, unemployment insurance, old age pensions, or other social security or retirement benefits or similar legislation, or retirement benefit plans of the Issuer; or (iii) arising out of the set-off provision on other agreements of the Issuer relating to Indebtedness;
 - g. any lien constituted for the purpose of guaranteeing an affiliate's obligation in connection with any contract or agreement that has been assigned to such affiliate by the Issuer; or
 - h. liens over any shares held by the Issuer in any company in which the Issuer has equity ownership in order to secure any project financing or any Subsidiary's or downward affiliate's project financing.
- (b) Except as required by Applicable Law or any Governmental Authority, the Issuer [or any Subsidiary] shall not: (i) make or permit any material change in the nature of its business from that being carried on as of the date hereof; or (ii) engage in any business operation or activity other than that for which it is presently authorized, expressly or impliedly, by its Articles of Incorporation or by Applicable Law.

EVENTS AND CONSEQUENCES OF DEFAULT

If any of the following events occurs (the "Events of Default") and is continuing, the Trustee at its discretion may give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together with accrued interest:

- (a) **Payment Default:** there is failure to pay the interest on any of the Bonds within ten (10) days from the due date for payment; or
- (b) **Breach of Other Obligations:** the Issuer [or any Subsidiary] defaults in the performance or observance of, or compliance with, any one or more of its other obligations set out in the Bonds or the Trust Agreement and (except where the Trustee considers, and so notifies in writing to the Issuer, that such default is not capable of remedy, when no such notice or grace period as mentioned below shall be required) such default continues for a period of thirty (30) days after notice of such default shall have been given to the Issuer [or Subsidiary] by the Trustee; or
- (c) **Cross-Default:** (i) any other present or future Indebtedness of the Issuer [or any Subsidiary] for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such Indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer [or any Subsidiary] fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds 20% of the Issuer's Total Consolidated Assets; or
- (d) **Judgment, Decree or Order:** a final judgment, decree or order has been entered against the Issuer or any Subsidiary by a court of competent jurisdiction from which no appeal may be made or is taken for the payment of money in excess of 20% of the Issuer's Total Consolidated Assets and any relevant period specified for payment of such judgment, decree or order shall have expired without it being satisfied, discharged or stayed; or

- (e) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against (in the opinion of the Trustee) any material part of the property, assets or revenues of the Issuer or any Subsidiary and is not discharged or stayed within sixty (60) days (or such longer period as the Issuer satisfies the Trustee is appropriate in relation to the jurisdiction concerned) of having been so levied, enforced or sued unless and for so long as the Trustee is satisfied that it is being contested in good faith and diligently; or
- (f) **Security Enforced:** any lien, present or future, created or assumed by the Issuer [or any Subsidiary] becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, manager or other similar person) and the Indebtedness secured by the lien is not discharged or such steps stayed within sixty (60) days (or such longer period as the Issuer satisfies the Trustee is appropriate in relation to the jurisdiction concerned) of such steps being so taken unless and for so long as the Trustee is satisfied that it is being contested in good faith and diligently; or
- (g) **Insolvency:** the Issuer [or any Subsidiary] (i) is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, (ii) stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, (iii) proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), (iv) proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts, or (v) a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer [or any Subsidiary]; or
- (h) **Winding-up:** an order of a court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution or administration of the [Issuer or any Subsidiary], or the Issuer [or any Subsidiary] ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation (i) on terms approved by the Trustee or by a resolution of the Bondholders, or (ii) in the case of a Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary pursuant to a merger of the Subsidiary with the Issuer or such other Subsidiary or by way of a voluntary winding-up or dissolution where there are surplus assets in such Subsidiary and such surplus assets attributable to the Issuer and/or any other Subsidiary are distributed to the Issuer and/or any such other Subsidiary; or
- (i) **Bankruptcy Proceedings:** proceedings shall have been initiated against the Issuer [or any Subsidiary] under any applicable bankruptcy, insolvency or reorganization law and such proceedings shall not have been discharged or stayed within a period of sixty (60) days (or such longer period as the Issuer satisfies the Trustee is appropriate in relation to the jurisdiction concerned) unless and for so long as it is being contested in good faith and diligently; or
- (j) **Validity:** the Issuer shall contest in writing the validity or enforceability of the Trust Agreement or the Bonds or shall deny generally in writing the liability of the Issuer, under the Trust Agreement or the Bonds; or
- (k) **Expropriation:** any step is taken by any person with a view to the seizure, compulsory acquisition, or expropriation of all or a material part of the assets of the Issuer [or any Subsidiary]; or
- (l) **Illegality:** it is or will become unlawful for the Issuer [or any Subsidiary] to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Agreement;
- (m) **Misrepresentations:** Any statement, representation, or warranty made by the Issuer [or any Subsidiary] in the Trust Agreement or in any other document delivered or made pursuant thereto shall prove to be incorrect, misleading, or untrue in any material respect as

and when made and the circumstances which cause such representation or warranty to be incorrect, misleading, or untrue continue for more than thirty (30) days (or such longer period as the Majority Bondholders shall approve) after receipt of written notice from the Trustee to that effect; or

- (n) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs provided that in the case of paragraph (c), (h) and (i) in relation to a Subsidiary, the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Bondholders.

Notice of Default

The Trustee shall, within five (5) days after the occurrence of any Event of Default, give to the Bondholders written notice of such default known to it, unless the same shall have been cured before the giving of such notice; provided that, in the case of payment default, as described in item (a) of "Events and Consequences of Default" above, the Trustee shall immediately notify the Bondholders upon the occurrence of such payment default. The existence of a written notice required to be given to the Bondholders hereunder shall be published in a newspaper of general circulation in the Philippines for two (2) consecutive days, further indicating in the published notice that the Bondholders or their duly authorized representatives may obtain an important notice regarding the Bonds at the principal office of the Trustee upon presentment of sufficient and acceptable identification.

Penalty Interest

In case any amount payable by the Issuer under the Bonds, whether for principal, interest, fees due to Trustee or Registrar or otherwise, is not paid on due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay penalty interest on the defaulted amount(s) at the rate of 2% p.a. (the "Penalty Interest") from the time the amount falls due until it is fully paid.

Payment in the Event of Default

The Issuer covenants that upon the occurrence of any Event of Default, the Issuer shall pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Bonds with interest at the rate borne by the Bonds on the overdue principal and with Penalty Interest as described above, and in addition thereto, the Issuer shall pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred without negligence or bad faith by the Trustee hereunder.

Application of Payments

Any money collected or delivered to the Paying Agent, and any other funds held by it, subject to any other provision of the Trust Agreement and the Registry and Paying Agency Agreement relating to the disposition of such money and funds, shall be applied by the Paying Agent in the order of preference as follows: first, to the payment to the Trustee, the Paying Agent and the Registrar, of the costs, expenses, fees and other charges of collection, including reasonable compensation to them, their agents, attorneys and counsel, and all reasonable expenses and liabilities incurred or disbursements made by them, without gross negligence or bad faith; second, to the payment of the interest in default, in the order of the maturity of such interest with Penalty Interest; third, to the payment of the whole amount then due and unpaid upon the Bonds for principal, and interest, with Penalty Interest; and fourth, the remainder, if any shall be paid to the Issuer, its successors or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct. Except for any interest and principal payments, all disbursements of the Paying Agent in relation to the Bonds shall require the conformity of the Trustee. The Paying Agent shall render a monthly account of such funds under its control.

Prescription

Claims in respect of principal and interest or other sums payable hereunder shall prescribe unless made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

Remedies

All remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement, subject to the discussion below on "Ability to File Suit".

No delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from the Issuer hereunder on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Bonds; (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in the latter's name; (iii) the Trustee for sixty (60) days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Agreement to affect, disturb or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders.

Waiver of Default by the Bondholders

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or the Majority Bondholders may decide for and in behalf of the Bondholders to waive any past default, except the events of default defined as a payment default, breach of representation or warranty default, expropriation default, insolvency default, or closure default, and its consequences. In case of any such waiver, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder; provided however that, no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Bonds.

SUBSTITUTION

Substitution of the Bonds is not contemplated.

TRUSTEE; NOTICES

Notice to the Trustee

All documents required to be submitted to the Trustee pursuant to the Trust Agreement, the Prospectus and all correspondence addressed to the Trustee shall be delivered to:

To the Trustee:	Rizal Commercial Banking Corporation – Trust Group
Attention:	Ryan Roy W. Sinaon
Address:	9 th Floor, Yuchengco Tower, RCBC Plaza, Ayala Ave, Makati City
Subject:	Megawide Series [A/B] Bonds
Email:	rwsinaon@rcbc.com

All documents and correspondence not sent to the above-mentioned address shall be considered as not to have been sent at all.

Notice to the Bondholders

The Trustee shall send all notices to Bondholders to their mailing address as set forth in the Register of Bondholders. Except where a specific mode of notification is provided for herein, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) surface mail; (iii) by one-time publication in a newspaper of general circulation in the Philippines; or (iv) personal delivery to the address of record in the Register of Bondholders. The Trustee shall rely on the Register of Bondholders in determining the Bondholders entitled to notice. All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing if transmitted by surface mail; (iii) on date of publication, or; (iv) on date of delivery, for personal delivery.

Binding and Conclusive Nature

Except as provided in the Trust Agreement, all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for the purposes of the provisions of the Trust Agreement, shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, and all Bondholders and (in the absence as referred to above) no liability to the Issuer, the Paying Agent or the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under the Trust Agreement.

Duties and Responsibilities of the Trustee

- (i) The Trustee is appointed as trustee for and on behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Agreement. The Trustee shall inform the Bondholders of any event which has a Material Adverse Effect on the ability of the Issuer to comply with its obligations to the Bondholders, breach of representations and warranties, and Events of Default within a reasonable period from the time that the Trustee learns or is informed of such events.
- (ii) The Trustee shall have custody of and hold in its name, for and on behalf of the Bondholders, the Master Certificates of Indebtedness for the total issuance of the Bonds.
- (iii) The Trustee shall promptly and faithfully carry out the instructions or decisions of the Majority Bondholders issued or reached in accordance with the terms and conditions of the Trust Agreement.
- (iv) The Trustee shall, in accordance with the terms and conditions of the Trust Agreement, monitor the compliance or non-compliance by the Issuer with all its representations and warranties, and the observance by the Issuer of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement.

- (v) The Trustee shall perform only such duties as are specifically set forth in the Trust Agreement.
- (vi) The Trustee, in the performance of its duties, shall exercise such rights and powers vested in it by the Trust Agreement, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs under similar circumstances. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters that must be taken up with the Issuer.
- (vii) None of the provisions contained in the Trust Agreement or Prospectus shall require or be interpreted to require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Resignation and Change of Trustee

- (a) The Trustee may at any time resign by giving ninety (90) days' prior written notice to the Issuer and to the Bondholders of such resignation.
- (b) Upon receiving such notice of resignation of the Trustee, the Issuer shall immediately appoint a successor trustee by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the resigning Trustee and one (1) copy to the successor trustee. If no successor shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor, or any Bondholder who has been a bona fide holder for at least six months (the "bona fide Bondholder") may, for and in behalf of the Bondholders, petition any such court for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor trustee.
- (c) A successor trustee should possess all the qualifications required under pertinent laws, otherwise, the incumbent trustee shall continue to act as such.
- (d) In case at any time the Trustee shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then the Issuer may within thirty (30) days from there remove the Trustee concerned, and appoint a successor trustee, by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the Trustee so removed and one (1) copy to the successor trustee. If the Issuer fails to remove the Trustee concerned and appoint a successor trustee, any Bona Fide Bondholder may petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor trustee.
- (e) The Majority Bondholders may at any time remove the Trustee for cause, and appoint a successor trustee, by the delivery to the Trustee so removed, to the successor trustee and to the Issuer of the required evidence of the action in that regard taken by the Majority Bondholders.
- (f) Without prejudice to any liabilities of the Trustee which have accrued, any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any of the provisions of this Subsection shall become effective upon the earlier of: (i) acceptance of appointment by the successor trustee as provided in the Trust Agreement; or (ii) the effectivity of the resignation notice sent by the Trustee under the Trust Agreement (a) (the "Resignation Effective Date") provided, however, that after the Resignation Effective Date and, as relevant, until such successor trustee is qualified and appointed (the "Holdover Period"), the resigning Trustee shall discharge duties and responsibilities solely as a

custodian of records for turnover to the successor Trustee promptly upon the appointment thereof by Megawide.

Successor Trustee

- (a) Any successor trustee appointed shall execute, acknowledge and deliver to the Issuer and to its predecessor Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as trustee in the Trust Agreement. The foregoing notwithstanding, on the written request of the Issuer or of the successor trustee, the Trustee ceasing to act as such shall execute and deliver an instrument transferring to the successor trustee, all the rights, powers and duties of the Trustee so ceasing to act as such. Upon request of any such successor trustee, the Issuer shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor trustee all such rights, powers and duties. Upon effectivity of the removal or resignation of the Trustee as provided above, and except as otherwise provided in the Terms and Conditions, the Trustee's liabilities and obligations shall immediately cease.
- (b) Upon acceptance of the appointment by a successor trustee, the Issuer shall notify the Bondholders in writing of the succession of such trustee to the trusteeship. If the Issuer fails to notify the Bondholders within ten (10) days after the acceptance of appointment by the trustee, the latter shall cause the Bondholders to be notified at the expense of the Issuer.

Reports to the Bondholders

The Trustee shall submit to the Bondholders on or before [February 28] of each year from the relevant Issue Date, until full payment of the Bonds, a brief report dated as of December 31 of the immediately preceding year with respect to:

- (i) The funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report; and
- (ii) Any action taken by the Trustee in the performance of its duties under the Trust Agreement which it has not previously reported and which in its opinion materially affects the Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.

The Trustee shall submit to the Bondholders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, such advance remaining unpaid amounts to at least ten percent (10%) of the aggregate outstanding principal amount of the Bonds at such time.

Inspection of Documents

The following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

1. Trust Indenture Agreement;
2. Registry and Paying Agency Agreement;
3. Articles of Incorporation and By-Laws of the Company; and
4. Registration Statement of the Company with respect to the Bonds.

MEETINGS OF BONDHOLDERS

A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or on behalf of the Bondholders of any specified aggregate principal

amount of Bonds under any other provisions of the Trust Agreement or under the law and such other matters related to the rights and interests of the Bondholders under the Bonds.

Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of Bonds may direct in writing the Trustee to call a meeting of the Bondholders, to take up any allowed action, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be sent by the Trustee to the Issuer and to each of the registered Bondholders not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting. However, the Trustee shall send notices in respect of any meeting called by Megawide to obtain consent of the Bondholders to an amendment of the Trust Agreement in the following manner: a notice shall be sent to Bondholders detailing the amendments proposed and consents requested by Megawide not earlier than sixty (60) days nor later than forty-five (45) days prior to the date fixed for the meeting, if the Bondholder fails to respond as required by such notice, the Trustee shall send a second notice to such Bondholder not later than fifteen (15) days prior to the date fixed for the meeting. Each of such notices shall be published in a newspaper of general circulation as provided in the Trust Agreement. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported billing statement.

Failure of the Trustee to Call a Meeting

In case at any time the Issuer, pursuant to a resolution of its board of directors or executive committee, or the holders of at least twenty five percent (25%) of the aggregate outstanding principal amount of the Bonds shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, in accordance with the notice requirements, the notice of such meeting, then the Issuer or the Bondholders in the amount above specified may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof.

Quorum

The Trustee shall determine and record the presence of the Majority Bondholders, personally or by proxy. The presence of the Majority Bondholders shall be necessary to constitute a quorum to do business at any meeting of the Bondholders except for any meeting called by Megawide solely for the purpose of obtaining the consent of the Bondholders to an amendment of the Trust Agreement, where the failure of any Bondholder to transmit an objection to such proposal of Megawide after at least two (2) notices to such Bondholder have been sent by the Trustee, will be considered by the Trustee as an affirmative vote (and such Bondholder will be considered present for quorum purposes by the Trustee) for the proposal of Megawide.

Procedure for Meetings

- (a) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Bondholders, in which case the Issuer or the Bondholders calling the meeting, as the case may be, shall in like manner move for the election of the chairman and secretary of the meeting.
- (b) Any meeting of the Bondholders duly called may be adjourned for a period or periods not to exceed in the aggregate of one (1) year from the date for which the meeting shall originally have been called and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

Voting Rights

To be entitled to vote at any meeting of the Bondholders, a person shall be a registered holder of one (1) or more Bonds or a person appointed by an instrument in writing as proxy by any such holder as of the date of the said meeting. Bondholders shall be entitled to one vote for every Ten Thousand Pesos (P10,000.00) interest. The only persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the persons entitled to vote at such meeting and any representatives of the Issuer and its legal counsel.

Voting Requirement

All matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders present or represented in a meeting at which there is a quorum except as otherwise provided in the Trust Agreement (please refer to the discussion on "Quorum"). Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Issuer as if the votes were unanimous.

Role of the Trustee in Meetings of the Bondholders

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Bondholders, in regard to proof of ownership of the Bonds, the appointment of proxies by registered holders of the Bonds, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidences of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

Amendments

Megawide and the Trustee may amend these Terms and Conditions or the Bonds without notice to any Bondholder but with the written consent of the Majority Bondholders (including consents obtained in connection with a tender offer or exchange offer for the Bonds). However, without the consent of each Bondholder affected thereby, an amendment may not:

- (1) reduce the amount of Bondholder that must consent to an amendment or waiver;
- (2) reduce the rate of or extend the time for payment of interest on any Bond;
- (3) reduce the principal of or extend the Maturity Date of any Bond;
- (4) impair the right of any Bondholder to receive payment of principal of and interest on such Bondholder's Bonds on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such Bondholders;
- (5) reduce the amount payable upon the redemption or repurchase of any Bond under the Terms and Conditions or change the time at which any Bond may be redeemed;
- (6) make any Bond payable in money other than that stated in the Bond;
- (7) subordinate the Bonds to any other obligation of Megawide;
- (8) release any Bond interest that may have been granted in favor of the Bondholders;
- (9) amend or modify the Payment of Additional Amounts, Taxation, the Events of Default of the Terms and Conditions or the Waiver of Default by the Bondholders; or
- (10) make any change or waiver of this Condition.

It shall not be necessary for the consent of the Bondholders under this Condition to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this Condition becomes effective, Megawide

shall send a notice briefly describing such amendment to the Bondholders in the manner provided in the section entitled "Notices of Meetings".

Evidence Supporting the Action of the Bondholders

Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

Non-Reliance

Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that he has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations hereunder, except for its gross negligence or wilful misconduct.

GOVERNING LAW

The Bond Agreements are governed by and are construed in accordance with Philippine law.

INTEREST OF NAMED EXPERTS AND INDEPENDENT COUNSEL

LEGAL MATTERS

The validity of the Bonds and other legal matters concerning the Offer and the tax implications thereof were reviewed for Megawide Construction Corporation (the “Company”) by Añover San Diego & Primavera Law Offices, the independent legal and tax counsel of the Company.

Certain legal matters as to the Philippine law relating to the Offer will be passed upon by Picazo Buyco Tan Fider & Santos Law Offices, legal counsel to the Company, and Angara Abello Concepcion Regala & Cruz Law Offices, legal counsel to the Underwriters.

Each of the foregoing legal counsel has no shareholdings or any interest, direct or indirect, in the Company, or any right, whether legally enforceable or not to nominate persons or to subscribe to the securities of the Company in accordance with the standards on independence required in the Code of Professional Responsibility and as prescribed by the Supreme Court of the Philippines.

None of the aforementioned counsels has acted or will act as promoter, underwriter, voting trustee, officer, or employee of the Company.

INDEPENDENT AUDITORS

The audited consolidated financial statements (“AFS”) of the Company, for the years ended December 31, 2021, December 31, 2020, and December 31, 2019 appearing in this Prospectus have been audited by Punongbayan & Araullo (“P&A”), independent auditor (or external auditor), as set forth in their reports in the AFS, appearing elsewhere in this Prospectus.

The aggregate fees billed by P&A for each of the years ended December 31, 2021, December 31, 2020, and December 31, 2019 for professional services rendered to the Company, excluding fees directly related to the Offer, are the following (amounts in ₱):

Audit and Audit-Related Fees

Nature	Audit Fees (amounts in ₱) For the years ended December 31		
	2021	2020	2019
Audit of Financial Statements	3,535,000.00	3,346,250.00	2,875,000.00
Summary of Application of Proceeds on Preferred Shares	600,000.00 (Q1 to Q4)	150,000.00 (Q4)	600,000.00 (Q1 to Q4)
Transfer Pricing Documentations and Review of Information Return	2,600,000.00	-	-
Agreed Upon Procedures	35,000.00	35,000.00	-
Benchmarking of Accounting Policies and Procedures	-	-	900,000.00
Financial Statement Q1 and Q2 Consolidated Review and Prospectus Circle-Up (for Preferred Shares Offering)	3,500,000.00	3,500,000.00	-
Quarterly Review of Financial Statements	-	-	300,000.00
Total	10,270,000.00	7,031,250.00	4,675,000.00

Tax Fees

Nature	Fees paid to P&A For the years ended December 31		
	2021	2020	2019
Tax opinion on development projects	100,000.00	250,000.00	580,000.00

Meanwhile, the aggregate fees paid by GMR Megawide Cebu Airport Corporation, a subsidiary of the Company, to SyCip Gorres Velayo & Co. ("SGV"), its independent auditor, for the years ended December 31, 2021, December 31, 2020, and December 31, 2019, are the following (amounts in ₱):

Nature	Fees paid to SGV For the years ended December 31		
	2021	2020	2019
Audit of Financial Statements	1,339,000.00	1,339,000.00	1,300,000.00

The fees presented above include out-of-pocket expenses incidental to the services of the foregoing independent auditors.

Except for the abovementioned services, the independent auditors provided no other type of services.

The Company has no disagreements with its independent auditors on any matter of accounting principles or practices, financial statements disclosure, or auditing scope or procedure.

Pursuant to the Company's Manual on Corporate Governance, its Board of Directors ("Board") has established an Audit and Compliance Committee ("ACC"), which is composed of at least three (3) Non-Executive Directors, majority of whom, including its Chairman, shall be Independent Directors. All the members shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, audit, and/or finance, and are able to read and understand financial statements.

In accordance with its charter, the ACC has the following roles and responsibilities with respect to the independent auditors of the Company:

- a. Perform oversight activities over the Company's external and internal auditors. The ACC shall ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties, and personnel to enable them to objectively perform their respective audit functions. The ACC shall further guarantee that the internal and external auditors shall be free from interference by outside parties in carrying out their work and duties.
- b. Recommend and approve the appointment, reappointment, removal, and fees of the external auditor which shall be approved by the Board and ratified by the shareholders.
- c. Assess, oversee, review and monitor the external auditor's independence, integrity and objectivity and shall ensure that the external auditor has adequate quality control procedures. The ACC shall review the external auditor's suitability and effectiveness on an annual basis and shall implement a policy of rotating the external auditor's lead audit partner every five (5) years.
- d. Ensure that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.
- e. Review the reports submitted by the internal and external auditors. Evaluate and monitor management's responsiveness to the internal and external auditors' findings and recommendations.

- f. Prior to the commencement of the audit, discuss with the external auditors the nature, scope and expenses of the audit, and ensure coordination, if more than one audit firm is involved in the activity, to secure proper coverage and minimize duplication of efforts.

Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The ACC shall disallow any non-audit work that will conflict with the external auditor's duties or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the annual report of the Company.

DESCRIPTION OF BUSINESS

OVERVIEW OF THE COMPANY

Megawide Construction Corporation (“**Megawide**” or the “**Company**”) is one of the country’s most progressive infrastructure conglomerates, with a portfolio in EPC, Airport Infrastructure and Progressive Property Development. The Company’s revolutionary construction and engineering solutions continue to shape the industry by integrating its comprehensive EPC capabilities with innovative construction solution technologies such as precast, formworks, concrete batching, and specialized logistics systems.

The Company was incorporated in the Philippines on July 28, 2004 as a general construction business and has then expanded its business by creating a strong partnership with the Philippine government through the Public Private Partnership (“**PPP**”) program, with projects such as Mactan Cebu International Airport (“**MCIA**”), the Parañaque Integrated Terminal Exchange (“**PITX**”) and the PPP for School Infrastructure Project Phases 1 and 2. GMR Megawide Cebu Airport Corporation (“**GMCAC**”) was incorporated primarily to construct, develop, operate and maintain MCIA while MWM Terminals, Inc. (MWMTI) undertakes the development and implementation of the PITX Project.

On January 28, 2011, the PSE and the SEC approved the Company’s application for the listing of its common stock. The approval covered the initial public offering (“**IPO**”) of 292.0 million unissued common shares of the Company at ₱7.84 offer price per share and the listing of those shares in PSE’s main board on February 18, 2011. On December 3, 2014, the Company made a primary offer of 40.0 million Series 1 Preferred Shares at an offer price of ₱100.0 per share. The Series 1 Preferred Shares are also listed in the PSE.

On April 22, 2014, the Company, together with its strategic partners, GMR Infrastructure (Singapore) Pte. Limited (“**GISPL**”) and GMR Infrastructure Limited (“**GIL**”), incorporated GMCAC for the purpose of implementing the provisions of the Concession Agreement for the MCIA.

On September 22, 2014, the SEC approved the amendment of the Company’s Articles of Incorporation (“**AOI**”), which includes (a) the Company’s power to extend corporate guarantees to its subsidiaries and affiliates, and (b) the increase in its authorized capital stock to ₱5.0 Billion divided into 4,930.0 million common shares and 70.0 million cumulative, non-voting, non-participating, non-convertible to common shares and redeemable, at the option of the Company, perpetual preferred shares. Both common and preferred shares have a par value of ₱1.00 per share.

On February 10, 2015, MWM Terminal, Inc. (“**MWMTI**”), the joint venture of Megawide and then WM Property Management, Inc. (“**WMPMI**”) (which is now Megawide Terminals, Inc. (“**MTI**”), was incorporated primarily to develop and implement the PITX project, the first intermodal terminal in the Philippines, in accordance with the Concession Agreement signed with the Department of Transportation (“**DOTr**”) on February 25, 2015. PITx is designed to be the first intermodal terminal in the Philippines.

On September 22, 2020, the SEC approved the amendment of the Company’s Articles of Incorporation, which increased its authorized capital stock to Five Billion Fifty-Four Million Pesos (₱ 5,054,000,000.00), raising the Company’s authorized capital stock by fifty-four million (54,000,000) preferred shares to a total of one hundred twenty-four million (124,000,000) preferred shares.

The SEC then issued the Certificate of Filing of Enabling Resolution approving the Company’s enabling resolution in relation to its offer and sale to the public of up to fifty million (50,000,000) Series 2 Preferred Shares, consisting of the following subseries: Series 2A Preferred Shares and Series 2B Preferred Shares, at an offer price of One Hundred Pesos (₱100.00) per share, on November 05, 2020. Thereafter, on November 06, 2020, the SEC issued the Order of Registration and the Certificate of Permit to Offer Securities for Sale for thirty million (30,000,000) non-voting perpetual Series 2 Preferred Shares, with an oversubscription option of

up to twenty million (20,000,000) non-voting perpetual Series 2 Preferred Shares. As a result of the offering of the Series 2A and 2B Preferred Shares, the Company raised a total of Four Billion Three Hundred Sixty Million Pesos (₱4,360,000,000.00). The said shares were listed in the PSE on November 27, 2020.

Subsequently, on February 26, 2021, the Board of Directors (Board) approved a resolution to amend the Company's Articles of Incorporation to increase its authorized capital stock by twenty-six million (26,000,000) preferred shares, raising the Company's authorized capital stock to Five Billion Eighty Million Pesos (₱ 5,080,000,000.00) divided into four billion nine hundred thirty million (4,930,000,000) common shares with a par value of One Peso (₱1.00) per share, and one hundred fifty million (150,000,000) preferred shares. The increase in Company's authorized capital stock was approved by the SEC on September 09, 2021. After which, the SEC issued the Certificate of Filing of Enabling Resolution approving the Company's enabling resolution in relation to its offer and sale to the public of up to forty million (40,000,000) Series 4 Preferred Shares, consisting of one (1) or more sub-series, at an offer price of One Hundred Pesos (₱100.00) per share. The SEC then issued the Order of Registration and the Certificate of Permit to Offer Securities for Sale for thirty million (30,000,000) cumulative, non-voting, non-participating, non-convertible, redeemable (non-reissuable) perpetual Series 4 Preferred Shares, with an over subscription option of up to ten million (10,000,000) cumulative, non-voting, non-participating, non-convertible, redeemable (non-reissuable) perpetual Series 4 Preferred Shares. The offer and sale of the Series 4 Preferred Shares led the Company to raise Four Billion Pesos (₱4,000,000,000.00). The said shares were listed in the PSE on October 29, 2021.

On October 19, 2021, the Board also approved the redemption of the Company's Series 1 Preferred Shares, with stock symbol MWP, on December 03, 2021, which is the seventh (7th) anniversary of its listing date last December 03, 2014. The redemption of the said shares was completed on February 15, 2022. The following are the details of the redemption:

Ex- Date	November 04, 2021
Record Date	November 09, 2021
Redemption Date	December 03, 2021
Redemption Price	₱100.00 per share

Below are the significant business developments of Megawide for the past 3 fiscal years:

2019

Megawide continues on its journey to becoming a construction and transport-oriented infrastructure innovator with the completion of its infrastructure projects for MCIA and PITx.

GMCAC completed the renovation of MCIA Terminal 1, including the Airport Village, and the refurbished areas became operational on August 28, 2019. Post completion of the renovation, the gross commercial area in Terminal 1 increased from four thousand three hundred sixty-seven (4,367) square meters to nine thousand seven hundred seventy-two (9,772) square meters.

The airport segment continues to improve air traffic volume and passenger volume in 2019. MCIA had thirteen (13) new international destinations, which included China Southern's Guangzhou, Juneyao Airlines' Shanghai, Philippine AirAsia's Macau, Kaohsiung and Taipei, Philippine Airline PR's Nagoya, Cebu Pacific Air's Shanghai, Cathay Pacific's Hongkong, Xiamen Air's Chengdu and Quanzhou, Silk Air's Singapore, Jeju Air's Daegu, and Air Busan's Incheon.

Meanwhile, six (6) new domestic destinations were added in 2019 – Royal Air Philippines' Manila, Davao, Puerto Princesa, Cagayan and Boracay, and Cebu Pacific's Busuanga. Further, MCIA received various commendations and awards in 2019, such as "Winner of the Completed Buildings: Transport Category" in the 2019 World Architecture Festival, "Breastfeeding Friendly Public Place Award" from Philippine Pediatric Society, and "2019 International Architecture Awards, Airports and Transportation Centers Category" for Terminal 2 from Chicago Athenaeum: Museum of Architecture and Design, among others.

MWMTI completed the construction of its four (4), five (5)-storey, commercial/office towers with a gross leasable area of nineteen thousand two hundred twenty-five (19,225) square meters per tower, or a total of seventy-six thousand nine hundred three (76,903) square meters. All towers have been one percent (100%) contracted for a period of five (5) years each. As of end of 2019, seventy one percent (71%) of the total terminal retail area was leased out to concessionaires, of which thirty percent (30%) is operational. Foot traffic likewise started to peak, from a daily average of thirty thousand one hundred three (30,103) in January 2019 to sixty-seven thousand nine hundred sixty-three (67,963) in December 2019. In addition, MWMTI bagged the “Maynilad Golden Kubeta Awards for Terminal and Stations Category” in 2019.

The EPC segment ramped up its construction activities for the Clark International Airport, 8990's Housing Development's Ortigas and Tondo, Araneta's Gateway Mall, Megaworld's Worldwide Plaza, Albany Luxury Residences, One Fintech, 8 Sunset Boulevard, International Finance Center, and Double Dragon projects. Its order book remained to be at an all-time high level of ₱52.40 billion, with new contracts at ₱19.42 billion at the end of December 2019, which will provide sufficient revenue stream for EPC in the next three (3) years. EPC continues to enter into partnerships with foreign entities in bidding for infrastructure related projects, such as Maynilad and Manila Water's sewage treatment plant (STP) and National Grid Corporation of the Philippines' (NGCP) transmission lines project, which are mostly under way in 2019. Meanwhile, the Malolos Clark Railway Project (MCRP), which is expected to boost the Company's technical capability and expertise in the horizontal infrastructure space, is awaiting official awarding.

In 2019, the EPC segment broke ground for the One Fintech, 8 Sunset, Suntrust Financial, Two Mcwest, Newport Link, International Finance Center, Plumera, Empire East Highland Mall, Mandani Bay Phase 2, Gentry Manor, The Hive Tower C, University Tower 5, and The Corner House projects. It also topped off the Albany Luxury Residences and Golden Bay Aspire projects.

The Company also received several prestigious awards from Finance Asia Best Managed Companies Poll in 2019 namely: (a) 1st place – “Best Investor Relations”; (b) 2nd place – “Best Mid Cap Company”; and (c) 4th place – “Best Environmental, Social, and Governance (ESG)”.

2020

With the global outbreak of the coronavirus disease 2019 (COVID-19) pandemic last February 2020, which reached the Philippines officially in March 2020, the operations of all of Megawide's business segments (construction, airport, and landport) were severely affected resulting in unusually lower revenues. The construction and landport operations started to rebound by the third (3rd) quarter of 2020 and towards the end of the year upon the relaxation of the government of quarantine restrictions. However, due to domestic and international travel bans, the airport segment continued to struggle.

Despite the limited mobility, Megawide was able to inaugurate the renovated MCIA Terminal 1 on January 19, 2020, with no less than President Rodrigo Duterte as the guest of honor. Additionally, Megawide successfully completed the construction of CIA, as announced by DOTr on October 13, 2020.

At the height of the quarantine period, the Company focused its efforts on re-engineering its business processes, through automation and digitization, to improve the overall operational efficiencies across the organization. The construction segment continued to pursue its priority projects amidst the limitations on construction activities, which resulted in a record order book of ₱68.40 billion at the end of year. Among the new contracts sealed by the construction segment are the Suntrust Home Developers' Suncity West Side City project, Megaworld's Newport Link project, and the DOTr's Malolos Clark Railway Phase 1 Project which is a joint venture project with Hyundai Engineering & Construction Co., Ltd., and Dong-ah Geological Engineering Company Ltd. The Company also fast-tracked negotiations with the local government of Cebu City for the modernization of the Carbon Market. The new market will serve as Cebu City's heritage district and will be composed of a restored Compania Maritima, a refurbished Freedom Park, and a modernized Carbon Market. The joint venture agreement between Megawide and Cebu City was signed on January 11, 2021.

In 2020, Megawide was the recipient of several prestigious awards and citations. It was recognized as the Third (3rd) Best Managed Company by Finance Asia and its Series 2A and Series 2B Preferred Shares Offering received the Best Small Cap-Equity Deal of the Year in the Philippines during the 14th Annual Alpha Southeast Asia Best Deal & Solutions Awards 2020. Moreover, the Company was awarded the 2019 ASEAN Asset Class PLCs (Philippines) award in relation to its 2019 ASEAN Corporate Governance (ACGS) assessment, where Megawide obtained a score of ninety-eight and 47/100 (98.47). The Company was also recognized by the Institute of Corporate Directors (ICD) with two (2) Golden Arrow Awards and was identified as the most improved publicly-listed Company in the Philippines in terms of corporate governance. Meanwhile, Mr. Edgar Saavedra, *Chairman of the Board of Directors (Board)*, *Chief Executive Officer (CEO)*, and *President of the Company*, was awarded as Property Guru Real Estate's Personality of the Year Award. GMCAC also received the "Ani ng Dangal" Award for Architecture and Allied Arts (NCCA).

2021

The construction segment, which is a critical component in pump-priming the economy due to its significant multiplier effect, remains a bright spot in the Company's portfolio amid the ongoing COVID-19 pandemic, as activities were unhampered despite the various quarantine restrictions. From the previous year's order book of ₱68.40 billion, it was able to contract new projects such as The Coral Village project in Cebu and the Westside City Site A which involves the construction of a retail strip and theater mall to complement its hotel and casino complex.

The Company also forged its partnership with German concrete technology developer MultiCON to bring its patented mixing innovation into the country. The system can produce stronger concrete with better performance which could translate to improved margins and decreased emissions, given that it can help reduce raw material cost and minimize carbon dioxide emissions by up to thirty percent (30%) during production.

In 2021, Megawide also signed new contracts with PHirst Park Homes, Inc. for housing projects in Magalang, Pampanga and Batulao, Nasugbu, Batangas. The new contracts pertain to supply and build agreements for one thousand seventy-nine (1,079), in Pampanga, and one thousand nine hundred seventy-four (1,974), in Batangas, housing units using precast materials, resulting in almost twelve thousand (12,000) housing units being serviced through pre-cast supplied and assembled by Megawide's construction solutions unit. It also started the construction of the MCRP Phase 1, a project that is part of the seventeen (17)-kilometer North South Commuter Railway Project implemented by DOTr that will link the New Clark City and the Clark International Airport to Metro Manila and nearby cities.

On January 11, 2021, the Company and the City of Cebu entered into a Joint Venture Agreement (JVA) for the phased redevelopment of the Cebu Carbon Market, which includes the construction, development, and operation of mixed-use assets on the project site. The JVA is for fifty (50) years, extendible for another twenty-five (25) years upon mutual agreement of the parties. The total investment commitment of the Company is ₱5.50 billion while the Cebu City shall contribute the exclusive use and possession of the project site.

On February 24, 2021, the consortium between SUEZ and Megawide together with Manila Water, Inc. (Manila Water), the project proponent, broke ground for the Aglipay STP. The consortium will undertake the design and build of the STP which will treat wastewater in Mandaluyong City, southern Quezon City, and southern San Juan City, which will significantly enhance the health and sanitary conditions of more than six hundred fifty thousand (650,000) residents.

On May 6, 2021, GMCAC, together with its sponsors and its lenders executed the Second Amendment Agreement to the Amended and Restated Omnibus Loan and Security Agreement. The Agreement is for the purpose of restructuring GMCAC's existing Omnibus Loan and Security Agreement for the construction, development, renovation, expansion, and operation of MCIA.

On October 12, 2021, the SEC then issued the Order of Registration and the Certificate of Permit to Offer Securities for Sale for thirty million (30,000,000) cumulative, non-voting, non-

participating, non-convertible, redeemable (non-reissuable) perpetual Series 4 Preferred Shares, with an over subscription option of up to ten million (10,000,000) cumulative, non-voting, non-participating, non-convertible, redeemable (non-reissuable) perpetual Series 4 Preferred Shares, at an offer price of One Hundred Pesos (PhP 100.00) per share. The offer and sale of the Series 4 Preferred Shares led the Company to raise ₱4.40 billion. The said shares were listed in the PSE on 29 October 2021. The Series 4 Preferred Shares shall be subject to a dividend step-up rate unless the Company redeems the said shares three and a half years (3 ½) from its listing date. The proceeds from the offer was used to redeem the Company's Series 1 Preferred Shares. Moreover, the offering is part of the Company's financial plan to streamline its balance sheet to support its expansion programs, especially its pivot to infrastructure.

On October 19, 2021, the Board also approved the redemption of the Company's Series 1 Preferred Shares, with stock symbol MWP, on December 03, 2021, which is the seventh (7th) anniversary of its listing date on December 03, 2014, at a redemption price of One Hundred Pesos (PhP 100.00) per share. The redemption of the said shares was completed on February 15, 2022.

The Company received various awards from FinanceAsia, which included Best Managed Listed Company – Industrials (Southeast Asia), Best Managed Listed Company – Philippines, Most Committed to Environmental Stewardship, Most Committed to Social Causes, and Most Committed to the Highest Governance Best Standards. To top off, Mr. Edgar B. Saavedra, Chairman of the Board, CEO, and President, was also awarded as the Best CEO by FinanceASia. The Company was further named as one (1) of Asia's Most Outstanding Companies in Asiamoney's Outstanding Companies Poll for 2021. The poll is designed to acknowledge listed companies that have excelled in areas such as financial performance, management team excellence, investor relation activities and corporate social responsibility (CSR) initiatives. Megawide was also voted as a Finalist in IR Magazine as Best in Sector: Industrials and won as the Most Innovative Company of the Year in the Asia CEO Awards, while belonging to the Circle of Excellence for the Executive Leadership Team of the Year.

Meanwhile, MCIA and PITx obtained the Best Infrastructure and Best Decorative Concrete award, respectively, from the Philippine Excellence in Concrete Construction Awards (PECCA).

2022

On May 5, 2022, the consortium of Megawide-Tokyu-Tobishima was awarded Contract Package 104 (CP-104) of the Metro Manila Subway Project. The project will solidify Megawide's infrastructure order book and further enhance the Company's competitiveness in the railway development, to include underground technology and complement the ongoing elevated rail system works for Package 1 of Malolos Clark Railway Project.

HISTORY

The Company traces its roots to an engineering firm founded in 1997 by two young civil engineers, Engr. Edgar B. Saavedra and Engr. Michael Cosiquien, with a start-up capital of ₱500,000.00. The engineering firm rendered construction services to private residential houses, commercial and industrial buildings. On July 28, 2004, the firm was formally incorporated under the name "Megawide Construction Corporation", with the primary purpose of engaging in general construction business.

2005 to 2010

In 2005, the Company entered the high-rise condominium market and constructed the 25-storey Residencia de Regina project located at Loyola Heights, Quezon City. It also inaugurated its Binangonan pre-cast fabrication plant and introduced high-strength pre-cast concrete façade walls in the Residencia de Regina project.

In 2007, Megawide qualified and secured its AAA Contractor's License, the highest classification and category then from the Philippine Contractors Accreditation Board. The Company also successfully negotiated and booked contracts with SMDC for Grass Residences and Berkeley Residences.

In 2008, the Company upgraded its fleet of tower cranes and earthmoving equipment, in anticipation of increase in demand for its contracting services and to support its expansion plans and programs. The Company also introduced key value engineering building systems into its construction process, the wall, slab and climbing Formwork System, purchased from the German company, Meva. These new systems enhanced the Company's competitiveness by reducing construction time and allowing earlier project turnover.

As a result of increasing demand for pre-cast concrete products, the Company in 2010, launched its satellite pre-cast concrete plant in the Mall of Asia Complex, Pasay City, fitted with European pre-cast machineries. In addition, two (2) experienced foreign engineers who are experts in precast concrete, and international building systems and standards joined Megawide's pool of senior managers.

In January 2010, the Company broke ground for its 10-storey corporate office tower in Quezon City. The Megawide Corporate Tower obtained a gold certification from the Leadership in Energy and Environmental Design ("LEED") of the United States Green Building Council. LEED is a third party certification program for the design, construction and operation of high performance green buildings. LEED is the predominant green building rating system in the U.S. and is used around the world. The Corporate Tower marks an important landmark for Megawide, as it strives to be at the forefront of green building technology in the country. The Company was also a recipient of the Construction Safety Award from the Occupational Safety and Health Administration ("OSHA") in May 2009 and September 2010. The OSHA is a Philippine government agency that establishes protective and safety standards and enforces these standards in construction jobsites all over the country.

2011

On 2011, Megawide conducted its initial public offering and on February 18, 2011, Megawide was listed on the Main Board of the PSE.

In May 2011, Megawide broke ground for its 12-hectares State-of-the-Art Precast Concrete Manufacturing Complex in Taytay, Rizal. The facility is fully automated and considered to be the largest precast plant in the country. The Company intends to use the facility to mass-produce modular housing components to address the housing backlog of the nation; moreover, the same can also be used for school buildings, hospitals, and other infrastructure projects.

2012

In October 2012, Megawide entered into a joint venture agreement with its parent company, Citicore, and registered Citicore-Megawide Consortium Inc. ("CMCI") with the SEC. Ten percent (10%) of the issued and outstanding stock of CMCI is owned by Megawide while Ninety percent (90%) is owned by Citicore. The first project booked by CMCI was the Department of Education's PPP for school buildings. The Department of Education awarded to CMCI in 2012 the school buildings in Regions 3 and 4. CMCI commissioned Megawide to construct all the school buildings in both regions.

In December 2012, Megawide acquired One Hundred percent (100%) of the issued and outstanding stock of Altria, the owner of the property in Taytay, Rizal where the precast plant of Megawide is located.

The Company was awarded by Asia-Money as one of the Best Managed Companies in the Philippines.

2013

On May 15, 2013, Megawide issued 35,959,523 new common shares of stock for a total issue price of ₱305,655,945.50 to Citicore and three individual stockholders of Altria. Said issuance of shares was part of the series of transactions for the acquisition of Altria and were listed with the PSE.

On October 17, 2013, CMCI signed the Build-Lease-Transfer Agreements for School Infrastructure Projects Phase II for Regions I, II, III and Cordillera Administrative Region, with the Department of Education.

On November 28, 2013, the Megawide-World Citi Consortium, Inc. ("**MWCCI**") was awarded the Modernization of the Philippine Orthopedic Center project by the Department of Health.

On December 12, 2013, the PBAC of the DOTC opened all proposals for the Mactan-Cebu International Airport project to reveal that the Megawide-GMR Consortium submitted the highest bid. The DOTC-MCIAA later issued the Notice of Award on April 4, 2014.

The International Organization for Standardization ("**ISO**") awarded Megawide with the ISO 9001:2008 and ISO 14001:2004 certifications for quality and environmental management respectively.

Finance Asia awarded Megawide as one of "**Asia's Best Managed Companies**" for its outstanding performance.

On top of the Company's AAA Contractor License it also secured Large B Contractor's License classification for government registration.

2014

In 2014, Megawide started to penetrate the upper market housing segments by winning the coveted Proscenium Project from Rockwell and Shang Salcedo Place from Shangri-La Properties, thus firmly establishing its ability to cater to wide market segments from upper to middle to Affordable Housing. The Company is also on track to complete and turnover PSIP I by the end of the year.

On April 22, 2014, the Company, along with its joint venture partner, GMR Infrastructure Limited, was officially awarded the MCIA project under a BOT agreement. Megawide and GMR incorporated GMR- Megawide Cebu Airport Corporation ("**GMCAC**") was chosen to undertake said project which is one of the biggest PPP projects of the DOTC, involving, among others, the construction of a world-class airport passenger terminal (along with associated infrastructure and facilities), the renovation and expansion of the existing airport terminal and the operation and maintenance of both airport passenger terminals for a period of 25 years under a build-operate-transfer arrangement. GMCAC expects to take over the operations of the MCIA by the 4th quarter of 2014 and construction of the new passenger terminal to start early next year.

On September 4, 2014, Megawide incorporated a subsidiary named Megawatt Clean Energy Incorporated ("**MCEI**") to pursue project development of Renewable Energies with particular focus on Wind, Solar, Hydro and Biomass power.

On November 1, 2014, terminal 1 of the Mactan International Airport was successfully turned over to GMCAC.

Additionally, the Occupational Health & Safety Advisory Services ("**OHSAS**") awarded Megawide with the OHSAS 18001:2007 certification as recognition of the Company's efforts to implement practices that create a healthy and safe working environment.

2017

2017 saw Megawide continue market leadership by booking new EPC contracts worth ₱10.8 Billion, bringing its total order book to ₱32.6 Billion. Private sector projects proved essential in growing construction revenue by 6% year-on-year. These include Megaworld's Worldwide Plaza and Albany Residences, Double Dragon's Ascott DD-Meridian Park and Double Dragon Tower, and Maynilad's 88MLD Water Reclamation Facility. Other key wins include the P9.6 Billion contract to build the new passenger terminal of the Clark International Airport together with its partner in airport operation GISPL. Also, in 2017, the Company secured an AAAA License from the Philippine Contractor's Accreditation Board ("**PCAB**").

Megawide's airport operations business, through GMCAC, continues its phenomenal growth, recording a double-digit passenger increase of 12% for 2017 at the MCI. This is a key factor in GMCAC's 24% growth in net income. For 2017 alone, 12 international routes were added at the MCI apart from the additional 23 domestic destinations. New international airlines include Juneyao Airlines, Sichuan Airlines, Lucky Air, Okay Airways, and Pan Pacific while AirJuan is the newly added domestic airline.

The MCI received a commendation during the 2017 Routes Asia Conference for its excellence in airport marketing under the four (4) to twenty (20) million passengers per annum category. Established in 1997, the Routes Asia Marketing Awards recognizes the exemplary performance of various airports in marketing as voted by the airline community based on the best marketing services provided to industry players.

On March 15, 2017, the Company sold 2,000,000 shares or 10% of its interest in GMI to GHOSPL. As of December 31, 2017, GMI is 50% owned by the Company.

On June 20, 2017, the Company established Megawide Construction (BVI) Corporation ("**MCBVI**"), an entity incorporated in the British Virgin Islands, to primarily engage in buying and holding shares of foreign companies. MCBVI's registered address and principal place of business is Marcy Building, 2nd floor, Purcell Estate, Road Town Tortola, British Virgin Islands. As of December 31, 2017, MCBVI has not yet started commercial operations.

On August 16, 2017, Megacore Holdings, Inc. ("**Megacore**") acquired 313,786,575 shares, representing 14.7% ownership of the Company from Citicore Holdings Investment, Inc. ("**Citicore**"). This resulted to a decrease in Citicore's ownership from 66.7% to 51.0%. Citicore is a company incorporated in the Philippines and is engaged in the business of a holding company through buying and holding shares of other companies.

On December 22, 2017, Megacore further acquired additional shares from Citicore which resulted in an increase in its total outstanding shares in the Company equivalent to 28.9% or 617,709,197 shares as of December 31, 2017.

2018

The Company completed the construction of and inaugurated the MCI Terminal 2 on June 7, 2018, which commenced its operations on July 1, 2018.

The airport segment continues to improve air traffic volume from 86,600 in 2017 to 99,528 in 2018 and passenger volume from 9.97 million in 2017 to 11.51 million in 2018. The MCI received various commendations and awards in 2018 such as Asia Pacific Medium Airport of the Year from CAPA Center of Aviation, Special Recognition for Public Facility from Property Guru Philippines Property Award and Kholer Bold Design Awards from Influencers Innovation, among others.

On August 9, 2018, the Company acquired 344.5 million shares of WMPMI (now MTI) in MWMTI, representing 100% ownership interest therein, for a total purchase price of P344.1 million. MTI owns 49% of the shares of MWMTI, thereby making MWMTI a 100% owned subsidiary of the Company effective August 2019.

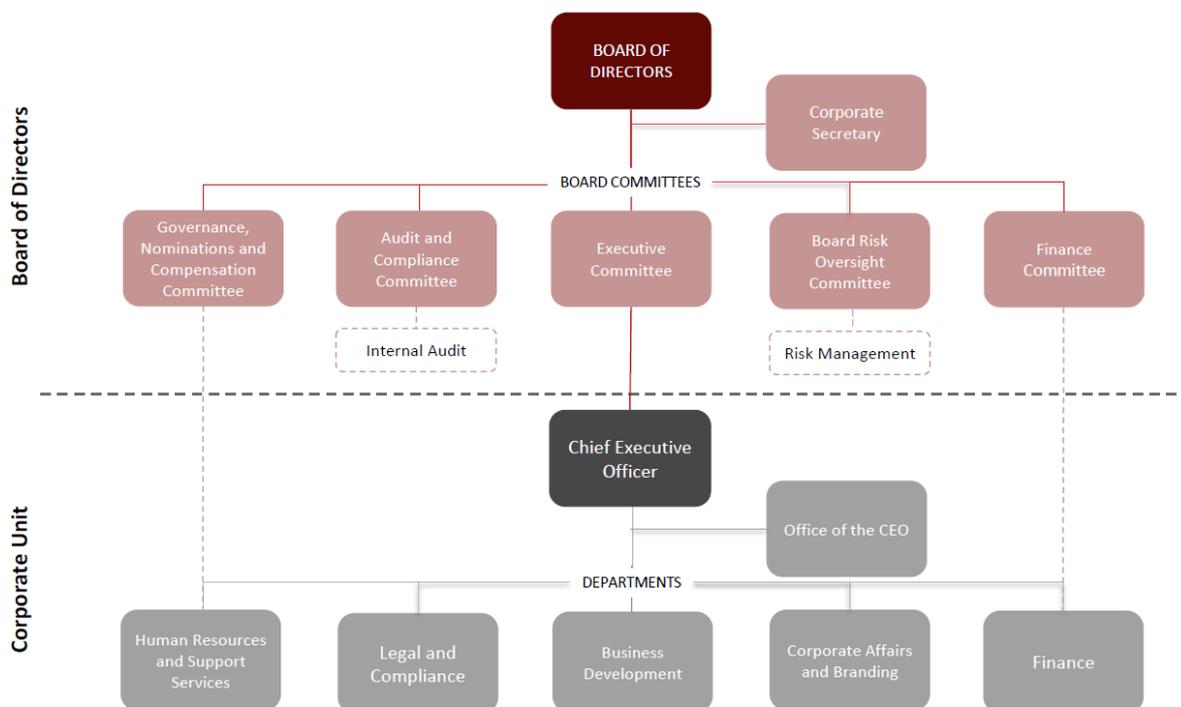
On November 5, 2018, the Company also inaugurated the PITX, which started its operation on 10 November 2018.

Megawide's construction segment continues to bag new projects in 2018, thereby opening its doors to greenfield clients and projects that will position the Company in becoming a strategic leader in the construction and infrastructure industry. New projects for 2018 include the construction of Clark International Airport expansion, Golden Bay Properties' Aspire project located in Macapagal Bay Area, Taft East Gate in Cebu, Araneta's Gateway Mall, University Tower 5, Megaworld's International Finance Center project and Mandani Bay development in Cebu City.

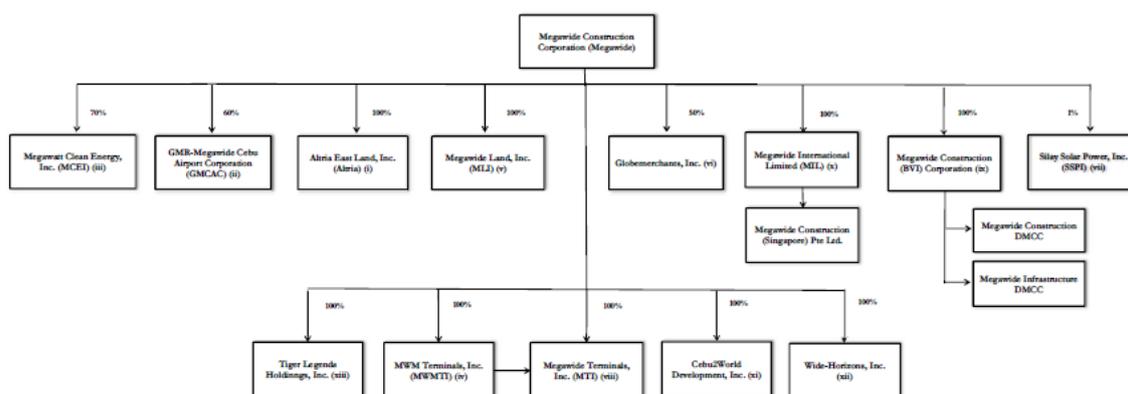
Also, in 2018, the Company, through its airport subsidiary, acquired a 41.66% interest in Mactan Travel Retail Group Corp. ("**MTRGC**") and Select Service Partners Philippines Corporation

“SSP”), which are primarily engaged in the start-up operations and management of duty paid retail, food and beverage outlets and provision of related services at the MCIA’s domestic and international passenger terminals, Terminals 1 and 2, respectively.

ORGANIZATIONAL STRUCTURE



CORPORATE STRUCTURE



Supplementary information:

- (i) Megawide’s acquisition of Altria is treated as an acquisition of asset and not a business acquisition. Hence, Altria is not considered a subsidiary of the Megawide.
- (ii) Megawide acquired 15.0 million shares of stock of GMCAC which represent 60% of GMCAC’s issued and outstanding capital stock, giving Megawide control over the financial and operations of GMCAC.
- (iii) On September 4, 2014, the Company acquired 70% of the issued and outstanding capital stock of MCEI. The investment in MCEI is accounted for as an investment in subsidiary.
- (iv) MWMTI was accounted for as a subsidiary due to the acquisition of 100% ownership in MTI, resulting to the increase in effective ownership of Megawide in MWMTI from 51% to 100%.
- (v) On October 28, 2016, the Parent Company acquired a 100% ownership interest in MLI, an entity incorporated in the Philippines. MLI is incorporated primarily to engage in real estate and related business.
- (vi) On May 5, 2016, the Parent Company acquired a 60% ownership interest in Globemercants, a company incorporated in the Philippines, primarily engaged in exporting, buying, selling, distributing, marketing at a wholesale in so far as may be permitted by law all kinds of goods, wares and merchandise of every kind and description. As of December 31, 2020, the Parent Company’s ownership interest in Globemercants, Inc. is 50%.
- (vii) In February 2016, SSPI’s unissued shares of stock were acquired by CPI resulting in a 75% equity interest over SSPI and diluting Megawide’s equity interest over SSPI from 100% to 25%. Hence, SSPI ultimately became a subsidiary of CPI. In 2016, the Megawide’s equity interest was reduced from 100% to 1% upon acquisition of a related party under common ownership.
- (viii) In August 2018, Megawide acquired the outstanding shares of MTI representing 100% ownership, making it a wholly owned subsidiary of Megawide.
- (ix) On June 20, 2017, the Parent Company acquired a 100% ownership interest in MCBVI, an entity incorporated in the territory of British Virgin Islands, a primarily engage in buying and holding shares of other companies.
- (x) MLI, whose registered office is at Marcy Building, 2nd Floor, Purcell Estate, P.O. Box 2416, Road Town Tortola, British Virgin Islands, was incorporated on July 26, 2019.
- (xi) Cebu2World, whose registered office is at Unit 1504 Ayala Life FGU Center Cebu, Mindanao Avenue corner Biliran Road, Cebu Business Park, Cebu City, was incorporated on November 3, 2020.
- (xii) Wide-Horizons, whose registered office is at 20 N. Domingo Street, Brgy. Valencia, Quezon City., was incorporated on November 16, 2020
- (xiii) Tiger Legends was incorporated on October 16, 2020 to primarily engage in buying and holding shares of other companies. Tiger Legend’s registered address is at Vistra Corporat Services Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands

SUBSIDIARIES & AFFILIATES

As of date, effective ownership percentage of Megawide on each subsidiary/affiliate is as follows:

Subsidiaries:

GMR Megawide Cebu Airport Corporation (GMCAC)	60%
Megawatt Power, Inc. (MPI, <i>formerly Megawatt Clean Energy, Inc.</i>)	70%
Globemercants, Inc. (GMI)	50%
MWM Terminals, Inc. (MWMTI)	100%
Megawide Terminals, Inc. (MTI, <i>formerly WM Properties Management, Inc.</i>)	100%
Megawide Land, Inc. (MLI)	100%
Megawide Cold Logistics, Inc. (MCLI)	60%
Megawide International Limited (MIL)	100%
Megawide Construction (Singapore) Pte. Ltd (MC SG).	100%
Megawide Construction (BVI) Corporation (MCBVI)	100%
Megawide Construction DMCC (DMCC)	100%
Megawide Infrastructure DMCC (MW Infrastructure)	100%
Cebu2World Development, Inc. (CDI or Cebu2World)	100%
Wide-Horizons Inc. (Wide-Horizons)	100%
Tiger-Legend holdings Limited (TLH)	100%
<i>Accounted for as Asset Acquisition –</i>	
Altria East Land, Inc. (Altria)	100%

Affiliates:

Megawide World Citi Consortium, Inc. (MWCCI)	51%
Citicore Megawide Consortium, Inc. (CMCI)	10%

Joint Operations:

Megawide GISPL Construction Joint Venture (MGCJV)	50%
Megawide GISPL Construction Joint Venture, Inc. (MGCJVI)	50%
HDEC-Megawide-Dongah JV (HMDJV)	35%

Joint Venture:

Mactan Travel Retail Group Corp. (MTRGC)	25%
Select Service Partners Philippines Corp. (SSPPC)	25%

GMR Megawide Cebu Airport Corporation (“GMCAC”)

GMCAC was incorporated on January 13, 2014 and currently has an authorized capital stock amounting to ₱6 billion and subscribed capital stock amounting to ₱5,067,410,273 with ₱1 par value per share. It is authorized to engage in the business of building, rehabilitating, renovating, constructing, developing, operating and maintaining the MCIA, including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility pursuant to the concession granted to GMCAC and in accordance with R.A. No. 7718 and other applicable laws, rules and regulation.

Megawatt Power, Inc. (“MPI”, formerly, Megawatt Clean Energy, Inc. or “MCEI”)

MPI was incorporated on September 4, 2014 to engage in the development of clean or renewable energy sources for power generation, including the design, construction and installation, purchase, importation, commissioning, owning, management and operation of relevant machinery, facilities and infrastructure therefor, the processing and commercialization of by-products in the operations and generally the carrying out of contracts and transactions of every kind and character that may be necessary or conducive to the accomplishment of the purposes of MPI.

On March 7, 2019, the BOD approved the change in company name from Megawatt Clean Energy, Inc. to Megawatt Power, Inc., and the change of principal address from 20 N. Domingo St., 1112 Valencia, Quezon City to 9/F, 45 San Miguel, 45 San Miguel Avenue, Ortigas Center, Pasig City. These changes were subsequently approved by the SEC on August 30, 2019.

GlobemERCHANTS, Inc. (“GMI”)

GMI was incorporated on May 5, 2016 to engage in, conduct and carry on the business of importing, exporting, buying, selling, distributing, marketing at wholesale goods, wares, and merchandise of every kind as permitted by law. GMI’s major shareholders are Megawide and GHOSPL which each hold 50% ownership of the company.

MWM Terminals Inc. (“MWMTI”)

MWMTI was incorporated in the Philippines on February 3, 2015 to engage in the business of constructing, operating, and maintaining integrated transport system terminals, stations, hubs and all allied business in relation thereto, including the construction, operations and maintenance of the commercial assets and establishments of the PITX, pursuant to the Concession Agreement that was signed on February 25, 2015 by MWMTI and DOTC.

Megawide Terminals, Inc. (“MTI”)

MTI, previously WMPMI, is an entity incorporated and registered on November 11, 2011 to establish, own, manage, administer, operate, maintain, and carry the business of providing property management services, either directly or through third parties, but not limited to the services of rent collection, tenant and lease management, marketing and advertising, repair and maintenance, liaison and other similar services.

Megawide Land, Inc. (“MLI”)

MLI was incorporated on October 28, 2016 to deal and engage in land or real estate business including housing projects, commercial, industrial, urban and other kinds of real property. As of December 31, 2021, MLI has not yet started commercial operations.

Megawide Cold Logistics, Inc. (“MCLI”)

Megawide Cold Logistics Inc. is a company incorporated and was established to engage in cold and dry storage business. MCLI is sixty percent (60%) owned by MLI. As of March 31, 2021, MCLI has not yet started commercial operations.

Megawide International Limited (“MIL”)

MIL, whose registered office is at Marcy Building, 2nd Floor, Purcell Estate, P.O. Box 2416, Road Town Tortola, British Virgin Islands, was incorporated on July 26, 2019 as a general building engineering design and consultancy services.

Megawide Construction (Singapore) Pte. Ltd (“MC SG”)

Megawide Construction (Singapore) Pte. Ltd was registered on March 1, 2019 as a general building engineering design and consultancy services. The Company is 100% owned by Megawide International Limited. Its registered office is located at 8 cross street #24-03/04 Manulife Tower Singapore (048424).

Megawide Construction (BVI) Corporation (“MCBVI”)

MCBVI was incorporated on June 20, 2017 in the British Virgin Islands, to primarily engage in buying and holding shares of foreign companies. MCBVI’s registered address and principal place of business, is Marcy Building, 2nd floor, Purcell Estate, Road Town Tortola, British Virgin Islands. MCBVI has a wholly owned subsidiaries, DMCC and MW Infrastructure.

Megawide Construction DMCC (“DMCC”)

DMCC, which was registered on December 10, 2017 is an infrastructure conglomerate. The Company is 100% owned by Megawide Construction (BVI) Cora. Its registered office is located at Unit 4401-005 Mazaya Business Avenue BB2 Plot No JLTE-PH2-BB2 Jumeirah Lake Towers, Dubai, UAE.

Megawide Infrastructure DMCC (“MW Infrastructure”)

MW Infrastructure was registered on September 30, 2020 as a turnkey project contracting and project development consultant. Its registered office is located at Unit 4501-009 Mazaya Business Avenue BB2 Plot No JLTE-PH2-BB2 Jumeirah Lake Towers, Dubai, UAE.

Cebu2World Development, Inc. (“CDI” or “Cebu2World”)

Cebu2World was incorporated on November 03, 2020 to engage in land or real estate business, as well as to develop, manage, operate, and administer all kinds of properties, including the Carbon Market project of the Company, which was granted to it pursuant to a Joint Venture Agreement with the City of Cebu on January 11, 2021.

Wide-Horizons Inc. (“Wide-Horizons”)

Wide-Horizons was incorporated on November 16, 2020 to invest in, purchase, or otherwise acquire and dispose of real and personal property of every kind and description. Wide-Horizons shall serve as the holding company for Megawide’s airport businesses and other related projects.

Tiger-Legend holdings Limited (“TLH”)

TLH was incorporated on October 16, 2020 in the British Virgin Islands, to primarily engage in buying and holding shares of other companies. TLH’s registered address is at Vistra Corporate Services Centre, Wickham Cay II, Road Town, Tortola, British Virgin Islands. As of March 31, 2021, TLH has not yet started commercial operations.

Altria East Land, Inc. (“Altria”)

Altria was incorporated on April 16, 2010 to deal and engage in land or real estate business, such as to hold, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of all kinds of housing projects, commercial, industrial, urban or other kinds of property.

Megawide World Citi Consortium, Inc. (“MWCCI”)

MWCCI was incorporated on January 16, 2014 to plan, construct, equip, operate, own, manage and maintain hospitals, medical facilities, clinical laboratories and such other allied enterprises which may have similar or analogous undertakings or dedicated to services in connection with providing curative and rehabilitative care to sick, diseased or disabled persons; provided that purely professional medical and surgical services shall be performed by duly licensed physicians or surgeons who may or may not be connected with MWCCI and whose services shall be feely and individually contracted by the patients.

Citicore-Megawide Consortium, Inc. (“CMCI”)

CMCI was incorporated on October 15, 2012 to engage in the general construction business, including the construction, improvement and repair of, or any other work upon, buildings, roads, bridges, plants, waterworks and railroads.

Megawide – GISPL Construction Joint Venture (“MGCJV”)

MGCJV is an unincorporated joint venture and is not registered with SEC. It is engaged in construction works related to the concession for MCIA project. It is jointly owned and managed by the Company and GISPL.

Megawide GMR Construction JV, Inc. (“MGCJVI”)

MGCJVI is a joint venture arrangement incorporated on January 31, 2018 by the Company, owning 50% interest, GISPL with 45% interest and GHOSPL owning the remaining 5%. MGCJVI was established to provide general construction business including construction, improvement and repair of the Clark Airport project.

HDEC-Megawide-Dongah JV (“HMDJV”)

HDEC is an unincorporated joint venture formed on October 27, 2020 by the Parent Company, Hyundai Engineering & construction Co., Ltd. and Dong-Ah Geological Engineering Company Ltd., each owning 57.5%, 35% and 7.5% interest, respectively, and exercising joint control. HMDJV was established to provide construction works for the civil structures, viaducts, bridges and stations of Malolos-Clark Railway Project (MCRP). HMDJV began to operate in 2021.

Mactan Travel Retail Group Corp. (“MTRGC”)

MTRGC was incorporated and registered under the laws of the Republic of the Philippines with the SEC on March 21, 2018 to develop, set-up, operate, maintain and manage the duty paid outlets at the locations in the Mactan Cebu International Airport. It started operations in the same year of incorporation.

Select Service Partners Philippines Corp. (“SSPPC”)

SSPPC was incorporated and registered under the laws of the Republic of the Philippines with the SEC on March 13, 2018 to develop, set-up, operate, maintain and manage food and beverage outlets at specified locations in Terminal 1 and Terminal 2 of Mactan Cebu International Airport and the provision of related services thereto. It started operations in the same year of incorporation.

Parent Company and Other Affiliates

Citicore Holdings Investment, Inc. (“Citicore”)

Citicore was incorporated on December 3, 2011 and operates primarily as a holding company with ownership interests in Megawide (at 35.41%), MWCCI (at 39%), My Space Properties, Inc. (at 100%), and CMCI (at 90%).

Megacore Holdings, Inc. (“Megacore”)

Megacore was incorporated on July 20, 2017 and is primarily organized to invest in or purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose real or personal property including shares of stocks, subscriptions, bonds, debentures, evidences of indebtedness and any securities of any corporations. Megacore has 30.68% ownership interests in Megawide.

PH1 World Developers, Inc. (“PH1”, formerly My Space Properties, Inc. or “MySpace”)

PH1 was incorporated on February 6, 2010, and is presently engaged in real estate development. Its current project, “The Hive”, is located at San Isidro Street, Ortigas Avenue Extension, Taytay, Rizal. On November 18, 2020, the SEC approved PH1’s change of name to PH1. PH1 is a wholly-owned subsidiary of Citicore. PH1 is a wholly-owned subsidiary of Citicore.

Future State Myspace, Inc. (“FSMI”)

FSMI was incorporated on January 27, 2012 to primarily engage in purchasing, acquiring, leasing and selling properties. FSMI is 36% owned by Edgar Saavedra and has 100% ownership interest over IRMO, Inc.

IRMO Inc. (“IRMO”)

IRMO was incorporated on August 13, 2008 to principally engage in the realty development business, including home building and development. Megawide constructed The Curve for IRMO which is a 32-storey office building in BGC designed by Skidmore, Owings & Merrill.

Citicore Power Inc. (“CPI”)

CPI was incorporated on March 11, 2015 to engage in the development of renewable and non-renewable energy sources for power generation, including the design, construction and installation, commissioning, owning, management and operation of relevant facilities and infrastructure thereof and the processing and commercialization of by-products in its operations.

Silay Solar Power Inc. (“SSPI”), recently renamed to Citicore Solar Negros Occidental, Inc. (“CSNOI”)

CSNOI was incorporated on August 7, 2015 and established for the development, construction, installation and other related services through contractors, and subcontractors of solar power and other clean or renewable energy infrastructure.

Next Generation Power Technology Corporation (“Next Gen”), recently renamed to Citicore Solar Bataan (“CSB”)

CSB was incorporated on December 11, 2013 primarily to explore, develop, utilize and commercialize renewable energy resources such as biomass, solar, wind, hydropower, geothermal and ocean energy sources, including application of hybrid systems and other emerging renewable energy technologies for the generation, transmission, distribution, sale and use of electricity, and fuel generated from renewable energy resources.

First Toledo Solar Energy Corp. (“First Toledo”), recently renamed to Citicore Solar Cebu (“CSC”)

CSC was incorporated on January 26, 2015, which is primarily engaged to promote, market, distribute and sell renewable energy systems, solar energy products, and components on wholesale basis and to engage in energy generation, distribution, and development of energy and electricity systems using renewable energy and hybrid systems.

Citicore Renewable Energy Corp. (“CREC”)

CREC is a wholly-owned subsidiary of CPI and was incorporated on May 15, 2018 to engage in power generation under Renewable Energy Law.

In 2018, CREC acquired Armstrong assets comprising of five solar farms with a total installed capacity of 60MWDC namely:

Citicore Solar Tarlac 1, Inc. (“CST1”), formerly nv vugt Philippines Solar Energy Three Inc. (SE3). An 8.8MW_{DC} solar power plant located in the Armenia property in Brgy. Armenia, Tarlac City with 138,160 square meters land area. CST1 was successfully commissioned last February 29, 2016. CST1 is currently 100% owned by CREC.

Citicore Solar Tarlac 2, Inc. (“CST2”), formerly nv vugt Philippines Solar Energy Four, Inc. (SE4). CST2 is located in Brgy. Dalayap, Tarlac City with a total land area of 103,000 square meters and with a total installed capacity of 7.55-megawatts_{DC} which was successfully commissioned last February 27, 2016. CST2 now becomes a wholly-owned subsidiary of CREC after acquisition.

Citicore Solar Clark, Inc. (“CSCI”), formerly Enfinity Philippines Renewable Resources (EPRRI), Inc. is a solar farm located in Clark Freeport Zone, Pampanga with 250,000 square meters land area and with an installed capacity of 22.33-megawatts_{DC}. This was successfully commissioned last March 12, 2016 and qualified under Feed-In-Tariff (FIT) II Program with Certificate of Compliance (“COC”) eligibility for FIT II rate from March 12, 2016 to March 12, 2036, COC No. 16-13-M00090L secured from Energy Regulatory Commission (“ERC”) on December 8, 2016. CREC holds 100% ownership of CSCI.

Citicore Solar Bulacan, Inc. (“CSBI”), formerly Bulacan Solar Energy Corp. (BSEC) is a solar power plant located in Brgy. Pasong Bangkal, San Ildefonso, Bulacan with a total installed capacity of 15MW_{DC} with 253,880 sqm land area. CSBI was commissioned last March 12, 2016. CSBI is a wholly-owned subsidiary of CREC.

Citicore Solar South Cotabato, Inc. (“CSSCI”) formerly known as SE1 is a 6.23-MW_{DC} solar plant located in Brgy. Centrala, Suralla, South Cotabato and with a land area of 79,997 square meters. CSSI solar power plant was successfully commissioned last December 9, 2015. CSSI is 100% owned by CREC.

Citicore Infrastructure Holdings Inc. (“CIHI”)

CIHI was incorporated on March 11, 2015 and was established primarily to engage in buying and holding shares of other companies, either by subscribing to unissued shares of capital stock in public or private offering or by purchasing the shares of other stockholders by way of assignment in private sale.

COMPETITIVE STRENGTHS

Megawide believes that its principal strengths are the following: (1) fully-integrated EPC services, utilizing the most modern and state-of-the-art building technologies and employing a young, modern and branded fleet of building equipment; (2) AAAA and Large B contractor's license; (3) largest and most advanced pre-cast system facility and capacity; (4) largest private sector airport operator; (5) operates the first and only landport in the Philippines; (6) vertical integration and strong infrastructure platform where the Company can participate either as a general contractor, supplier, or developer/operator; (7) strong brand name and proven track record; and (8) organizational capability and flexibility.

1. Fully-integrated EPC services, utilizing the most modern and state-of-the-art building technologies and employing a young, modern and branded fleet of building equipment;

- Megawide was the first to extensively utilize advanced, modern and comprehensive European building systems that reduce construction time and allow for quicker project turn-over.
- Megawide employs Formwork Systems in its on-going projects, purchased from a German company, MEVA Schalungs-Systeme GmbH. Formwork Systems are the temporary or permanent moulds, into which concrete or similar materials are poured into, to form the structural elements of a building. The traditional construction process utilizes timber or plywood formworks. Megawide's Formwork Systems are 100% wood-free, all plastic facing. These are nailable like plywood, but maintain structural rigidity. These are also re-usable, putting an end to plywood wastage, and do not swell or shrink like plywood. Megawide utilizes the following Formwork Systems in its existing projects:
 - i. Slab Formworks
 - ii. Wall Formworks
 - iii. Column Formworks
 - iv. Circular Formworks
 - v. Climbing Formworks

- The Megawide Corporate Building in Quezon City obtained a gold certification from the LEED of the United States Green Building Council. LEED is a third-party certification program for the design, construction and operation of high performance green buildings. It is the predominant green building rating system in the United States and is used around the world.
- Megawide owns and maintains a young, modern and branded fleet of tower cranes and earthmoving equipment to ensure maximum efficiency and minimum down time during construction.

2. AAAA and Large B Contractor's License

- Megawide has an AAAA Contractor's License from the PCAB. This is the highest classification and category for a construction company, which qualifies Megawide to bid for private projects with no limits on contract value. Likewise, Megawide obtained Large B classification for government registration which allows Megawide to participate in large infrastructure projects such as highways, roads and bridges, piers and airports, railroads, waterworks and power plants.

3. Operates in segments that are essential and catalysts for economic recovery

The Company operates in segments that are essential in the economy's path to quick recovery, such as construction (for infrastructure development) and transport-oriented developments (TODs) for safer people mobility and increased commercial activity. Construction, especially in support of the government's Build, Build, Build program, bears a significant multiplier effect critical to jumpstart the ailing economy. TODs, on the other hand, will promote safe and secure commuting and travel in the middle of the pandemic and can facilitate supply chain movement to boost business.

4. Largest and most advanced pre-cast system facility and capacity

- Megawide also uses Pre-Cast Concrete Systems purchased from Finnish company, Elematic. The European Pre-Cast Concrete Systems which Megawide employs in its current projects, has the inherent advantages of:
 - i. Reducing cost
 - ii. Shortening the construction period
 - iii. Improving quality
 - iv. Increasing project volume
 - v. Environmentally friendly
- Megawide's 16-hectare industrial complex in Taytay houses its 8-hectare automated pre-cast concrete manufacturing plant, which is the largest and most advanced in the country and is among the top in Southeast Asia in terms of size and technology employed. The use of pre-cast concrete is environmentally friendly and allows Megawide to reduce construction costs, shorten the construction period, and improve the overall quality of the work and increase project volume.

5. Strong government partner in Public-Private Partnership (PPP) models

Megawide has been a solid supporter of any government's PPP program, having won four (4) different projects under the same scheme from different administrations. These are the Public School Infrastructure Project (2012), the MCIA (2014), and the PITX (2015) under the Aquino administration, and the CIA (2018), under a hybrid-model with the Duterte leadership. This track record offers the Company an edge and familiarity with the PPP process when it participates in the same modality for future projects.

6. Largest private sector airport operator

- Megawide operates and maintains the second largest international airport, the MCIA, and is the largest private sector operator of such assets in the country. MCIA's ideal location at the heart of Cebu, which serves both as a tourist and business destination and gateway to the top global tourist attractions in the Southern Philippines, gives it a unique advantage for further portfolio expansion. Given the Company's experience and against the backdrop of the country's and region's rosy long-term economic and tourism prospects, Megawide is well positioned to participate in the government's airport modernization program, both in its existing facility and other assets across the country.

7. Operates the first and only landport in the Philippines

- Megawide developed and operates the first and only landport in the Philippines through the PITX, which currently serves as the prototype for a safe, secure, and organized public transport system in the country. The unique business model of operating a terminal alongside office and commercial properties can be replicated in several localities to eventually institute an integrated transport system across the country and provide significant value creation opportunities for the Company.

8. Vertical Integration and Strong Infrastructure Platform

- Megawide has a fully-integrated construction and engineering platform, supported by a wide-array of construction solutions - from state of the art batching plant, largest pre-cast capacity, modern formworks and equipment rental. This enables the company to become a significant industry player and engage in various private and public vertical and horizontal projects at competitive packages. With the government's push for infrastructure, Megawide is leveraging on these advantages to participate in the country's infrastructure development program, beginning with the MCRP and soon with the recently awarded Metro Manila Subway project. The company is likewise looking forward to join in the development of the North-South Commuter Rail project.

9. Strong Brand Name and Proven Track Record

- Megawide has a well-established reputation in the construction industry for its excellent project execution and customer service. On top of proving efficient construction methodology and systems, having successfully completed numerous low-rise to high-rise condominiums and industrial buildings, it also has a proven track-record of successfully executing PPP projects, like the Public School Infrastructure Program, MCIA CA1 and the PITX. This seal of good quality and reliable brand equity places it in a strong position to capitalize on future projects from both the private and public sector sides.

10. Organizational Capability and Flexibility

- Megawide has strengthened its organizational structure to be more technical, flexible and proactive in adapting to clients' requirements and market changes. It has a diverse work force of young, dynamic, committed and highly effective personnel, including experienced and well-trained professionals. It also has a disciplined and responsible management team that has effectively surpassed challenging business situations. Moreover, expatriates of different expertise are employed to help Megawide deliver quality service to its clients.

BUSINESS STRATEGY

The Company sees various opportunities in the private domestic real estate construction, public infrastructure projects, and transport-oriented developments, specifically in terms of

addressing and improving the infrastructure development in the country through the National Government's initiative under its Modified BBB Program.

Specifically, the Company is keen on the following business strategies: (1) expand its business into other segments, including but not limited to public infrastructure developments; (2) actively pursue value-accretive transport-oriented projects in the government pipeline; (3) capitalize on its fully-integrated EPC advantages; (4) leverage organizational competence and flexibility; and (5) constantly improve productivity and enhance operational efficiency in its on-going and future projects.

The Company's goal is to diversify its portfolio and constantly enhance productivity and operational efficiency in its on-going and future projects through innovation, process improvements, and value engineering initiatives.

Expansion of existing portfolio

Megawide currently operates the MCIA and the PITX, which were awarded through PPP contracts. The Company recently completed the construction of the new passenger terminal building of the CIA, ahead of schedule, under the government's modified PPP. These projects are on top of the construction order book in its EPC portfolio further discussed in section "*Projects*".

Actively pursue value-accretive transport-oriented projects in the government pipeline

The Company plans to further expand its portfolio by entering new segments to provide a strong, stable, and growing revenue stream in the long-run. The program includes foray into horizontal infrastructure by participating in government's various road and rail infrastructure projects to complement its order book from the private sector, expanding its existing airport operations (MCIA), participating in the government's airport infrastructure modernization and expansion program, and venturing into other transport-oriented development (TOD) assets (similar to PITX) to maximize the Company's value creation platform.

Build on first mover advantage and award-winning proofs of concept

Megawide enjoys prime mover advantages for its TOD assets, through PITX, and award-winning airport engineering and design expertise, through MCIA and CIA. The Company will continue to cultivate these proofs of concept as it expands its portfolio vertically (i.e. other infrastructure segments) and horizontally (i.e. different locations and variations).

Capitalize on key strengths and competitive advantages

The Company operates biggest pre-cast plant and employs the most advanced and fully-integrated EPC platforms in the country. To capitalize on these unique differentiations, the Company is upgrading the capacity of its pre-cast plant and business units to support its bid for public infrastructure development and accommodate the expected demand for this technology from the private sector, including but not limited to socialized housing projects and vertical developments adapting to new occupational safety protocols.

Leverage organizational competence and flexibility

In addition, the Company believes it has talented, resilient and dedicated employees who contribute to its success. The Company will continue to have concerted and structured initiatives for knowledge sharing and skills development through team-based programs across the organization. It will continue with its aggressive development and recruitment of young graduates with engineering, finance and business management backgrounds to sustain the quality of its management pool.

Constantly improve productivity and enhance operational efficiency in its on-going and future projects

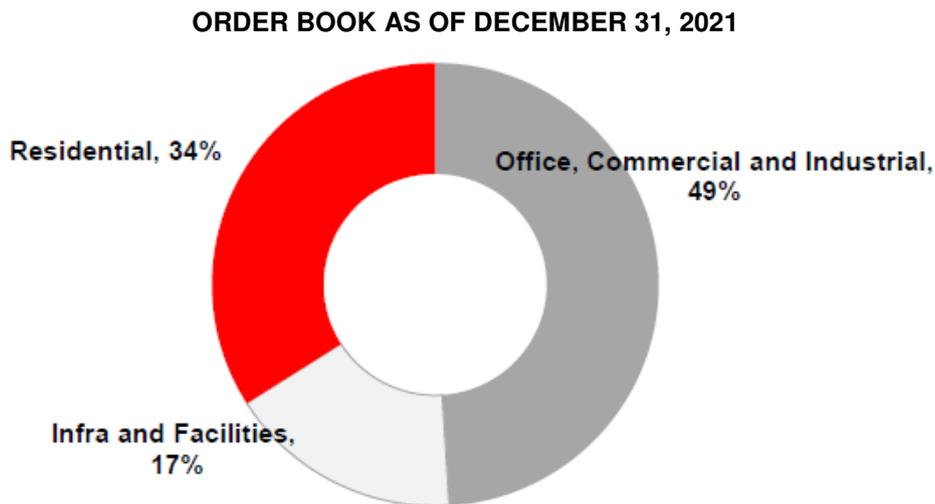
The Company's pursuit for excellence goes beyond its products and services and extends into the value it creates for shareholders. In line with this objective, Megawide will continuously

improve its operational efficiencies through value engineering, innovation, and workforce up skilling, for both its existing portfolio and future projects. This will enable the Company to further stabilize and enhance earnings quality to offer consistent, sustainable, and attractive returns and value to all its stakeholders.

PROJECTS

Business Development

The Company's current order book as of December 31, 2021 was at ₱60.0 billion. It was composed of 49% office, commercial and industrial, 34% residential projects, and 17% infrastructure courtesy of the Malolos Clark Railway and Aglipay STP Projects.



Recently Completed Projects

The notable projects that Megawide has completed are:

SM Jazz Residences (Phases 1 and 2) – SM Jazz Residences is composed of 4, 40-storey, towers on top of a 5-level shopping mall and parking basement. It is located along Jupiter Street, Bel-Air Makati City. The project has a total floor area of 300,000 square meters in a lot area of 2-hectares.

The Linear – The Linear is an office and commercial building located in San Antonio, Makati City. Its total floor area is 7,400 square meters.

IHUB 9 Building – IHUB 9 is a business process outsourcing (BPO) building located in Northgate Cyberzone, FCC, Alabang, Muntinlupa City. Its total floor area is 28,898.04 square meters.

IHUB 10 Building – IHUB 10 is also a BPO building located in Northgate Cyberzone, FCC, Alabang, Muntinlupa City. Its total floor area is 28,898.04 square meters.

BPO Complex Cebu – BPO Complex Cebu is located in Phase 1 Lahug, Cebu City, which is a 14-storey commercial building for BPOs with lot area of 45,428.07 square meters.

Dexterton – A 15-storey commercial building with a floor area of 12,769.43 square meters, located in Fort Bonifacio, Taguig City.

New Frontier Theater – With a total floor area of approximately 10,813.23 square meters, over a lot of approximately 5,817.31 square meters, New Frontier Theater is a 2-storey commercial building owned by Araneta Center, Inc. and located at General Aguinaldo Avenue, Araneta Center, Cubao, Quezon City.

B Hotel Quezon City – A 10-storey hotel building located at Lot 5 and 6, Block S-31, No. 14 Scout Rallos Street, Barangay Laging Handa, Quezon City owned by Northbelle Properties, Inc. with a total lot area of 1,380 square meters and has a total floor area of 11,348 square meters.

Camarin Project – This is composed of 10, 5-storey, medium rise buildings with land development located in Camarin, Colooacan City. This is a low-cost housing project of the National Housing Authority. Its total lot area is 3,823.98 square meters.

Cyber Part Tower 1 – A 29-storey BPO building with 3 basement parking floors located in Araneta Center, Cubao, Quezon City, and owned by the Araneta Group. It has a total lot area of 4,072.65 square meters.

One World Place – A 34-storey commercial building with a floor area of 46,130.39 square meters, located in Fort Bonifacio, Taguig City.

World Hotel & Residences – A 38-storey hotel and condominium with total floor area of 44,011 square meters, located in Makati City.

Rockwell Business Center – A 15-storey building owned by Rockwell-Meralco BPO Venture, a joint venture between Rockwell Land Corporation and Manila Electric Company. The project is located in Meralco Compound, Ortigas Extension. This has a total leasable floor area of 30,287.91 square meters.

SM Grass Residences Tower 4 – A 40-storey residential building owned by SM Development Corporation with a gross floor area of 135,000 square meters and a total lot area of 13,888.458 square meters, located at Nueva Viscaya corner Misamis and Nueva Ecija Streets, Sto. Cristo, Quezon City.

Arthaland Tower Substructure – A 6-level substructure owned by Arthaland Corporation with a total floor area of 12,000 square meters

Mactan Newtown STP – A STP contract with Megaworld Corporation with a total lot area of 1,189.50 square meters and a gross floor area of 4,022.99 square meters.

Landers Warehouse Balintawak – A warehouse owned by Southeast Asia Retail, Inc. located at Balintawak, Caloocan City. It has a total floor area of 8,360 square meters.

Landers Warehouse Otis – A mixed-use complex warehouse developed by Southeast Asia Retail, Inc. located at Otis, Sampaloc, Manila City, with a total floor area of 16,783.50 square meters.

Bataan Solar Project – This is for the construction and operation of an 8.986 MWdc and an expanded 9.018 MWdc ground-mounted photovoltaic power generation facility in Barangay Alas-Asin, Freeport Area of Bataan, Mariveles, Bataan, for a total generation capacity of 18 MWdc. The Bataan Solar Project is owned by Next Gen.

Toledo Solar Project – This involves the construction and operation of a 60 MWp ground-mounted photovoltaic power generation facility located in Toledo, Cebu Province. The project is owned by First Toledo.

Silay Solar Project – The construction and operation of an 18.3 MWdc and an expanded 6.7 MWdc ground-mounted photovoltaic power generation facility in Barangay Rizal, Silay City, Negros Occidental, for a total generation capacity of 25.0 MWdc, owned by SSPI.

Le Grand Avenue ABC – Composed of 2, 5-storey, office and commercial buildings developed by Megaworld Corporation. This is located at Lots 1-4, Mckinley West, Fort Bonifacio, Taguig City, with a gross floor area of 46,290.85 square meters and a total floor area of 13,500 square meters.

Le Grand Avenue DEF – Composed of 2, 5-storey, office and commercial buildings developed by Megaworld Corporation. With a total floor area of 46,324.18 square meters and a total lot area of 13,500 square meters, located at Lots 1-4, Mckinley West, Fort Bonifacio, Taguig City.

Hampton M and N – A 9-storey residential building owned by Dynamic Realty Resources Corporation with a total lot area of 1,600 square meters and a gross floor area of 8,971 square meters, located at C. Raymundo, Maybunga, Pasig City.

Proscenium Substructure – This composed of a 3-level basement for Phase 1A and a 2-level basement for Phase 1B owned by Rockwell Land Corporation, located in Estrella Corner J.P. Rizal St., Guadalupe Viejo, Makati City, with a total lot area of 35,995 square meters and gross floor area of 101,792.23 square meters.

Plaza Magellan – A 13-storey commercial building located in Mactan, Cebu City owned by Megaworld Corporation with a total lot area of 2,284.04 and a floor area of 28,890 square meters.

Philam Life Center Cebu – A 12-storey office building developed by The Philippine American Life and General Insurance Co. with a total floor area of 35,000 square meters and a total lot area of 3,427.11 square meters. The project is located at Cardinal Rosales Street, corner Samar Loop, Cebu Business Park, Cebu City.

27 Annapolis – A 44-storey residential building with 3 basements owned by Bayswater Realty and Development Corporation located at No. 27 Annapolis Street, Greenhills, San Juan City. 27 Annapolis has a total lot and floor areas of 1,129.60 square meters and 41,584.05 square meters, respectively.

Southwoods Mall and Office Tower – Developed by Southwoods Mall, Inc., with a gross floor area of 61,762.42 square meters and a total lot area of 18,984.71 square meters. A 52-storey mall and office with 1 basement located at Southwoods Eco-Centrum, Biñan, Laguna.

One Town Square – Owned by La Fuerza, Inc., One Town Square is 12-storey office building located at Alabang City with a gross floor area of 29,608.80 square meters and a total lot area of 3,729 square meters.

Urban Deca Tower EDSA – A 44-storey residential building located at Sierra Madre and EDSA, Barangay Highways Hills, Mandaluyong City, owned by Foghorn, Inc. with a total lot area of 866.25 square meters and a total gross area of 27,527.50 square meters.

University Tower 4 – Located at P. Noval, Sampaloc, Manila City, a 46-storey condominium, with a roof deck and an estimated area of 43,320.21 square meters. This is another project of Prince Jun Development Corp.

World Plaza – A 27-storey office building owned by Real Property Innovative Solutions, Inc., located at 5th Avenue, Bonifacio Global City, Taguig, Metro Manila. World Plaza has a total lot area of 2,731 square meters and an approximate total floor area of 61,500 square meters.

The Curve – A 32-storey office building located at Lot 1, Block 7, Fort Bonifacio Global City, Taguig owned by IRMO. The Curve has a total floor area of 45,393.66 square meters and a total lot area of 1,585.20 square meters.

Mareic Building – Owned by Greenway Properties Realty Corporation, Mareic Building is a 40-storey office building, with 3 basement areas, located at 121 Tordesillas Street, Salcedo Village, Makati City and a total lot area of 911.26 square meters and a gross floor area of 29,422.74 square meters.

Arthaland Tower Superstructure – A 31-storey office building owned by Arthaland Corporation. The project is located at the 7th Street, Bonifacio Global City, Taguig with a total floor area of 56,652 square meters and a total combined lot area of 2,231.94 square meters.

Landers Warehouse Arcovia – A mixed-use complex warehouse with a basement developed by Southeast Asia Retail, Inc., located in Pasig City. It has a total floor area of 17,000 square meters and lot area of 14,000 square meters.

Landers Warehouse Alabang – A 2-storey building for mixed-use purposes owned by Southeast Asia Retail, Inc., located at Daang Hari Road, Almanza Dos Las Piñas City, with total floor area of 8,800 square meters and lot area of 20,926 square meters.

Project Delta Phase 1 – A plant expansion project for Zenith Foods Corporation. This includes earthworks, substructure, superstructure, and roofing for the Red Ribbon Plant Expansion project located at Productivity Avenue, Carmelray Industrial Park 1, Barangay Canlubang, Calamba City, Laguna with gross lot area of 5.0 hectares.

The Hive Buildings – A 4-block, 12-level, residential tower owned by PH1 located at San Isidro Street, Ortigas Avenue Extension, Taytay, Rizal. Buildings A and B have a combined total floor area of 24,101.55 square meters and a total lot area of 27,306.11 square meters.

Mactan-Cebu Airport Structural Works – This project pertains to the site development, earthworks, and structural works of MCI Terminal 2, with a total gross floor area of 66,544 square meters and a total lot area of 65,865 square meters.

Proscenium Superstructure (Lincoln and Lorraine) – Developed by Rockwell Land Corporation, Proscenium Superstructure, Lincoln and Lorraine, are 42 and 44-storey residential buildings, respectively, with 4 parking floors located at Estrella corner JP Rizal Streets, Guadalupe Viejo, Makati City. The project has an estimated total lot area of 36,000 square meters and a combined gross floor area of 88,337.16 square meters.

PITx – The country's 1st landport which is a 4.5-hectare development with transportation bays, commercial spaces, and office buildings. PITx has a capacity of 100,000 passengers daily and offers seamless connections to other modes of transportation from provincial to in-city buses, taxis, jeepneys, and UV express shuttles. It is located along Diosdado Macapagal Boulevard, and will be linked to the planned Light Rail Transit Line 1 (LRT1) Cavite extension.

Double Dragon Plaza – A 4-tower, 12-storey, office building with a mall and basement parking owned by DD-Meridian Park Development Corp. It has 230,130.58 square meters and 23,728.69 square meters gross floor area and total lot area, respectively, located at EDSA Extension corner Macapagal Avenue, Pasay City.

Cyber Park Tower 2 – A 33-storey BPO building with 3 basements and a roof deck located in Araneta Center, Cubao, Quezon City and owned by the Araneta Group. It has a total gross floor area of 74,722.21 square meters and a total lot area of 3,678.63 square meters.

Zenith Foods Plant Expansion 3 – A mixed-use complex owned by Zenith Foods Corporation composed of a bun line, warehouse, and 4 other buildings – cold storage, process line, and administrative offices, with an aggregate floor area of 45,387.27 square meters. It is located in a 4-hectare land at Integrity Avenue, Carmelray Industrial Park 1, Barangay Canlubang, Calamba City, Laguna.

Project Delta Phase 2 – This pertains to the architectural and site development of Red Ribbon Plant Expansion project of Zenith Foods Corporation. It includes a 2-storey industrial building located in a 5-hectare lot inside the Zenith Foods Complex at Productivity Avenue, Carmelray Industrial Park 1, Barangay Canlubang, Calamba City, Laguna.

Southeast Asian Campus – A 12-storey office owned by Megaworld Corporation with a gross floor area of 84,410.85 square meters and a total lot area of 8,387.47 square meters, located at Campus Avenue, McKinley Hills, Taguig City.

St. Moritz Private Estate Residences Clusters 1 and 2 – A 2-cluster, 9-storey, residential buildings with lower grounds located at McKinley Hill, Fort Bonifacio, Taguig City. St. Moritz Private Estate Residences, is owned by Megaworld Corporation, with a total gross floor area of 35,384 square meters and lot area of 5,695 square meters.

BGC 5th Avenue Apartments – A 17-storey residential building of Fort Bonifacio Development Corp., located in a 2,235 square meter lot at 5th Ave. Cor. 34th Street, Bonifacio Global City, Taguig City, with total floor area of 16,441.94 square meters.

Edades Suites – A high-end residential development of Rockwell Land Corporation composed of an 18-storey residential area, 3-storey podium, and a 3-level basement parking. It is located in a

3,158 square meters lot at Rockwell Center, Makati City, with a total floor area of 25,769 square meters.

10 West Campus – An 18-storey office building developed by Megaworld Corporation located at Block 16, Lot 4 McKinley West, Fort Bonifacio, Taguig City. 10 West Campus has a total gross floor area and lot area of 34,200 square meters and 3,466 square meters, respectively.

One Manchester Place – An 18-storey residential construction owned by Megaworld Corporation with a total gross floor area of 55,580.02 square meters and a lot area of 6,880.20 square meters located at Mactan, Newtown, Cebu City.

Double Dragon Center East and West – An 11-storey office and commercial building with a basement and roof deck developed by DD-Meridian Park Development Corp., located at EDSA Extension corner Macapagal Avenue, Pasay City. It has a total gross floor area and lot area of 51,956.61 square meters and 5,452.26 square meters, respectively.

Cold Storage Buildings – An industrial complex project in Taguig and Caloocan which includes a cold storage warehouse and a 3-storey support building. Its total floor area is 11,276 square meters and lot area of 31,166.00 square meters.

Clark International Airport – Involves general construction, including construction, improvement, and repair of the existing Clark Airport in Pampanga. Clark Airport's construction is a joint venture arrangement by Megawide, GISPL and GHOSPL.

DEPED Phase 2 – Involves construction of school buildings in Regions I, II, III and the Cordillera Administrative Region (CAR) thru a direct contract with the Department of Education.

Worldwide Plaza – An addition to the Uptown Bonifacio complex is this commercial and office building developed by Megaworld Corporation. This 24-storey building with a 3-level basement parking which will stand at a 7,800 square meter lot with total floor area of 114,310 square meters.

Aspire Corporate Plaza – A 10-storey office building with a gross construction floor area of 35,172 square meters located in Macapagal Bay Area, Pasig City. Golden Bay Tower is owned by Golden Bay Fresh Land Holdings, Inc.

Order Book

The following table lists the Company's existing projects, with respective percentage completion as of December 31, 2021:

PROJECT NAME	Developer	COMPLETION*
Newport Link	Travellers International Hotel Group, Inc.	79%
Suncity A (Westside)	Suntrust Home Developers	78%
The Corner House Project	Emerald Rich Property Inc.	78%
Taft East Gate	Taft Properties	71%
Mandani Bay	HT Land, Inc.	68%
International Finance Tower	Megaworld Corp.	39%
Suncity B (Package 1 & 2)	Suntrust Home Developers	31%
University Tower 5 (UT5)	Prince Jun Dev't Corp.	31%
Urban Deca Ortigas	8990 Holdings, Inc.	30%
Carbon Market (Phase 1- Package 1)	Cebu2World	27%
NCRPO Medical Center & Administrative Processing Center	Travellers International Hotel Group, Inc.	23%
Aglipay	Manila Water	20%
Genty Manor	Megaworld Corp.	19%
PLUMERA	John Dorf Ventures	16%
Ascott - DD Meridian Park	DD Properties Corp.	15%
8990 CUBAO	8990 Holdings, Inc.	10%

MCRP	Department of Transportation (“DOTr”)	6%
Coral Village	John Dorf Ventures	1%
DOUBLE DRAGON MERIDIAN TOWER	DD Properties Corp.	0%
My Enzo (Bulk Excav)	Ph1 World Developers	0%
Suncity NSCs	Suntrust Home Developers	0%

*Based on actual engineering estimates, accounting estimates might differ

Project Description

Newport Link – A commercial project of Megaworld Corporation located in Newport, Pasay City, which is a 7-storey building, with a total floor area of 50,174.27 square meters.

Suncity – A 5-star hotel and casino project with Suntrust Home Developers Inc, a subsidiary of Suncity Group Holdings Limited. The said project has a development timetable of 30 months and is located at the entertainment area of Parañaque City. The project is divided into 4 parts, as follows: Package 1- Substructure, Package 2- Superstructure, Supplementary Agreement, and Nominated Subcontractor (NSC).

Suncity Westside – Westside City Resorts World is a multi-billion project located at Bay Boulevard, Bagong Nayon Pilipino, Parañaque City, with a total building footprint of 113,628.15 square meters. Its facilities shall include 3 grand theaters, a shopping mall, and parking spaces.

The Corner House Project – A residential project of Emerald Rich Properties located at P. Guevarra Street, San Juan City, with total floor area of 16,020.79 square meters. The construction includes a 3-level basement, a 3-storey commercial area, and a roof deck.

Taft East Gate – A 4-tower mixed-use community, located in a 1.5-hectare property along Pope John Paul Avenue corner Cardinal Rosales Avenue in Mabolo, Cebu City. The development, which is owned by Taft Properties, consists of 2 high rise, mixed-use towers, housing commercial and residential units.

Mandani Bay Quay – A premiere waterfront development in Mandaue City, Cebu, owned by HTLand, Inc., which is a joint venture company of Hongkong Land and Taft Properties. It has a total gross construction floor area of 328,581 square meters and consists of 3, 40-storey, residential towers and 1, 30-storey, office building.

International Finance Tower – A 25-storey office building developed by Megaworld Corporation, with a gross construction floor area of 114,000 square meters, located in BGC, Taguig City.

University Tower 5 – Owned by Prince Jun Development Corp., University Tower 5 is a 52-storey residential building located in Sampaloc, Manila City, with a total floor area of 56,871.14 square meters.

Urban Deca Ortigas – A residential complex composed of 24 clusters of 13-storey buildings located at Ortigas Extension, Pasig City.

Cebu Carbon Market Redevelopment – A public and commercial redevelopment project in Cebu City which includes the Sto Niño Chapel, Puso Village, interim market, and a multi-level parking which is set to be completed on March 28, 2022.

National Capital Region Police Office (NCRPO) Medical Center & Administrative Processing Center – A 4-storey Medical Center Project located at Lower Bicutan Taguig City, inside NCRPO. A donation project of the Resorts World Philippines Cultural Heritage Foundation Inc., with total floor area of 9,998 square meters.

Aglipay STP – a STP in Mandaluyong City, with a treatment capacity of 60 million liters per day (MLD) of wastewater and using the Moving Bed Biofilm Reactor (MBBR) process with Biological Nutrient Removal (BNR) technology. The construction of the STP is expected to be completed by 2024 and the sewer network by 2025.

Gentry Manor – A residential project of Megaworld Corporation, located in South Beach District, Westside City, Parañaque City, whose 4 towers have a total floor area of 119,326.42 square meters.

Plumera Mactan – The newest affordable project by Johndorf Ventures, strategically located at Basak, Lapu-lapu City. The project's size is 5 hectares and is composed of 20 buildings with around 4 to 10 floors each, for a total floor area of 98,338 square meters.

8990 Cubao – A residential project of 8890 Holdings located in Cubao, Quezon City, with total floor area of 115,000 square meters. The construction includes a 2 level basement, a 45-storey residential area, and a roof deck

Malolos-Clark Railway Project – A 17-kilometer rail line that includes stations in Calumpit and Apalit, together with consortium partners Hyundai Engineering & Construction Co., Ltd. and Dong-ah Geological Engineering Company Ltd.

Coral Village – A project with 1,200 residential units, with a floor area of 192 square meters per unit, or total CFA of 230,400 square meters in Coral Village, Lapu-Lapu City, Cebu by Johndorf Venture Corp. The project is expected to be completed in 5 years.

My Enso Tower (Timog) - Phase 1 – A mixed-use development that provides a customizable living experience by providing extra space for your needs, be living or storage space, and a smart and modern minimalist design concept, all located at the heart of Quezon City Central Business District.

Double Dragon Tower – An office building composed of 11-storeys with a basement parking. Its gross floor area is 61,859.05 square meters. Total lot area is 5,257 square meters.

Urban Deca Tondo – A mass housing contract with Fog Horn, Inc. which initially focused on Buildings 9,10,12, and 13. In 2016, Buildings 1 and 2 were added. These 6 buildings have a total combined lot area of 162,067.37 square meters. Ultimately, there will be 14 clusters of 13-storey buildings in the residential complex located in Tondo, Manila City. The project also includes a 2-storey commercial building located in the residential complex with floor area of 20,132.76 square meters.

Recently Awarded Projects

On May 5, 2022, Megawide Construction Corporation (“Megawide” or the “Company”), together with its joint venture partners from Japan, Tokyu Construction and Tobishima Corporation, (“the Joint Venture”) officially signed Contract Package 104 (“CP-104”) of the Metro Manila Subway Project. CP-104 includes the construction of underground stations in Ortigas North and South as well as the tunnels connecting these two locations.

Tokyu Construction Co., Ltd. is one of the established Japanese general contractors engaged in commercial, institutional, and residential buildings as well as civil engineering works for dams, bridges, and transportation systems. It led the redevelopment of the Tokyo Metro Ginza Line Shibuya Station located at the center of Shibuya, a key district in Tokyo.

Likewise, Tobishima Corporation is one of Japan’s leading general contractors, involved in large-scale civil engineering works for hydro-electric power plants, dams, and railroads, with onshore and offshore projects located in Brunei Darussalam, Indonesia, Pakistan, and Myanmar, among others.

Projects Under and For Bidding

On top of the recently awarded contracts and ongoing projects, the Company also submitted bids for and intends to participate in other big-ticket infrastructure projects under the government’s Build, Build, Build initiative, which plans to extend the country’s road and rail network.

Submitted Bids

The Company participated in the bidding for Packages 1 and 7 for the North-South Commuter Rail Southline (NSCR-South) with Hong Kong-based construction company Chun Wu Development.

For Bid Submission

To further elevate Megawide's rail infrastructure portfolio, the Company, together with a well-established and highly-experienced Japanese company, is evaluating the bid for electro-mechanical and track works system for the 108-kilometer MCRP alignment over 24 stations. The scope broadly covers electrical and mechanical engineering works for MCRP's train signaling system, track works, and operation of stations, among others.

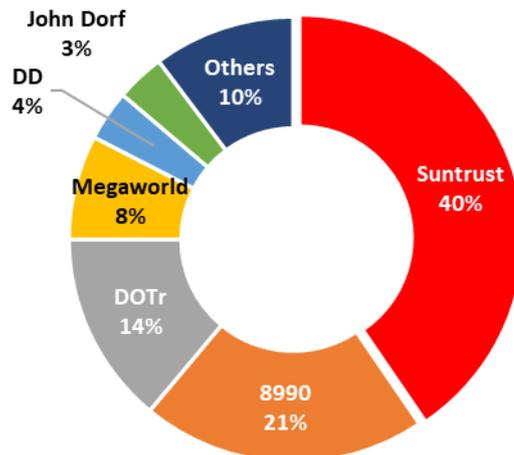
Submitted Proposals Under Discussions

The Company is also strategically expanding its transport-oriented development (TOD) portfolio, anchored on a hub-and-spoke model, currently with PITX at the core. In relation to this, the Company is currently in discussions with the Baguio City LGU for a potential landport location and also submitted a proposal for a future Bus Rapid Transit (BRT) system in Cavite.

MAJOR CUSTOMERS

Megawide is currently servicing the majority of high-rise residential, commercial, office and mixed-use development projects in Metro Manila for several major local developers, primarily for its use of High Technology Building Systems, and quality workmanship. While Megawide is constantly invited to bid for major domestic high-rise building projects, it opts to focus on a selected clientele that provides synergy in business operations and better risk management.

The following graphs illustrate the percentage contributed by the Company's major customers to its Construction Order Book as of December 31, 2021:



Suntrust Home Developers, Inc. ("Suntrust")

Suntrust is a company engaged in real estate development, mass community housing, townhouses and rowhouses development, residential subdivision and other massive horizontal land development. It is a subsidiary of Suncity Group Holdings Limited (Suncity Group), a listed company on The Stock Exchange of Hong Kong Limited, which owns fifty-one percent (51%) of the outstanding capital stock of Suntrust. Suncity Group is principally engaged in property

development in Guangdong and Anhui Provinces in the People's Republic of China; property leasing in Shenzhen in the People's Republic of China; provision of hotel and integrated resort general consultancy service in Vietnam; and provision of travel related products and services.

8990 Holdings, Inc. ("8990")

8990 is the largest mass housing developer in the Philippines in terms of units licensed under B.P. 220 from 2011 to 2013, according to the HLURB. The company has been developing mass housing projects in high-growth areas across Luzon, Visayas and Mindanao since 2003. 8990's "DECA Homes" and "Urban DECA Homes" have also gained a strong reputation in the market, resulting in 8990 garnering numerous awards such as Q Asia Magazine's Best Housing Developer for 2012 to 2013. 8990 has 8 projects in the pipeline which are scheduled to commence between 2015 and 2019 and in total are expected to provide approximately 64,000 units available for sale.

Megaworld Corporation ("Megaworld")

Megaworld is one of the country's leading real estate developer and top BPO office developer and landlord in the Philippines. Led by real estate magnate and visionary, Dr. Andrew L. Tan, Megaworld pioneered the LIVE-WORK-PLAY-LEARN township concept in the country. The company introduced the successful large-scale, master-planned mixed-use developments such as Eastwood City in Libis, Quezon City; Newport City in Pasay; McKinley Hill, Forbes Town Center, McKinley West, and Uptown Bonifacio, all in Fort Bonifacio; Woodside City in Pasig; Iloilo Business Park in Mandurriao, Iloilo City; the Mactan Newtown in Lapu-Lapu City, Cebu; and the Davao Park District in Davao City.

Double Dragon Properties Corp. ("DD")

DD has undertaken several vertical and horizontal developments since it started its commercial operations in April 2010. DD's vision is to accumulate 1,000,000 square meters of leasable space by 2020 primarily through the rollout of 100 community malls across provincial cities in the Philippines through its community mall chain brand "CityMall" under its subsidiary CityMall Commercial Centers Inc. and through the development of 2 major commercial office projects, DD Meridian Park and Jollibee Tower, both of which are located in prime properties in Metro Manila.

HTLand, Inc.

HTLand, Inc. is a joint venture company of Hongkong Land and Taft Properties. Hongkong Land is one of Asia's leading property investment, management and development groups who owns and manages prime offices and luxury retail properties in key Asian cities, principally in Hongkong and Singapore. Taft Properties, on the other hand, is one of the leading property developers in the country, a sister company of Metro Gaisano Retail. Mandani Bay is HTLand's first project in Cebu, a world-class 20-hectare water development with a stunning view of the coast and encompassing cityscape.

CUSTOMER AND PROJECT SELECTION

Megawide is frequently being invited to bid for major domestic low to high-rise building and even horizontal property development projects. The scope of work on these projects generally include, among others, site development, earthworks, structural and civil works, masonry works, architectural finishes, electrical works, plumbing and sanitary works, fire protection works and mechanical works.

In line with its risk policies, Megawide, while frequently invited to bid on projects, carefully selects which projects to participate in, based on the following criteria:

- Creditworthiness of the project owner determined through background checks with banks and financial community, business and trade associations, standing with the Housing and Land Use Regulatory Board ("**HLURB**"), and credit record of major suppliers; and

- Liquidity of the project owner determined through financial ratios and financial performances for the past 3 years.

In addition, Megawide also evaluates each potential project based on the following:

- Size of the over-all development blueprint of the project and its implementation timetable on phases;
- Complexities and limitations of the structural design of the high-rise building project;
- Project location, accessibility of heavy construction equipment and proximity to clusters of on-going project sites;
- Logistics difficulties and limitations;
- Procurement of necessary permits; and
- Profitability

Terms Granted to Customers

Bids for construction projects typically include the particular material specifications and the kinds of finish to be used on the projects. Deviations from the same are subject to variation orders. Consistent with industry practice, Megawide normally requires the following key terms of payment in its construction contracts:

- A downpayment of 15% - 20% of the contract price prior to commencement of construction activities. Customers usually require that Megawide obtain a performance bond to guarantee that it will execute the work in accordance with the contract;
- Monthly progress billing (or interim billings). Progress billings are subject to pro-rata recoupment of downpayments, and retention monies equivalent to 10% of the billed amount, to be reduced to 5% upon 50% completion of the project; and
- The release of the 10% retention money upon certification of the approval of the punch list of items. Customers usually require that Megawide obtain a guarantee bond to guarantee the quality of the materials provided, the equipment installed and its workmanship.

The exposure of Megawide to credit risk on its receivables relates primarily to the inability of the customer to fully settle the unpaid balance of contract receivables and other claims owed to Megawide. Credit risk is managed in accordance with Megawide's credit risk policy, which requires the evaluation of the creditworthiness of the customer.

HIGH TECHNOLOGY BUILDING SYSTEMS

The Company considers the use of High Technology Building Systems as a significant contributor in gaining advantage over its competitors. It employs Pre-Cast Concrete and Formwork Systems, purchased from various European companies, in its on-going projects.

Formwork Systems

Formworks are the temporary or permanent moulds, into which concrete or similar materials are poured into, to form the structural elements of a building. The traditional construction process utilizes timber or plywood formworks.

For its projects, the Company's Formwork Systems are 100% wood-free, all plastic facing. These are nailable like plywood, but maintain structural rigidity. These are also re-usable, putting an end to plywood wastage, and do not swell or shrink like plywood. The Company utilizes the following Formwork Systems in its existing projects:

- Slab Formworks
- Wall Formworks
- Column Formworks

- Circular Formworks
- Climbing Formworks

The Formwork Systems were purchased from MEVA Schalungs-Systeme GmbH, a German company founded in 1970 that designs, manufactures and supplies formwork systems, as well as provides consultancy services to its clients. MEVA serves contractors from all over the world, from forty (40) locations.

Pre-Cast Concrete Systems

Pre-Cast concrete is rapidly becoming one of the dominant ways to build in the modern world. Its core strength lies in its ability to keep up with the changing expectations of global construction, from market challenges to new performance and safety requirements.

The European Pre-Cast Concrete Systems which the Company employs in its current projects, has the inherent advantages of:

Reducing cost

Due to improved economies of scale, the technology enables mass production and fabrication of building frames and elements resulting in a decline of the average cost per unit. By manufacturing pre-cast panels in a controlled factory setting, less material is required because precise mixture proportions and tighter tolerances are achievable. The factory setting also allows waste materials to be readily recycled. Any spare component and materials can be recycled and re-used in another structure.

Shortening the construction period

1. The Pre-cast technology saves up to 40% to 50% in labor hours due to its fast-cycle, compared to conventional construction processes.
2. The manufacturing of pre-cast building members and site preparation can proceed simultaneously.
3. Pre-cast concrete products arrive at the job site ready to install, which can save weeks over cast-in-place construction.
4. Pre-cast reduces the need for skilled labor on site.
5. It is not necessary to order raw materials such as reinforcing steel and concrete, and no time is wasted setting up forms, placing reinforcements, pouring concrete and waiting for the concrete to cure.

Improving quality

Consistency is achieved because of the use of high precision machines. Pre-cast concrete products are produced in a controlled environment, and therefore are of high quality and uniformity. Among the variables typically affecting the quality of construction on a job site are temperature, humidity, and craftsmanship. These are closely controlled and monitored in a plant environment.

In addition, pre-cast concrete has excellent load-bearing capacities and structural efficiencies. Other materials can deteriorate, experience creep and stress relaxation, lose strength and deflect over time. The load carrying capacity of pre-cast concrete is derived from its own structural qualities and does not rely on the strength or quality of surrounding backfill materials.

Increasing project volume

Due to the shorter construction period, the Company can increase the number of projects it can deliver.

Environment friendly

Pre-cast concrete solutions leave a substantially smaller environmental footprint than other building construction methods due to the increased recycled content and proven production

processes. Waste is minimized as less concrete waste is created due to careful control of quantities of constituent materials.

In addition, the pre-cast technology produces less dust and waste at the construction site, because only needed concrete elements are delivered. Moreover, fewer trucks and less time are required for pre-cast concrete construction. This is particularly beneficial in urban areas where minimal traffic disruption is critical.

The Pre-Cast Concrete Systems were purchased from Elematic, a Finnish company founded in 1959, and one of the world's leading suppliers of pre-cast concrete machinery and equipment, production lines and complete production plans. Elematic is currently at work in more than ninety (90) countries worldwide.

Machineries and equipment for the Pre-Cast Concrete Systems were purchased from Elematic through direct purchases and were paid in cash. Elematic, as part of its after sales support, provided technical assistance by deploying engineers tasked to brief the Company and its personnel how to operate the system.

World Class Pre-Cast Manufacturing Complex

The Company has also recently completed the construction of its world-class precast concrete manufacturing complex in a sprawling 15-hectare property in EPZA Taytay, Rizal. This facility is the country's largest precast facility, and is the second largest in Southeast Asia. The facility enables the Company to expand the production of its pre-cast products to include high strength concrete frames and elements, columns, beams, floor slabs and walls. The pre-cast facility can be used for both building construction, and infrastructure construction for beams, girders, cross beams, columns, culverts and railroad cross ties.

The following table is a summary of the advantages of Megawide's High Technology Building Systems over traditional construction methods:

Traditional Construction	Advantages
Formworks, Plywood, Plastic Face Formworks	<ul style="list-style-type: none"> • No swelling and shrinking • Stable flexural rigidity • Free from rippling and warping • Quality in concrete pouring • Fast cycle, simple assembly, early stripping, less manual labor employed • Even surfaces • Zero discoloration • Fast on-site cleaning • Zero waste • Reusable
Coco Lumber, Aluminum and Steel Scaffoldings	<ul style="list-style-type: none"> • More stable and robust • Longer lifespan • Easy assembly lock and formwork clamp
Pre-Cast	
Concrete Hollow Blocks, Pre-Cast Walls	<ul style="list-style-type: none"> • Precise, smooth and even curing, high quality, energy saving and ecological
Traditional Concrete	
Beams, Columns, Slabs, Pre-cast Beams, Columns, Slabs, Toilets, Parapets, Wheel Guards	<ul style="list-style-type: none"> • Savings in steel and partition wall materials, extra-long spans for design flexibility, accurate dimensions and strand locations for less work-on site

Green Construction

The Megawide Corporate Tower in Quezon City obtained a gold certification from the Leadership in Energy and Environmental Design (“LEED”) of the United States Green Building Council. LEED is a third-party certification program for the design, construction and operation of high performance green buildings. It is the predominant green building rating system in the U.S. and is used around the world.

Additionally, completed construction projects that are LEED pre-certified include the Bench HQ for Suyen and One Coral Way for Asya. One World Place, World Plaza and the Curve for IRMO are also going through the LEED certification process and are currently in the compliance phase.

LEED Certification

The LEED green building rating system, developed and administered by the U.S. Green Building Council, a Washington D.C.-based, non-profit coalition of building industry leaders -- is designed to promote design and construction practices that increase profitability while reducing the negative environmental impacts of buildings and improving occupant health and well-being.

LEED is the predominant green building rating system in the United States and is also used around the world.

The LEED rating system offers four certification levels for new construction — Certified, Silver, Gold and Platinum — that correspond to the number of credits accrued in five green design categories: sustainable sites, water efficiency, energy and atmosphere, materials and resources and indoor environmental quality.

Fleet of Construction Equipment

The Company invests heavily on new tower cranes and earthmoving equipment to ensure maximum efficiency and minimum down time during construction. These include:

Type	Quantity (as of March 31, 2022)
EARTHMOVING EQUIPMENT	103
LIGHT EQUIPMENT	57
MOBILE CRANE EQUIPMENT	27
PUMPCRETE EQUIPMENT	33
TRANSPORT EQUIPMENT	114
VERTICAL EQUIPMENT	93
SERVICE VEHICLES	24
FACILITY EQUIPMENTS	13

SUPPLIERS

Construction

Megawide sources its raw materials, primarily steel, cement and aggregates from external suppliers who are reliable and known in the construction industry. In selecting its suppliers, it considers quality, pricing, and efficient delivery of raw materials. It also does not depend on a limited number of suppliers for raw materials and none of its major suppliers are its affiliates. Suppliers usually give Megawide a 30-120 day payment period. In order to mitigate the risk of price volatility in raw materials for its projects, Megawide, upon contract award, immediately purchases major materials such as steel and concrete for the entire project. All purchases are done centrally, at Megawide’s head office, for all the requirements of its project sites.

Airport

The airport segment has minimal purchases, consisting of materials and labor related purchases, to maintain the airport facility, janitorial services, security services, professional and consultancy services, and some utility services which include internet, power and utilities. A purchase with a total value of ₱20,000.00 or more shall require a minimum of 3 (three) comparative quotes (not older than 6 (six) months). Quotations should indicate the vendor's name and should be attached at all times upon purchase order creation. In cases where the required number of comparable quotes cannot be observed, a written justification for the same has to be expressly indicated in the purchase approval form. In concluding payment conditions and terms with vendors, the minimum payment term is 30 days. In unavoidable cases where vendors would require a downpayment, a maximum 40% downpayment is allowed. A security bond is required for downpayments above 10%.

Landport

The terminal segment has minimal purchases, consisting of materials and labor related purchases, to maintain the terminal facility, janitorial services, security services, professional and consultancy services and some utility services, which include internet, power, and utilities.

When selecting its suppliers, it considers quality, pricing, technical experience (for consultants and professionals) and efficient delivery of materials. It also does not depend on a limited number of suppliers. All purchases are done centrally at Megawide's head office.

Quality Control and Quality Assurance

Megawide's quality of work is in accordance with applicable local and international standards such as PNS, ASTM, ANSI, ACI or AASHTO. The general specifications are based on project requirements considering local conditions, policies, available materials, local regulations and other special circumstances. In addition to on-site inspections, as a standard procedure, materials' samples are tested by specialized laboratories to verify compliance with applicable codes and standards.

Megawide's management system strictly adheres to the requirements of the ISO standards on Quality, Environmental, Safety and Health. As such, Megawide is committed to customer satisfaction, environmental protection and prevention of injury or ill health.

PROJECT IMPLEMENTATION

Upon receipt of an invitation to bid, the Company evaluates the proposed project in accordance with its credit risk policies and based on the following criteria:

- Creditworthiness of the project owner determined through background checks with banks and financial community, business and trade associations, standing with the Housing and Land Use Regulatory Board (HLURB), and credit record of major suppliers; and
- Liquidity of the project owner determined through financial ratios and financial performances for the past three (3) years.

In addition, Megawide also evaluates each potential project based on the following:

- Size of the over-all development blueprint of the project and its implementation timetable on phases;
- Complexities and limitations of the structural design of the high-rise building project;
- Project location, accessibility of heavy construction equipment and proximity to clusters of on-going project sites;
- Logistics difficulties and limitations;
- Procurement of necessary permits; and
- Profitability

Megawide negotiates the final construction price with the project owner. Upon being awarded the project, Megawide shall commence within seven (7) days from the latest of the following:

- a) Issuance of the Notice to Proceed;
- b) Release of the building permit;
- c) Release of the construction drawings; or
- d) Full release or downpayment

Moreover, the Company prepares a Project Execution Plan (“**PEP**”) which provides the details as to how the project will be executed by identifying all the necessary information. The parts of the PEP are the following:

- **Project Overview** – contains general project information such as the project name, location, scope of works, contract amount, and project duration. It also identifies third-party consultants that will be collaborating on each scope of works, if any. Moreover, it presents the number of towers that will be built, the level of each tower and the construction floor area.
- **Table of Organization** – identifies the human resources needs of the project such as the assistant vice president in-charge, the project manager/s, area manager/s, site manager, the safety officer, structural and finishing employees, mechanical, electrical, plumbing and fire (MEPF) engineers, and others necessary personnel. It also provides the required headcount for the project from rank and file to executive level.
- **Safety** – contains the plans on Health, Safety and Environment (“**HSE**”), specifically, Construction Safety and Health Programs (“**CSHP**”), usage of personal protective equipment, site ingress and egress during construction, evacuation plan, location of fire exits and fire extinguishers, waste management, fall protection plan, and procedures on emergency response, among others.
- **Quality** – contains the project’s quality policies, roles and responsibilities of each employee, work inspection process flow, material inspection process flow, punchlist & hand-over process, sequence and inspection of works, structural inspection test plan, among others.
- **Schedule** – includes the milestone dates, project schedules, s-curve, deliverables per quarter, technical and revenue schedule, cycle per floor, and manpower and equipment loading. Further, it identifies the specific dates for the following: project commencement, topping off, structural works, push pile works, site development, handover and project completion.
- **Methodology** – contains technical information on how the development plan will be carried out including the use of technologies, tools, and equipment.
- **Procurement** – contains the work package, or the list of all materials, tools, equipment, subcontracted works, and their procurement schedule.
- **Engineering Designs and Drawings** – contains all the required architectural works and when are they required to be secured.
- **Risk Assessments** – identifies the perceived risks on operation, as well as commercial, environmental, and social risks, and the proper responses to mitigate, resolve or eradicate such risks.
- **Communication Plan** – contains dates of regular meetings (for construction coordination, operations, technical support, safety and quality, and monitoring of subcontractors) and other communication strategies.

Once the PEP is approved, Megawide immediately mobilizes the construction equipment, manpower and materials needed for the project. Megawide secures the performance and surety bonds required in order to obtain the downpayment from the project owner, and contractor’s all-

risk insurance and other necessary insurances. It also negotiates and finalizes the terms of its construction contract with the project owner. The responsibilities and warranties of Megawide under its construction contracts typically include on-time project turn-over and completion based on an agreed timetable, adherence to the agreed material specifications and construction methods, and warranty on workmanship and material defects. In the normal course of business, on a per project basis, Megawide sub-contracts to specialty or trade contractors the mechanical and electric works for its projects.

During construction, quality control procedures are strictly followed. The Quality Control Department is responsible for quality assurance and quality control during production and construction. The said department is composed of highly-trained inspectors and personnel who conduct on-site inspections to assure compliance with such quality control procedures. As standard procedure, concrete samples are tested by specialized laboratories to ensure compliance with the specifications of the American Society for Testing and Materials (“ASTM”), American National Standards Institute (“ANSI”) and Construction Specifications Institute (“CSI”).

To ensure that projects are on schedule, on-site project managers monitor and control the progress of projects, mindful of the completion date pursuant to the construction contract. The project managers are responsible for accomplishing project objectives, developing the project plan and managing the project team and budget.

Meanwhile, the Planning Department tracks the progress of the project (both physical and financial) through site inspections (checking the physical output- how many levels and agreed milestones were finished) and by conducting operations and management committee meetings (analyzing financial and nonfinancial targets and actual accomplishments).

Upon project completion, the following activities are conducted as a condition to project turnover to the owner:

- Megawide submits a Notice of Turn-Over and Completion to the project owner;
- Megawide and the project owner conducts a joint inspection and punch listing;
- Should there be no pending items for completion, the project owner issues a Certificate of Completion;
- The project owner releases retention monies upon submission by Megawide of a guarantee bond. The guarantee bond is typically valid for up to 1 year from the project’s turnover date and is required by project owners to guarantee the quality of the materials used, the equipment installed and the workmanship on the project.

LEASED PROPERTIES

Megawide also leases properties needed for its operations such as the following lease agreements with:

Date of Execution	Title of Document	Lessee	Lessor	Subject Property	Lease Period	Rental Fee
January 2018	Contract of Lease	Megawide Construction Corporation	Josefino V. Cabrera (Attorney-in-Fact of Leovigilda V. Cabrera, et al.)	2,317 sqm (Lot)	1 Jan 2018 - 31 Dec 2022	2 months deposit of 372,148.58 Rate: 165,044.54 per month with 6% yearly escalation
15 April 2019	Contract of Lease	Megawide Construction Corporation	Aguacate Marketing Corp.	1,450 sqm (Open Space)	1 Nov 2018 - 31 Oct 2022	2 months deposit of 638,000.00 and one month rental of 319,000.00. Rate: 220.00 per sqm per month

Date of Execution	Title of Document	Lessee	Lessor	Subject Property	Lease Period	Rental Fee
27 February 2022	Contract of Lease	Megawide Construction Corporation	L.V.N. Pictures, Inc.	2,000 sqm located at Brgy. Kaunlaran, Cubao, Quezon City	27 Feb 2022 - 30 Nov 2023	363,000.00 per month, incl. of VAT, WHT, and other applicable taxes
15 March 2022	Renewal Agreement to the Addendum to the Contract of Lease	Megawide Construction Corporation	L.V.N. Pictures, Inc.	1,000 sqm.	15 Mar 2022 - 14 Aug 2022	220,000.00 per month net of VAT, and all applicable taxes, incl. 5% WHT
16 March 2022	Contract of Lease	Megawide Construction Corporation	Capital Storage Facilities Corporation	850 sqm for temporary facilities	16 Oct 2020 - 30 Sep 2022	16 Apr 2021 - 15 Apr 2022: 104,592.50 per month 16 Apr 2022 - 30 Sep 2022: 110,049.50 per month
08 March 2022	Contract of Lease	Megawide Construction Corporation	Primex Domains, Inc.	Head Office Annex Parking	06 Mar 2022 - 05 Mar 2023	206,416.37 per month
21 February 2022	Addendum to the Contract of Lease	Megawide Construction Corporation	Retailscapes, Inc.	Santolan Town Plaza HoldCo Offices 11 th floor: 857.74 sqm.	11th floor: 01 Dec 2021 - 30 Nov 2024	01 Dec 2021 - 30 Nov 2022: 772.00/sqm/mo 01 Dec 2022 - 30 Nov 2023: 811.00/sqm/mo 01 Dec 2023 - 30 Nov 2024: 852.00/sqm/mo
May 2022 *(for execution)	Contract of Lease Renewal	Megawide Construction Corporation	Retailscapes, Inc.	Santolan Town Plaza HoldCo Offices 10 th floor: 1,947 sqm. 11 th floor Unit A: 857.74 sqm.	01 May 2022 - 30 April 2025	10 th floor: 01 May 2022 - 30 Apr 2023: 580.00/sqm/mo. 01 May 2023 - 30 April 2024: 609.00/sqm/mo. 01 May 2024 - 30 Apr 2025: 640.00/sqm/mo. 11 th floor: 01 May 2022 - 30 Apr 2024: 772.00/sqm/mo. 01 May 2024 - 30 Apr 2025: 811.00/sqm/mo.

All of the above leases are subject to renewal upon mutual agreement of the parties. In addition, the Company enters into operating and finance lease agreements for its construction equipment and transportation vehicle for period of 3 to 5 years.

DEPENDENCE ON CUSTOMERS

Megawide is currently servicing the majority of high-rise residential, commercial, office, and mixed-use development projects in Metro Manila, for several major local developers. This is primarily due to the Company's use of High Technology Building Systems, strong design and engineering capabilities, and quality workmanship. Megawide is constantly invited to bid for major domestic real estate development projects but it opts to focus on projects that provide best synergies in business operations and offers the best value for the Company.

The Company likewise manages the concentration of its order book amongst several clients for better risk management. As of December 31, 2021, the Company continued to maintain a diverse set of clientele, with no one client comprising more than 40% of the total order book.

In the airport segment, Megawide serves both domestic and international passengers, with a current share of 70-30%, respectively. This diverse passenger base allows it to maximize the potentials from increased travel tourism and commercial-related travel from both domestic and international sides, and effectively minimize the impact of either domestic or global downturns in the long-run.

COMPETITORS IN THE INDUSTRY

EEL Corporation ("**EEL**") and D.M. Consunji, Inc. ("**DMCI**") are among Megawide's major competitors. Both have on-going residential condominium projects in Metro Manila. DMCI dominates domestic infrastructure, while EEL, a publicly listed company, concentrates on heavy industry projects.

There are also other private companies which offer engineering, procurement, and construction ("**EPC**") services as well as provide pre-cast products on a smaller scale that compete with Megawide's business in Metro Manila as well as in Cebu area, such as Makati Development Corp., DATEM, Inc., Frey-Fil Corporation, and Pre-cast Products Phils, Inc. among others.

The principal areas of competition are pricing, service and quality of construction. Megawide believes, however, that it has an advantage over its competitors in the high-rise residential condominium market because of its use of High Technology Building Systems, value-added engineering services, technical competence and innovative ability. Furthermore, unit prices of Megawide's projects are competitive with those of EEL's and DMCI's.

PROPERTIES

Megawide owns a 1.0294-hectare property located in Taytay, Rizal, which is being used as an equipment stockyard for its machineries, equipment, and items such as tower cranes, backhoes, and other earthmoving equipment. The same was acquired by Megawide for ₱21 million. Megawide owns this property and all the equipment, machineries, and items found therein, free of any mortgage, lien or encumbrance.

In 2011, Megawide acquired land in Ortigas Extension, Barangay San Isidro, Taytay, Rizal with a lot area of 21,082 square meters for ₱104 million. Megawide owns this property free of any mortgages, liens, or encumbrances.

In 2012, another lot was purchased by the Company in Taytay, adjacent to Megawide's pre-cast plant with a lot area of 8,505 square meters for ₱50 million. Additionally, a 4,022 square meter lot adjacent to the stockyard of Megawide in Taytay was purchased for ₱9 million. On the same year, Megawide bought a 178 square meter property located in the same municipality for a total amount of ₱1.157 million. Megawide owns these properties free of any mortgages, liens, or encumbrances.

In 2013, Megawide has a total additional land acquisition amounting to ₱67 million in Taytay, Rizal, in relation to its pre-cast plant expansion. However, a small portion of this property with an area of 1,554 square meters is subject to an encumbrance, which is a notice of adverse claim dated January 20, 2014 filed by certain Spouses Tan who are claiming rights and interest over such portion.

In 2014 and 2015, Megawide invested on new tower cranes, earthmoving equipment and other construction equipment to ensure maximum efficiency and minimum down time during construction. The total investment amounted to ₱485 million and ₱369 million in 2015 and 2014, respectively. Megawide also acquired an additional lot adjacent to the pre-cast plant in 2014 with an area of 23,686 square meters for ₱148 million, and another lot with an area of 16,017 square meters near the pre-cast plant for ₱17 million in 2015. The Company has finance leases covering certain transportation and construction equipment with terms ranging from two to five years.

In 2017 and 2016, to cater to its growing order book Megawide also invested on new construction equipment amounting to ₱275 million and ₱470 million, respectively, which includes tower cranes, earth moving equipment, formworks, and pre-cast equipment. Transportation equipment was also procured amounting to ₱54 million and ₱57 million in 2017 and 2016, respectively, which includes service vehicles, truck mixers, light and medium duty trucks, and tractor trucks. The Company has finance leases shown as part of Interest-bearing Loans and Borrowings account covering certain transportation and construction equipment with terms ranging from two to five years as disclosed in the financial statements. Megawide also purchased parcels of land adjacent to its Taytay complex amounting to ₱82 million and ₱156 million in 2017 and 2016, respectively. The Taytay complex is currently expanding to house the formworks rehabilitation factory and all the construction equipment of Megawide. The parcels of land provide a bigger stockyard for the precast plant since its annual production is consistently increasing. Thereafter, in 2019, the Company purchased the land where it constructed its head office building located in Quezon City, with an area of 1,493 square meters. This property is subject to a restriction which merely provides that the land shall be used exclusively for residential, commercial, or educational purposes only.

Meanwhile, Megawide has purchased the following properties and equipment in relation to its airport and terminal segment:

Airport segment

Office and other equipment	MCIA	various	N/A
Transportation equipment	MCIA	various	N/A
Furniture and fixtures	MCIA	various	N/A
T2 Airport infrastructure	MCIA	2018	65,500 sqm
T1 Airport infrastructure	MCIA	2019	9,772 sqm

Terminal segment

Terminal infrastructure	PITX	2018	73,380 sqm
Tower & parking facility	PITX	2019	103,285 sqm
Office and other equipment	PITX	various	N/A
Transportation equipment	MCIA	various	N/A
Furniture and fixtures	MCIA	various	N/A

The Philippine Government, acting through the DOTr and MCIAA, executed a Concession Agreement last April 22, 2014 with GMCAC whereby GMCAC was given an exclusive right to design, develop, and undertake the MCIA Project; and, enjoy complete and uninterrupted possession of the MCIA Project Assets for the purpose of implementing the MCIA Project.

At the end of the concession period, November 1, 2039, GMCAC shall hand-over the MCIA Project and the Project Assets to the Grantors without cost, free from any liens and encumbrances, including all improvements made to the airport facilities, commercial assets, works in progress, and right to receive revenues.

The Philippine Government acting through the DOTr executed a Concession Agreement on April 24, 2015 with MWMTI whereby the latter was given an exclusive right to design, develop, and undertake the PITX Project and enjoy complete and uninterrupted possession of the Project Assets for the purpose of implementing the PITX Project. At the end of the concession period, October 17, 2051, MWMTI shall hand over the PITX Project and Project Assets to the Grantor without cost, free from any liens and encumbrances, including all improvements made to the terminal facilities, commercial assets, works in progress, and right to receive revenue.

The terminal area is controlled by the Grantor while the commercial area is controlled by MWMTI. In addition, MWMTI shall be entitled to collect and receive the concessionaire revenue from the commercial area while it will be receiving fixed payments from the Grantor for the terminal area.

Megawide and its subsidiaries expects no significant additions to its properties in the next 12 months.

INSURANCE

The construction contracts entered into by Megawide require it to secure some or all of the following: a surety bond, a performance bond, a contractor's all risk insurance and a guarantee bond. In most of the contracts, proof of compliance is required prior to the issuance of the Notice to Proceed.

In general, a surety bond is secured to guarantee the repayment of the down payment, while a performance bond is required to guarantee that Megawide will perform the work as specified by the contract. The coverage of these bonds is normally reduced as the project progresses and obligations are met. On the other hand, subject to the customary deductibles and exclusions, the Company's contractors all risk insurance policy includes coverage for, among other things, third party liability to the public and construction works and a guarantee bond is posted to guarantee any defects, except those from ordinary wear and tear or not attributable to the Company, that may occur within one (1) year from acceptance. A guarantee bond is obtained after complete turnover of the project.

Aside from the foregoing, the Company has sufficient insurance coverage that is required by Philippine regulations for real and personal property. It is, however, not covered by any business interruption insurance.

The Company also has existing insurance coverage for its directors and officers for alleged wrongful acts in their capacity as directors and officers. The directors and officers insurance is provided so that competent professionals can serve as supervisors of organizations without fear of personal financial loss.

EMPLOYEES

As of December 31, 2021, the Company's manpower complement is as follows:

Division	Regular	Project Based	Total
Operations	1,243	2,970	4,213
Head Office	403	21	424
Total	1,646	2,991	4,637

Megawide will continue to right size and hire qualified and competent employees for the next twelve months for its on-going projects.

Within the next 12 months, the Company expects its manpower complement as follows:

Division	Regular	Project Based	Total
Operations	1,243	2,970	4,213
Head Office	403	21	424
Total	1,646	2,991	4,637

The relationship and cooperation between the management and employees has been good and is expected to remain so in the future. Megawide has no collective bargaining agreements with its employees due to the absence of labor unions within the organization. There has not been any incidence of work stoppages. Megawide complies with the minimum wage and employment benefits standards pursuant to Philippine labor laws. As a supplemental benefit to its employees, the Company adopts an incentive system that rewards and recognizes the

employees who excel in their respective fields to foster the harmonious relationship between management and employees.

The Company maintains a partially funded and non-contributory post-employment defined benefit plan covering all regular full-time employees. The Company conforms to the minimum regulatory benefit under the R.A. No. 7641, Retirement Pay Law, which is of the defined benefit type and provides a retirement benefit in lump sum equal to 22.5-day pay for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement. The normal retirement age is 60 with a minimum of five years of credited service.

No single person is expected to make a significant contribution to the business since Megawide considers the collective efforts of all its employees as instrumental to the overall success its performance.

Edgar B. Saavedra, the Chairman, President and Chief Executive Officer (CEO), together with the other executives are currently the key decision makers. However, Megawide is continuously hiring experts to further strengthen and professionalize its organizational and management structure. Megawide continues to bolster its management positions in order to spread out responsibilities. It also provides various training programs for its employees to maintain competitiveness and efficiency.

INTELLECTUAL PROPERTY

Megawide has no other intellectual property except for these issued Certificates of Registration for the following trademarks by the Intellectual Property Office (IPO):

- a. for its typeface, a Certificate of Registration dated May 9, 2019 and expiring on May 9, 2029;

MEGAWIDE

- b. for its logo, a Certificate of Registration dated October 13, 2019 and expiring on October 13, 2029;



- c. for its logo with typeface, a Certificate of Registration dated October 13, 2019 and expiring on October 13, 2029; and

 **MEGAWIDE**

- d. for its tagline "**Engineering A First-World Philippines,**" a Certificate of Registration dated February 15, 2020 and expiring on February 15, 2030.

However, Megawide strongly believes that its operations are not dependent on any patent, trademark, copyright, license, franchise, concession, or royalty agreement.

COMPLIANCE WITH ENVIRONMENTAL LAWS

The Company has not identified any non-compliance with any environmental laws and/or regulations for the year 2019. As a business engaged in construction activities, Megawide adheres to various environmental laws such as Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990, Ecological Solid Waste Management Act of 2000, and the submission of Environmental Impact Statement (EIS) and acquisition of Environmental Compliance Certificate (ECC). Part of Megawide's expenses are payments for regulatory fees in compliance with said laws. On an annual basis, operating expenses incurred by Megawide to comply with environmental laws are not significant or material relative to the total costs and revenues of Megawide.

RESEARCH AND DEVELOPMENT

Megawide has an excellent Engineering Department that continuously adapts and responds to new inventions, standards and quality assurance in construction. It is also constantly working with international consultants for value engineering to achieve more cost-efficient building structures and maximum space utilization. There had been research and development expenses that are not significant or material relative to the total costs and revenues of Megawide and accounts for less than 1% of revenue for the past three (3) years.

GOVERNMENT APPROVAL AND PERMITS

All government approvals and permits issued by the appropriate government agencies or bodies which are material and necessary to conduct the business and operations of Megawide, were obtained and are in full force and effect.

Megawide and its business operations are subject to various laws and regulatory agencies, including the Contractor's License Law, nationality restrictions and environmental laws. Megawide complies with environmental laws and will keep abreast of any changes in such laws which may have an impact on its business.

Megawide complies with all local and national tax laws and regulations, and it shall continue to be so by diligently paying all taxes, including (but not limited to) income tax, withholding tax, real property tax and such other taxes that are assessed against it and which Megawide understands to be due.

The material permits, licenses and certifications of the Company are as follows:

	Issuing Agency	Permits/ Clearances	Date of Issuance	Expiration Date	Status/ Remarks
MEGAWIDE CONSTRUCTION CORPORATION					
1.	Business Permit and Licensing Office	Business Permit	01/04/2022	02/12/2023	Renewed
2.	Local Government Unit- Quezon City	Community Tax Certificate	01/31/2022	1/31/2023	Renewed
3.	Department of the Building Official	Building Permit 1 st – 6 th floor	09/01/2009	N/A	
4.	Department of the Building Official	Building Permit 7 th – 10 th floor	04/02/2014	N/A	
5.	Philippine Contractors Accreditation Board	Contractor's License	06/26/2021	06/30/2022	Renewed
6.	Department of the Building Official	Certificate of Operation of Existing Machinery	09/29/2021	09/29/2022	Renewed
7.	Department of the Building Official	Certificate of Operation: Elevator	09/29/2021	09/29/2022	Renewed

8.	Department of the Building Official	Certificate of Annual Electrical Inspection	09/29/2021	09/29/2022	Renewed
9.	Department of the Building Official	Certificate of Operation: Internal Combustion Engine	09/29/2021	09/29/2022	Renewed
10.	Barangay Hall of Valencia	Barangay Clearance	01/31/2022	12/31/2022	Renewed
11.	Philippine Health Insurance Corporation	Certificate of Registration	05/22/2019	N/A	
12.	Pag-Ibig Fund (Home Development Mutual Fund)	Clearance Certificate	11/14/2019	11/14/2020	Ongoing Renewal
13.	Department of the Building Official -Final Permit Division	Certificate of Final Inspection Certificate of Occupancy	07/22/2014	N/A	
14.	Securities and Exchange Commission	Amended Articles of Incorporation	09/22/2020	N/A	
15.	Securities and Exchange Commission	Amended By-Laws	09/22/2014	N/A	
16.	Securities and Exchange Commission	Certificate of Incorporation	07/28/2004	N/A	
17.	Securities and Exchange Commission	Certificate of Good Standing	04/28/2022	N/A	
18.	Board of Investments	Certificate of Registration	02/22/2019	N/A	
19.	DENR	Environmental Compliance Certificate – ECC	08/20/2009 03/21/2012	N/A	
20.	Securities and Exchange Commission	Certificate of Good Standing	05/02/2022	N/A	
ALTRIA EAST LAND, INC.					
1.	Local Government Unit-Taytay Rizal	Community Tax Certificate	02/02/2022	12/31/2022	Renewed
2.	Barangay Hall of San Juan	Barangay Clearance	02/22/2022	12/31/2022	Renewed
3.	Municipal Health Office	Sanitary Permit	02/22/2022	12/31/2022	Renewed
4.	Business Permit and Licensing Office	Business Permit	02/22/2022	12/31/2022	Renewed
5.	Securities and Exchange Commission	Certificate of Incorporation	04/16/2010	N/A	
GLOBEMERCHANTS, INC.					
1.	Bureau of Internal Revenue	Certificate of Registration	05/23/2016	N/A	
2.	Social Security System	Certificate of Registration	04/20/2017-	N/A	
3.	Securities and Exchange Commission	Certificate of Incorporation	05//05/2016	N/A	
4.	Barangay Hall of Pusok, Lapu Lapu	Barangay Clearance	01/22/2022	12/31/2022	Renewed

5.	Philippine Insurance Corporation	Certificate of Registration	12/13/2017	N/A	
6.	HDMF	Certification	04/20/2017	N/A	
7.	Bureau of Fire Protection	Fire Safety Inspection Certificate			Ongoing Renewal
8.	Business Permit and Licensing Office	Business Permit	02/17/2022	02/17/2023	Renewed
GMR MEGAWIDE CEBU AIRPORT CORPORATION					
1	Securities and Exchange Commission	Amended Articles of Incorporation	12/09/2014	N/A	
2.	Securities and Exchange Commission	Certificate of Incorporation	01/13/2014	N/A	
3.	Bureau of Internal Revenue	Certificate of Registration	01/13/2014	N/A	
4	Office of the Building Official	Certificate of Occupancy (Airport Terminal Building)	01/23/2015	N/A	
5	Office of the Building Official	Certificate of Use	06/08/2015	N/A	
6.	Office of the Building Official	Certificate of Occupancy (Terminal 1 Domestic Departure Entrance Area Modification)	04/10/2015	N/A	
7.	Office of the Building Official	Certificate of Occupancy (Terrace Office Modification)	03/13/2015	N/A	
8.	Business Permit and Licensing Office	Business Permit	05/02/2022	12/31/2022	Renewed
9.	Local Government Unit	Community Tax Certificate	01/13/2022	12/31/2022	Renewed
10.	Food and Drug Administration	License to Operate an X-ray Facility	04/17/2021	04/16/2026	Renewed
11.	Department of Environment and Natural Resources	Permit to Operate Air Pollution Source and Control Installations	01/07/2020	11/16/2024	Renewed
12.	Department of Transportation	Certificate of Interconnection	05/07/2018	N/A	
13.	Department of Environment and Natural Resources	Environmental Compliance Certificate	05/02/2015	N/A	
14.	Social Security System	Employer Registration	09/16/2014	N/A	
15.	Pag-Ibig Fund (Home Development Mutual Fund)	Employer's Data Form	10/13/2014	N/A	
16.	Philippine Health Insurance Corporation	Employer Data Record	08/2014	N/A	
17.	Department of Environment and Natural Resources	Hazardous Waste Generator Certificate of Registration	09/11/2019	N/A	

18.	Food and Drug Administration	License to Operate as Food/Wholesaler		02/05/2022	For renewal
MEGAWATT POWER, INC. (PREVIOUSLY KNOWN AS MEGAWATT CLEAN ENERGY, INC.)					
1.	Business Permit and Licensing Office	Business Permit	11/17/2021	11/17/2022	Renewed
2.	Barangay Hall of Valencia	Barangay Business Clearance	02/03/2022	12/31/2022	Renewed
3.	Department of Environment and Natural resources	Environmental Compliance Certificate	01/13/2016	N/A	
4.	Securities and Exchange Commission	Amended Articles of Incorporation (change of name)	08/30/2019	N/A	
5.	Securities and Exchange Commission	Certificate of Incorporation	09/04/2014	N/A	
6.	Department of Energy	Certificate of Registration	04/29/2015	N/A	
MEGAWIDE TERMINALS, INC. (PREVIOUSLY KNOWN AS WM PROPERTY MANAGEMENT, INC.)					
1.	Business Permit and Licensing Office	Business Permit	02/10/2020	12/31/2020	Ongoing Renewal
2.	Local Government Unit-Quezon City	Community Tax Certificate	02/03/2020	12/31/2020	Ongoing Renewal
3.	Securities and Exchange Commission	Amended Articles of Incorporation (change of name)	01/07/2019	N/A	
4.	Securities and Exchange Commission	Amended Articles of Incorporation	05/08/2015	N/A	
5.	Securities and Exchange Commission	Certificate of Approval of Increase of Capital Stock	05/08/2015	N/A	
6.	Securities and Exchange Commission	Certificate of Incorporation	11/11/2011	N/A	
MEGAWIDE LAND, INC.					
1.	Business Permit and Licensing Office	Business Permit	01/28/2020	12/31/2020	Ongoing Renewal
2.	Local Government Unit-Pasig City	Community Tax Certificate	01/21/2020	12/31/2020	Ongoing Renewal
3.	Office of the City Health Office- Pasig City	Temporary Sanitary Permit to Operate	01/18/2020	12/31/2020	Ongoing Renewal
4.	City Environment and Natural Resources Office	Environmental Permit to Operate	01/23/2020	12/31/2020	Ongoing Renewal
5.	Barangay City Hall of San Antonio	Barangay Clearance	01/16/2020	12/31/2020	Ongoing Renewal
6.	Securities and Exchange Commission	Certificate of Incorporation	10/28/2016	N/A	
MWM TERMINALS, INC.					
1.	Business Permit and Licensing Office	Business Permit	02/08/2022	12/31/2022	Renewed
2.	Local Government Unit - Parañaque City	Community Tax Certificate	02/02/2022	12/31/2022	Renewed

3.	Barangay Hall of Tambo	Barangay Clearance on Business	02/05/2021	12/31/2021	Ongoing Renewal
4.	Office of the City Health Office - Parañaque City	Sanitary Permit to Operate	02/05/2021	12/31/2021	Ongoing Renewal
5.	Bureau of Fire Protection	Fire Safety Inspection Certificate	12/15/2021	12/15/2021	Ongoing Renewal
6.	Office of the Building Official	Mechanical Permit	10/04/2016	N/A	
7.	Office of the Building Official	Fencing Permit	04/25/2016	N/A	
8.	Office of the Building Official	Electrical Permit	10/04/2016	N/A	
9.	Office of the Building Official	Building Permit	10/04/2016	N/A	
10.	Office of the Building Official	Occupancy Permits	11/13/2018 11/04/2019 12/04/2019	N/A	
11.	Office of the Building Official	Electronic Permits	10/04/2016	N/A	
12.	Department of Environment and National Resources	Environmental Compliance Certificate	04/27/2016	N/A	
13.	City Planning and Development Coordinator's Office	Locational Clearance	09/05/2016	N/A	
14.	Securities and Exchange Commission	Amendment of Articles of Incorporation	12/29/2020	N/A	
15.	Securities and Exchange Commission	Amendment of Articles of Incorporation	04/10/2018	N/A	
16.	Securities and Exchange Commission	Certificate of Approval of Increase of Capital Stock	05/04/2016	N/A	
17.	Securities and Exchange Commission	Certificate of Incorporation	02/03/2015	N/A	

LEGAL PROCEEDINGS

There are no pending bankruptcy, receivership or similar proceedings against the Company.

The following are the legal material cases Megawide is involved in:

Kuehne + Nagel, Inc. vs. Megawide

This is a case for sum of money with damages filed with the Regional Trial Court of Parañaque City Branch 258 on October 15, 2012 by Kuehne + Nagel, Inc. (KNI) against Megawide, demanding payment of Seven Million Four Hundred Sixty Thousand Nine Hundred Sixty-Seven and 22/100 Pesos (PhP 7,460,967.22), representing the balance for the various freight, fees, and charges in transporting the defendant's shipment from Germany to the Philippines. Megawide filed its Answer on December 18, 2012, with Special and Affirmative Defenses and Counterclaims. Megawide's defense is primarily anchored in KNI's failure to secure the Load Port Survey (LPS) Report which resulted in the delay of the release of the shipment from the Bureau of Customs. Consequently, the Bureau of Customs imposed a penalty amounting to Four Million Twenty-Seven Thousand Forty-Three and 22/100 Pesos (PhP 4,027,043.22). Megawide paid the said penalty and the amount of Three Hundred Fifty-Five Thousand Eight Hundred Ninety-Three and 75/100 Pesos (PhP

355,893.75) representing storage fees for more than two (2) months because KNI could not secure the immediate release of Megawide's shipment in view of the absence of the LPS Report.

On June 16, 2020, the Regional Trial Court rendered a decision in favor of Kuehne + Nagel. Megawide filed a Motion for Reconsideration but was denied in an Order dated September 17, 2020. Megawide filed its notice of appeal to the decision on October 23, 2020.

Daisy Joy Rojallo Cervantes, et al. vs. H.E. Benigno Simeon Aquino III, Hon. Enrique T. Ona, Hon. Teodoro J. Herbosa et. al.

On September 18, 2012, the National Economic and Development Authority (NEDA) approved the Modernization of the Philippine Orthopedic Center (MPOC). The MPOC is a Build-Operate-Transfer scheme pursuant to the Public-Private-Partnership program of the Aquino government. The MPOC Project involves the construction of a new hospital facility within the National Kidney and Transplant Institute Compound along East Avenue, Quezon City.

On January 31, 2014, the petitioners, composed of civil society groups, health workers, and patients of the Philippine Orthopedic Center (POC) who are opposed to the MPOC project filed a Petition for Certiorari and Prohibition before the Supreme Court against then President Benigno Simeon Aquino III, other government officials, and the consortium of Megawide Construction Corporation and World Citi Medical Center.

The petitioners prayed that the Supreme Court annul and set aside the MPOC project for being in violation of Article II, Section 15 of the Constitution and our treaty commitments recognizing the people's right to health. Petitioners argue that the government relinquished the duty and responsibility to provide and ensure a basic social service such as health to a private entity through privatization or commercialization of a government hospital (the POC). The petitioners further prayed that the court issue a writ of preliminary injunction or temporary restraining order to stop the implementation of the project.

On November 27, 2015, Respondents, represented by Manuel Louie B. Ferrer, filed a Manifestation that on November 10, 2015, respondents served their Notice of Termination to the Department of Health (DOH), which reads:

"In view of the foregoing, it is with deepest regret that we serve on your office this Notice of Termination of the BOT Agreement. Section 8.2 and 9.2 of the BOT Agreement provide that if the delay in the performance of the DOH exceeds one hundred eighty (180) days from Signing Date, the Project Proponent may opt to terminate the BOT Agreement. This one hundred eighty (180)-day period came and went over a year ago on September 2, 2014. Accordingly, the BOT Agreement will terminate on November 15, 2015 ('Termination Date')."

Due to this, Respondents asked for the dismissal of the Petition because it has been rendered moot and academic by the termination of the Project.

On 9 November 2020, the Supreme Court issued a Resolution requiring the parties to file their respective Memoranda. Megawide filed its Memorandum on 9 December 2020.

MC Montgear Electromech Corp. (Montgear) vs. Megawide

Montgear is a subcontractor of Megawide for several projects which filed a complaint against the latter for sum of money with the Regional Trial Court of Quezon City Branch 77 on October 12, 2017 seeking to recover its retention money amounting to Twenty-Two Million Six Two Thousand Twelve and 65/100 Pesos (PhP 22,062,012.65). In response, Megawide filed an Answer with Counterclaim amounting to Seventy-Seven Million Five Hundred Twenty-Two Thousand Three Hundred Thirty and 69/10 Pesos (PhP 77,522,330.69) corresponding to unpaid charges by Montgear. On February 04, 2020, Montgear filed a Reply with Answer to Counterclaim and Motion for Bill of Particulars. Upon Megawide's motion, the court expunged Montgear's filing due the latter's unreasonable delay in filing.

The trial is ongoing, and the next scheduled hearing for the presentation of Megawide's witnesses is on 20 April 2022.

Megawide vs. Maynilad Water Services, Inc. (Maynilad)

The case involves an application for an Interim Measure of Protection (Preliminary Injunction with Application for an Ex Parte twenty (20)-day Temporary Order of Protection [Temporary Restraining Order]) filed by Megawide against Maynilad with the Regional Trial Court of Quezon City Branch 84 on August 14, 2020 in order to prevent Maynilad from calling on the Performance Security and other securities submitted by the Megawide for the 88MLD Las Piñas Water Reclamation Facility Project.

The dispute arose from the Notice of Termination of the Project due to Force Majeure issued by Megawide, which Maynilad contested. After a series of hearings and submission of pleadings, the Regional Trial Court (RTC) granted the application for a twenty (20)-day Temporary Order of Protection on November 06, 2020 and ordered the return of the amounts acquired by Maynilad from its call on the securities. Maynilad submitted a Motion for Reconsideration of the said Order, and all parties submitted their respective Memoranda in relation to the Petition for Injunction. In a Decision dated April 05, 2021, the Court granted Megawide's application for Mandatory Injunction as an interim measure of protection in aid of arbitration.

Asiatech Development and Builders Corp. (Asiatech) vs. Megawide

Asiatech filed a disciplinary action against Megawide with the Philippine Contractors Accreditation Board (PCAB) on August 26, 2020 for Megawide's alleged fraudulent acts arising from its failure to pay Asiatech's receivables.

The PCAB ordered the parties to file their respective Memoranda, which order Megawide complied with by submitting its Memorandum on 9 December 2021.

MHI Engine Systems Philippines, Inc. vs. Megawide

MHI filed a case for sum of money claims against Megawide before the Muntinlupa City Regional Trial Court Branch 204 for the release of its retention money in the amount of Nine Million Five Hundred Seventy-Five Thousand Five Hundred Fifty-Four and 74/100 Pesos (PhP 9,575,554.74) as well as legal interest, attorney's fees and damages.

After the parties submitted their respective pleadings, the case was set for mediation before the Philippine Mediation Center – Muntinlupa on 5 April 2022. The pre-trial conference is also scheduled for 10 May 2022.

People of the Philippines vs. Manuel Louie B. Ferrer, et al.

On November 26, 2020, the National Bureau of Investigation filed a complaint before the Department of Justice (DOJ) for alleged violation of several laws, particularly, the Anti-Dummy Law against the following individuals:

Steve Dicdican, General Manager of Mactan-Cebu International Airport Authority (MCIAA);
Manuel Louie Ferrer, President of GMR Megawide Cebu Airport Corporation (GMCAC);
Edgar Saavedra, Director of GMCAC;
Oliver Tan, Director of GMCAC;
Jez Dela Cruz, Director of GMCAC;
Srinivas Bommidala, Chairman of GMCAC;
P. Sripathy, Director of GMCAC;
Vivek Singhai, Director of GMCAC;
Andrew Acquaah-Harrison, Chief Executive Advisor of GMCAC;
Ravi Bhatnagar, Chief Finance Advisor of GMCAC;
Ravishankar Saravu, Chief Commercial Adviser of GMCAC;
Michael Lenane, Chief Operations Officer of GMCAC;
Sudarshan MD, Deputy Chief Commercial Adviser of GMCAC;
Kumar Gauray, Manager of GMCAC;
Magesh Nambiar, Deputy Human Resources Head of GMCAC;
Rajesh Madan, Head of Finance of GMCAC; and
other John and/or Jane Does
(Respondents)

This case stemmed from a complaint filed by a certain Larry Iguidez, Jr. (Complainant) with the Anti-Fraud and Action Division of the NBI on September 07, 2020.

In a Subpoena dated December 18, 2020, Respondents were given until January 20, 2021 to obtain copies of the complaint, supporting affidavits, and other evidence filed against them. The Respondents were also given ten (10) days from January 20, 2021 to file their counter-affidavits.

After several submissions of pleadings, the DOJ, in a resolution dated October 08, 2021, found probable cause for the violation of Section 2-A of the Anti-Dummy Law. Ferrer, Saavedra, Tan, and Dela Cruz (Megawide Respondents) filed a Petition for Review with the Secretary of Justice on November 26, 2021, and is still pending.

On November 23, 2021, the DOJ filed an Information with the Regional Trial Court of Lapu-Lapu Branch 68 (RTC) for the Respondents' alleged violation of the Anti-Dummy Law. On the same day, Megawide Respondents filed an Omnibus Motion to quash the information, to defer the issuance of warrants of arrest and to dismiss the case. The RTC nevertheless issued warrants of arrest against the Respondents on November 25, 2021, and the Megawide Respondents and Respondent Acquaah-Harrison posted bail the following day, or on November 26, 2021.

The arraignment of the Respondents was conducted last March 28, 2022, wherein Respondents pleaded "not guilty" to the charges against them. Notwithstanding the arraignment, the Megawide Respondents filed on March 24, 2022 a Motion to Quash the Information on the ground that the Information does not allege an offense, given that the signing into law of Republic Act No. 11659, otherwise known as the Amended Public Service Act, has rendered the legal issue at hand moot and academic. After the parties submitted their respective pleadings in relation to the Motion to Quash, the court conducted a hearing last April 25, 2022 where the court deemed the Motion to Quash submitted for resolution and set a pre-trial conference on May 23, 2022. To this date, the Motion to Quash has not been resolved by the court and the pre-trial conference on May 23, 2022 was rescheduled to June 13, 2022.

CORPORATE GOVERNANCE

It is the firm belief of Megawide that, an organization that faithfully practices and implements the core principles of good corporate governance such as honesty, integrity, fairness, accountability, and transparency will, more often than not, outperforms and outshines its competitors. Thus, Megawide is in full compliance with the rules and regulations of SEC, PSE, and all other relevant rules and regulations, especially those involving public-listed companies.

Below are some of the Company's policies and programs in relation to corporate governance:

- a) In compliance with SEC M.C. No. 19, Series of 2016, Megawide adopted its New Manual and has taken several steps to apply its principles, such as constituting all the Board committees required therein:
 - i. Executive Committee;
 - ii. Finance Committee;
 - iii. Audit and Compliance Committee;
 - iv. Risk Oversight Committee; and
 - v. Governance, Nomination, and Compensation Committee.The charters and compositions of the foregoing Board committees are in accordance with the New Manual.
- b) The Company has elected three (3) independent directors to ensure that the Board will protect, not only the interests of the Company, but its shareholders as well.
- c) To further its corporate governance initiatives, Megawide, in 2018, implemented its Code of Business Conduct and Ethics, Code of Conduct and Ethical Standards for Suppliers, Insider Trading Policy, and Conflict of Interest Policy Supplemental Guidelines and Conflict of Interest Disclosure Form. Further, Megawide actively rolled out its Whistleblowing Policy to its employees, suppliers, vendors, and clients, to encourage the disclosure of illegal and dishonest activities occurring within the Company.

- d) In 2019, Megawide adopted its Anti-Fraud Policy, Board Self-Evaluation Policy, and introduced changes to its Related Party Transactions Policy in compliance with SEC M.C. No. 10 series of 2019. It also conducted an Annual Corporate Governance Training on November 13, 2019, with the assistance of the Institute of Corporate Directors, which was attended by the Company's directors and key officers.
- e) The Board revised the Company's vision, mission, and values, which it launched in 2019.
- f) To reinforce the Megawide's adherence to good corporate governance, and in compliance with its New Manual and SEC Memorandum Circular No. 04, Series of 2019, attached is the Company's Sustainability Report as Exhibit "4".
- g) The Company also complies with the regulatory requirements on corporate governance through the timely submission of its Integrated Annual Corporate Governance Report with the SEC and the regular updating of its corporate website (www.megawide.com.ph).

Pursuant to its commitment to good governance and business practice, Megawide continues to review and strengthen its policies and procedures, giving due consideration to developments in the area of corporate governance which it determines to be in the best interests of Megawide and its stockholders.

A full discussion on the corporate governance practices of Megawide are provided and explained in its Annual Corporate Governance Report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS**

The following management's discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's audited and unaudited financial statements, including the related notes, contained in this Prospectus. The financial information presented in this Prospectus is presented and based on a consolidated level. In 2020, the Group made certain prior period adjustments to reflect the appropriate classification and presentation to reflect the effect of prior period adjustment discussed in detail in the consolidated financial statements annexed in this Prospectus. This Prospectus contains forward-looking statements that involve risks and uncertainties. The Company cautions investors that its business and financial performance is subject to substantive risks and uncertainties. The Company's actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set out in "Risk Factors" of the Prospectus. In evaluating the Company's business, investors should carefully consider all of the information contained in "Risk Factors" of the Prospectus.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND
RESULTS OF OPERATIONS AS OF AND FOR THE FULL YEAR ENDED DECEMBER 31,
2021 COMPARED TO FULL YEAR ENDED DECEMBER 31, 2020**

Results of Operations

Amounts in ₱ thousands	DECEMBER 31		HORIZONTAL ANALYSIS		VERTICAL ANALYSIS	
	2021	2020	Increase (Decrease)		2021	2020
			Amount	%		
REVENUES						
Construction operation revenues	₱14,329,464	₱10,842,200	3,487,264	32%	92%	84%
Airport operations revenues	576,043	1,108,668	(532,625)	-48%	4%	9%
Landport operations revenues	715,039	902,414	(187,375)	-21%	5%	7%
Trading operations revenues	23,426	69,945	(46,519)	-67%	0%	1%
	15,643,972	12,923,227	2,720,745	21%	100%	100%
DIRECT COSTS						
Costs of construction operations	12,130,698	9,393,547	2,737,151	29%	78%	73%
Costs of airport operations	388,165	634,707	(246,542)	-39%	2%	5%
Costs of landport operations	369,475	355,896	13,579	4%	2%	3%
Costs of trading operations	15,969	20,960	(4,991)	-24%	0%	0%
	12,904,307	10,405,110	2,499,197	24%	82%	81%
GROSS PROFIT	2,739,665	2,518,117	221,548	9%	18%	19%
OTHER OPERATING EXPENSES	1,782,996	1,535,707	247,289	16%	11%	12%
OPERATING PROFIT	956,669	982,410	(25,741)	-3%	6%	8%
OTHER INCOME (CHARGES)						
Finance costs - net	(2,327,497)	(1,811,968)	(515,529)	28%	-15%	-14%
Others - net	647,046	219,749	427,297	194%	4%	2%
	(1,680,451)	(1,592,219)	(88,232)	6%	-11%	-12%
PROFIT BEFORE TAX	(723,782)	(609,809)	(113,973)	19%	-5%	-5%
TAX EXPENSE	169,372	264,787	(95,415)	-36%	1%	2%
NET PROFIT (LOSS)	(893,154)	(874,596)	(18,558)	2%	-6%	-7%
Net Profit						
Attributable To:						
Shareholders of the Parent Company	(342,985)	(398,150)	55,165	-14%	-2%	-3%
Non-controlling interests	(550,169)	(476,446)	(73,723)	15%	-4%	-4%
	(893,154)	(874,596)	(18,558)	2%	-6%	-7%
Earnings per Share:						
	-₱0.42	-₱0.33				

Revenues increased by 21% or PhP 2.72 billion

Consolidated revenues for the period amounted to PhP 15.64 billion, 21% or PhP 2.72 billion higher from the same period last year. The construction segment revenue amounted to PhP 14.33 billion, 32% or PhP 3.49 billion above from year ago levels and contributed 92% to the consolidated revenues. From quarantine restrictions imposed by the government last March 16, 2020, construction segment slowly transitioned to normal levels starting 3rd quarter of 2020. In 2021 operations of on-going projects started to normalize and continued to ramp up due to the start of newly awarded projects such as Suntrust Home Developers' Suncity West Side City project, Megaworld's Newport Link project, and the DOTr's Malolos Clark Railway Phase 1 Project 3 which is a joint venture project with Hyundai Engineering & Construction Co., Ltd., and Dongah Geological Engineering Company Ltd.

Airport segment continues to struggle with 10% of the pre-pandemic air traffic volume though remains optimistic of a turnaround once the global vaccination program has been effectively rolled out. Revenue during the period amounted to PhP 576 million, 48% or PhP 533 million lower than the same period last year and contributed 4% to the total consolidated revenue due to the effect of international and local travel restrictions, beginning March 16, 2020 and persisted until December 31, 2021, as a means to control the spread of COVID-19. International passenger arrivals from COVID-19 affected countries like China, Japan, and Korea are still down while domestic volumes declined as the government declared a state of public emergency and placed Luzon under ECQ, which persisted during the MECQ and general community quarantine (GCQ) periods. Airport merchandising segment, which is ancillary to airport operations, likewise experienced a slowdown in sales due to reduced passenger traffic translating to 67% decline in revenue.

Landport operations delivered revenue of PhP 715 million from office towers and commercial spaces during the period and contributed 5% to the total consolidated revenues. Due to the restrictions in foreign travel, Philippine Offshore Gaming Operators (POGO) experienced indefinite disruption on their operations, resulting in lower office occupancy levels and translated to 21% or PhP 187 million lower revenues from the same period last year. PITX continued to serve as a transportation convergence point during ECQ and ever since terminal operations reopened last June 08, 2020 after Manila was placed under GCQ by the government and resumed near normalcy in operations to serve commuters going to different places of work.

Direct Costs increased by 24% or PhP 2.5 billion

Direct costs amounted to PhP 12.9 billion and were higher by 24% or PhP 2.5 billion. The movement was consistent with the revenue performance across all three segments, taking in consideration fixed costs and depreciation expenses despite reduced passenger volumes and lower occupancy rate at the airport and landport terminals.

Gross Profit increased by 9% or PhP 222 million

Consolidated gross profit amounted to PhP 2.74 billion in 2021, translating to a consolidated gross profit margin of 18%. The construction business contributed PhP 2.2 billion or 80% of the Group's gross profit. Terminal operations contributed PhP 346 million or 13% while airport operations and merchandising segment accounted for PhP 195 million or 7% to the total gross profit.

Other Operating Expenses increased by 16% or PhP 247 million

Net Other Operating Expenses amounted to PhP 1.78 billion. The increase of PhP 247 million is mainly related to impairment losses recognized on receivables amounting to P205 million.

Other Income (Charges) increased by 6% or PhP 88 million

Other charges - net, which consists of finance cost, finance income and other income (expenses) amounted to PhP 1.68 billion, 6% lower from year-ago levels. The reduction is due mainly to the recognition of gain on loan modification amounting to PhP 208 million in 2021 and mark-to-market gain on the airport segment's interest rate swap recognized this year compared to market-to-market loss on IRS booked on the same period last year recorded under other income (expense). However, this is offset by the unrealized foreign exchange loss recognized in 2021 from the USD loans under the airport segment due to the higher peso to dollar exchange rate compared to the unrealized foreign exchange gain recognized on the same period last year.

Tax Expense decreased by PhP 95 million or 36%

Total tax expense decreased in 2021 due to the decrease in tax expense in the is directly related to the reduction in tax rate from 30% to 25% under the CREATE law.

Consolidated Net Loss decreased by 2% or PhP 19 million

Consolidated net loss amounted to PhP 893 million compared to consolidated net loss of PhP 875 million in 2020. Marginal improvement is related to improvement in construction operations which posted a profit of P401 million compared with last year's loss of P497 million, though was offset by airport segment as minimal revenues were generated from airport and travel-related segments due to disrupted operations arising from the global response to the COVID-19 crisis.

Financial Condition

(Amounts in P thousands)	December 31		HORIZONTAL ANALYSIS		VERTICAL ANALYSIS	
	2021	2020	Increase (Decrease) Amount	%	2021	2020
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	₱5,846,088	₱7,226,150	(1,380,062)	-19%	7%	9%
Trade and other receivables – net	16,970,556	15,299,050	1,671,506	11%	20%	19%
Construction materials	2,045,159	1,719,043	326,116	19%	2%	2%
Contract assets	4,777,704	4,231,600	546,104	13%	6%	5%
Other current assets	10,132,960	7,956,744	2,176,216	27%	12%	10%
Total Current Assets	39,772,467	36,432,587	3,339,880	9%	47%	45%
NON-CURRENT ASSETS						
Financial assets as fair value through other comprehensive income	3,544	3,544	-	0%	0%	0%
Investments in associates	861,513	929,196	(67,683)	-7%	1%	1%
Concession assets	30,503,823	29,928,728	575,095	2%	36%	37%
Property, plant, and equipment -net	7,166,867	7,239,862	(72,995)	-1%	8%	9%
Investment properties	4,493,344	4,378,381	114,963	3%	5%	5%
Deferred tax assets - net	24,595	9,626	14,969	156%	0%	0%
Other non-current assets	2,350,476	2,421,845	(71,369)	-3%	3%	3%
Total Non-current Assets	45,404,162	44,911,182	492,980	1%	53%	55%
TOTAL ASSETS	₱85,176,629	₱81,343,769	3,832,860	5%	100%	100%
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Interest-bearing loans and borrowings	₱14,780,086	₱13,130,458	1,649,628	13%	17%	16%
Trade and other payables	8,616,717	8,291,952	324,765	4%	10%	10%
Contract liabilities	3,703,189	2,115,257	1,587,932	75%	4%	3%
Other current liabilities	265,859	218,177	47,682	22%	0%	0%
Total Current Liabilities	27,365,851	23,755,844	3,610,007	15%	32%	29%
NON-CURRENT LIABILITIES						
Interest-bearing loans and borrowings	34,721,410	32,789,908	1,931,502	6%	41%	40%
Contract Liabilities	2,056,202	2,478,673	(422,471)	-17%	2%	3%
Post-employment defined benefit obligation	300,125	343,402	(43,277)	-13%	0%	0%
Deferred tax liabilities - net	872,561	801,849	70,712	9%	1%	1%
Other non-current liabilities	659,573	651,626	7,947	1%	1%	1%
Total Non-current Liabilities	38,609,871	37,065,458	1,544,413	4%	45%	46%
Total Liabilities	65,975,722	60,821,302	5,154,420	8%	77%	75%
EQUITY						
Equity attributable to shareholders of the Parent Company:						
Common stock	2,528,052	2,486,427	41,625	2%	3%	3%
Additional paid-in capital	16,987,856	13,057,711	3,930,145	30%	20%	16%
Revaluation reserves	94,012	(8,951)	102,963	-1150%	0%	0%
Other reserves	(22,475)	(22,475)	-	0%	0%	0%
Treasury shares	(8,615,691)	(4,615,691)	(4,000,000)	87%	-10%	-6%
Retained earnings	5,555,677	6,404,292	(848,615)	-13%	7%	8%
Total equity attributable to shareholders of the Parent Company	16,527,431	17,301,313	(773,882)	-4%	19%	21%
Non-controlling interests	2,673,476	3,221,154	(547,678)	-17%	3%	4%
Total Equity	19,200,907	20,522,467	(1,321,560)	-6%	23%	25%
TOTAL LIABILITIES AND EQUITY	₱85,176,629	₱81,343,769	₱3,832,860	5%	100%	100%

Review of financial conditions as of December 31, 2021 as compared with financial conditions as of December 31, 2020

Current Assets increased by 9% or by PhP3.34 billion

The following discussion provides a detailed analysis of the increase in current assets:

Cash and Cash Equivalents decreased by 19% or PhP 1.38 billion

The decrease in cash and cash equivalents was due to payment of PhP 2.4 billion finance cost, PhP 506 million dividends on preferred shares and various acquisitions of precast and construction equipment to ramp up capacity. This is offset by proceeds from the down payments of clients for newly awarded projects during the period and increase in operating cash flow from construction segment.

Trade and Other Receivables increased by 11% or by PhP 1.67 billion

The increase in contract receivables by PhP 581 million is related to milestone payment contractual arrangement with customers, special payment arrangements to key clients and timing difference in collections as substantial portion of work accomplishment has been billed towards the end of the quarter and hence are being reviewed by the client whereas some recently billed receivables are not yet due. Interest receivable increased by P441 million while retention receivable increased by P76 million. Receivable from airport operations increased by P129 million due to the increase in revenue during the month of December as economies opened and our country relaxed travel policies. Meanwhile, receivables from Terminal operations increased by PhP 319 million due to relaxation of payment schedule with the tenants in support to Bayanihan to Heal as One Act. To minimize credit risk, PITx as a matter of policy, ensures that there is sufficient amount of security deposits and advance rentals to cover unpaid balances.

Inventory of Construction Materials increased by 19% or PhP 326 million

The increase in inventory levels during the period was due to the new projects started during the period, as well as to comply with the Company's business strategy to maintain buffer levels of inventory at site, considering longer procurement lead time during the quarantine period imposed by the government.

Contract assets increased by 13% or PhP 546 million

The increase in contract assets is attributed to timing difference on actual billing for portion of work-in-progress completed during the period, which can be billed and evaluated by the client upon completion of the said scope or activity.

Other Current Assets increased by 27% or by PhP 2.18 billion

The increase was mainly due to advances made by the Parent to its suppliers and subcontractors for its new projects to lock in prices for steel required for the structural construction of Sun City Project and the advances to supplier amounting to PhP 563 million for MCRP. The related input VAT also increased as a result of payments made to subcontractors. This is offset by the decrease in creditable withholding taxes under the construction segment that is directly related to the increase in tax expense.

Non-Current Assets increased by 1% or PhP 493 million

The following discussion provides a detailed analysis of the decrease in non-current assets:

Investments in Associates and Joint Ventures decreased by 7% or by PhP 68 million

The decrease is a result of share in the net losses taken up on the Group's investment in various joint ventures and associates.

Concession Assets increased by 2% or by PhP 575 million

The increase in Concession Assets was attributed to capital investments of GMCAC related to its obligations under the concession agreement. Meanwhile, amortization charges for the period amounted to PhP 50 million.

Property, Plant and Equipment decreased by 1% or by PhP 73 million

The Group recognized depreciation charges on property, plant and equipment amounting to PhP 1.47 billion and procured certain pre-cast equipment to expand capacity of construction

support and service units and various specialized equipment to support specification requirement of the ongoing projects.

Investment Properties increased by 3% or by PhP 115 million

The increase is mainly related to the additions in the landport property amounting to P230 million representing additional improvements in the commercial and parking area. This was reduced by depreciation charges for the period amounting to PhP 86 million.

Deferred tax assets increased by 156% or PhP 15 million

The increase was due to the reversal of deferred tax assets recognized by a foreign subsidiary and the resulting net deferred tax asset from construction segment as compared with the previous years due to deferred taxes on impairment loss recognized during the year and increase in deferred tax on the effect of PFRS 15 on significant financing component.

Other Non-Current Assets decreased by 3% or PhP 71 million

The decrease in Other Non-Current Assets was mainly due to decrease of P 238 million in investment in trust fund, the cash waterfall account for the airport segment loan but was offset increase in the deferred input VAT balance of the Group amounting to P 107 million as well as higher refundable deposits under MWM amounting to P 51 million.

LIABILITIES AND EQUITY

Current Liabilities increased by 15% or PhP 3.61 billion

The following discussion provides a detailed analysis of the decrease in current liabilities:

Interest-Bearing Loans and Borrowings-Current increased by PhP 1.65 billion or 13%

The increase is mainly related to additional borrowings for the period to support mainly the capital asset requirement of the construction segment and reclassification to current portion of long term loan based on the scheduled payment for the next year. The increase was offset by loans of GMCAC were reclassified from current to non-current amounting to PhP 824 million. On May 4, 2021, GMCAC and the lenders executed the second amendment to the amended and restated Omnibus Loan and Security Agreement (OLSA), revising and pushing the schedule of the principal repayment to 2024. As a result, the current portion of long-term loan recognized in the previous year were reclassified to non-current.

Trade and Other Payables increased by 4% or by PhP 325 million

The increase is mainly due to the additional infusion of the minority shareholder to the airport operations to comply with the restated OLSA amounting to P308 million. This was offset by the payment of accrued interest. Under the amended OLSA previously discussed, 20% of the accrued interest related to the period was paid in May 2021, while the balance shall be paid on June 15, 2023 together with the interest accrued. For interest incurred from March 31, 2021 to December 15, 2021, 37% of the accrued interest related to the period shall be paid monthly starting May 15, 2021 until December 15, 2021, the balance shall be paid on December 2023 together with the interest accrued.

Contract liabilities – current increased by 75% or PhP 1.59 billion

The increase is mainly related to reclassification from noncurrent portion as accomplishments are expected to be higher in the next year which will result to higher recoupment of downpayments from client.

Other Current Liabilities increased by 22% or by PhP 48 million

The increase is due to the increase in tax liabilities of the Group such as withholding taxes and output VAT.

Non-Current Liabilities increased by 4% or PhP 1.54 billion

The following discussion provides a detailed analysis of the increase in non-current liabilities:

Interest-Bearing Loans and Borrowings-Non-Current increased by 6% or PhP 1.93 billion

On May 4, 2021, GMCAC and the lenders executed the second amendment to the amended and restated Omnibus Loan and Security Agreement, which revised the schedule of the

principal repayments to 2024. As a result of this arrangement, interest bearing loans for GMCAC were increased by P2.1 billion. Meanwhile, current portion of finance lease payables amounting to PhP 91 million were reclassified to current loans based on scheduled payments within one year horizon.

Contract liabilities –non current decreased by 17% or PhP 422 million

The increase is mainly related to downpayments received in 2021 for newly awarded contracts such as SunCity and share in MCRP.

Post employment defined benefit obligation decreased by 13% or by PhP 43 million

The post employment defined benefit obligation decrease due to experience adjustments and changes in demographic assumptions.

Deferred tax liabilities increased by 9% or by PhP 71 million

The decrease in deferred tax liabilities was mainly due to construction segment which had a net deferred tax asset position of P10 million at the end of the year compared to last year deferred tax liability position amounting to P26 million. Other decrease is arising from the adjustment of tax rate from 30% to 25%.

Other non-current liabilities increased by 1% or PhP 8 million

The increase is due to the net movement in security deposits and advanced rent from the landport and airport segments during the period arising from new lease contracts.

Equity attributable to Parent decreased by 4% or by PhP 774 million

The decrease in equity was mainly due to dividend payments of PhP 506 million to preferred stock shareholders and P343 million net loss attributable to Parent for the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS AS OF AND FOR THE FULL YEAR ENDED DECEMBER 31, 2020 COMPARED TO FULL YEAR ENDED DECEMBER 31, 2019

Results of Operations

Amounts in ₱ thousands	DECEMBER 31		HORIZONTAL ANALYSIS		VERTICAL ANALYSIS	
	2020	2019	Increase (Decrease)		2020	2019
			Amount	%		
REVENUES						
Construction operation revenues	₱10,842,200	₱15,309,069	(4,466,869)	-29%	84%	77%
Airport operations revenues	1,108,668	3,691,112	(2,582,444)	-70%	9%	19%
Landport operations revenues	902,414	555,402	347,012	62%	7%	3%
Trading operations revenues	69,945	326,221	(256,276)	-79%	1%	2%
	12,923,227	19,881,804	(6,958,577)	-35%	100%	100%
DIRECT COSTS						
Costs of construction operations	9,393,547	13,291,798	(3,898,251)	-29%	73%	67%
Costs of airport operations	634,707	1,536,617	(901,910)	-59%	5%	8%
Costs of landport operations	355,896	334,155	21,741	7%	3%	2%
Costs of trading operations	20,960	88,214	(67,254)	-76%	0%	0%
	10,405,110	15,250,784	(4,845,674)	-32%	81%	77%
GROSS PROFIT	2,518,117	4,631,020	(2,112,903)	-46%	19%	23%
OTHER OPERATING EXPENSES	1,535,707	1,827,166	(291,459)	-16%	12%	9%
OPERATING PROFIT	982,410	2,803,854	(1,821,444)	-65%	8%	14%
OTHER INCOME (CHARGES)						
Finance costs - net	(1,811,968)	(1,541,090)	(270,878)	18%	-14%	-8%
Others - net	219,749	172,472	47,277	27%	2%	1%
	(1,592,219)	(1,368,618)	(223,601)	16%	-12%	-7%
PROFIT BEFORE TAX	(609,809)	1,435,236	(2,045,045)	-142%	-5%	7%
TAX EXPENSE	264,787	324,202	(59,415)	-18%	2%	2%
NET PROFIT (LOSS)	(874,596)	1,111,034	(1,985,630)	-179%	-7%	6%
Net Profit						
Attributable To:						
Shareholders of the Parent Company	(398,150)	859,487	(1,257,637)	-146%	-3%	4%
Non-controlling interests	(476,446)	251,547	(727,993)	-289%	-4%	1%
	(874,596)	1,111,034	(1,985,630)	-179%	-7%	6%
Earnings per Share:	-₱0.33	₱0.28				

Revenues at PhP 12.92 billion or 35% lower than FY2019

Consolidated revenues for the period amounted to PhP 12.92 billion, 35% or PhP 6.96 billion lower from 2019 levels. The construction segment revenue amounted to PhP 10.84 billion, PhP 4.47 billion or 29% below from year ago levels and contributed 84% to the consolidated revenues. Since the government imposed the enhanced community quarantine (ECQ) last March 17, 2020, construction activities have been suspended. During the modified enhanced community quarantine (MECQ) beginning May 16, 2020, construction activities resumed but labor availability and supply chain has been disrupted, resulting in slow down and delayed ramp up of construction revenues. As government started to ease restrictions beginning June, operations started to improve during the second (2nd) half, though still lower than normal levels due to limited mobility and supply chain constraints.

Airport operations delivered PhP 1.11 billion in revenue in 2020, 70% or PhP 2.58 billion lower from full year 2019 due to travel restrictions imposed during the quarantine periods. International passenger arrivals from COVID-19 affected countries like China, Japan, and Korea went down beginning February while domestic volumes declined as the government declared a state of public emergency and placed Luzon under ECQ, which persisted during the MECQ and general community quarantine (GCQ) periods. Airport merchandising segment, which is

ancillary to airport operations, likewise experienced a slowdown in sales beginning February due to reduced passenger throughput and generated revenue of PhP 70 million.

Landport operations, which started full operations in latter half of 2019, delivered revenue of PhP 902 million in 2020 and contributed 7% share to the consolidated revenues. Revenues mostly came from office tower and commercial space leases. Despite temporary suspension of terminal operations due to the ECQ beginning second (2nd) half of March 2020, PITx continued to serve as a transportation convergence point for healthcare workers and frontliners. Terminal operations reopened last June 8, 2020, after Manila was placed under GCQ by the government, and continued to operate near normalcy to serve commuters going to different places of work.

Direct Costs decreased by 32% or PhP 4.85 billion

Direct costs amounted to PhP 10.41 billion, lower by 32% or PhP 4.85 billion versus same period last year. The decline in costs was related to the decrease in construction activities and limited airport and landport operations and in line with the lower revenues for the year.

Gross Profit at PhP 2.52 billion

Consolidated gross profit amounted to PhP 2.52 billion, translating to a consolidated gross profit margin of 19%. Construction operations contributed the bulk at PhP 1.45 billion or 58% to the consolidated gross profit. The landport and airport operations contributed PhP 547 million and PhP 474 million, respectively, comprising 22% and 19% shares, respectively. The balance came from the airport merchandising segment.

Other Operating Expenses lower by 16% or PhP 291 million

Net Other Operating Expenses for 2020 amounted to PhP 1.54 billion, PhP 291 million or 16% lower from 2019 levels. The decrease was mainly related to the cost cutting measures and process improvements implemented in 2020 in response to the COVID-19 pandemic.

Other Income (Charges) increased by 16% or PhP 224 million

Other income (charges), which consists of finance cost, finance income and other income (expenses), increased due to full year recognition of interest expense from PITx loans availed in the last quarter of 2019, additional interest from GMCAC from unamortized borrowing cost with the official completion of Terminal renovation in January 2020, and the reduction of other income for the year.

Tax Expense decreased by PhP 59 million or 18%

Tax expense for the year amounting to PhP 265 million mainly pertained to deferred tax expense of GMCAC due to the timing of recognition of amortization of concession asset for tax purposes and tax expense from net profit of landport and construction segment.

Consolidated Net Loss for the period amounted to PhP 875 million

The consolidated net loss of PhP 875 million for 2020 was mainly attributed to minimal revenues generated from construction and airport segments due to limited construction activities and travel restrictions, respectively, imposed by the government to mitigate increase of COVID-19 cases.

Financial Condition

(Amounts in ₱ thousands)	December 31		HORIZONTAL ANALYSIS		VERTICAL ANALYSIS	
	2020	2019	Increase (Decrease) Amount	%	2020	2019
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	₱7,226,150	₱6,518,600	₱707,550	11%	9%	8%
Trade and other receivables – net	15,299,050	17,373,477	(2,074,427)	-12%	19%	22%
Construction materials	1,719,043	1,287,128	431,915	34%	2%	2%
Contract assets	4,231,600	3,975,734	255,866	6%	5%	5%
Other current assets	7,956,744	6,310,724	1,646,020	26%	10%	8%
Total Current Assets	36,432,587	35,465,663	966,924	3%	45%	44%
NON-CURRENT ASSETS						
Financial assets as fair value through other comprehensive income	3,544	3,544	-	0%	0%	0%
Investments in associates	929,196	959,506	(30,310)	-3%	1%	1%
Concession assets	29,928,728	29,436,586	492,142	2%	37%	36%
Property, plant, and equipment -net	7,239,862	7,624,032	(384,170)	-5%	9%	9%
Investment properties	4,378,381	4,228,699	149,682	4%	5%	5%
Deferred tax assets - net	9,626	44,299	(34,673)	-78%	0%	0%
Other non-current assets	2,421,845	3,001,997	(580,152)	-19%	3%	4%
Total Non-current Assets	44,911,182	45,298,663	(387,481)	-1%	55%	56%
TOTAL ASSETS	₱81,343,769	₱80,764,326	579,443	1%	100%	100%
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Interest-bearing loans and borrowings	₱13,130,458	₱14,701,064	(1,570,606)	-11%	16%	18%
Trade and other payables	8,291,952	8,167,589	124,363	2%	10%	10%
Contract liabilities	2,115,257	2,805,627	(690,370)	-25%	3%	3%
Other current liabilities	218,177	220,062	(1,885)	-1%	0%	0%
Total Current Liabilities	23,755,844	25,894,342	(2,138,498)	-8%	29%	32%
NON-CURRENT LIABILITIES						
Interest-bearing loans and borrowings	32,789,908	33,051,851	(261,943)	-1%	40%	41%
Contract Liabilities	2,478,673	2,125,643	353,030	17%	3%	3%
Post-employment defined benefit obligation	343,402	340,207	3,195	1%	0%	0%
Deferred tax liabilities - net	801,849	612,629	189,220	31%	1%	1%
Other non-current liabilities	651,626	741,142	(89,516)	-12%	1%	1%
Total Non-current Liabilities	37,065,458	36,871,472	193,986	1%	46%	46%
Total Liabilities	60,821,302	62,765,814	(1,944,512)	-3%	75%	78%
EQUITY						
Equity attributable to shareholders of the Parent Company:						
Common stock	2,486,427	2,439,426	47,001	2%	3%	3%
Additional paid-in capital	13,057,711	8,776,359	4,281,352	49%	16%	11%
Revaluation reserves	(8,951)	(63,384)	54,433	-86%	0%	0%
Other reserves	(22,475)	(22,475)	-	0%	0%	0%
Treasury shares	(4,615,691)	(3,912,618)	(703,073)	18%	-6%	-5%
Retained earnings	6,404,292	7,083,443	(679,151)	-10%	8%	9%
Total equity attributable to shareholders of the Parent Company	17,301,313	14,300,751	3,000,562	21%	21%	18%
Non-controlling interests	3,221,154	3,697,761	(476,607)	-13%	4%	5%
Total Equity	20,522,467	17,998,512	2,523,955	14%	25%	22%
TOTAL LIABILITIES AND EQUITY	₱81,343,769	₱80,764,326	₱579,443	1%	100%	100%

Review of financial conditions as of December 31, 2020 as compared with financial conditions as of December 31, 2019

Current Assets increased by 3% or PhP 967 million

The following discussion provides a detailed analysis of the increase in current assets:

Cash and Cash Equivalents increased by 11% or PhP 708 million

The increase in cash and cash equivalents was due to proceeds from the preferred shares issued in November 2020, offset by the acquisition of shares, dividend payments for the 2019 declaration, and decrease in operating cash flow from its airport and PITx in 2020.

Trade and Other Receivables decreased by 12% or PhP 2.07 billion

The decrease in contract receivables was largely due to the PhP 3.50 billion collection from the Clark airport project representing the first (1st) and second (2nd) milestone payments. Lower receivables from airport segment is due to lower revenues. Meanwhile, receivables from terminal operations increased due to recognition of additional lease income of PhP 142 million in accordance with PFRS 16 and uncollected billings from tenants of PhP 385 million due to deferral of payments granted to tenants.

Inventory of Construction Materials increased by 34% or PhP 432 million

The increase towards the last quarter of the year is consistent to the Company's business strategy to keep enough levels of inventory at site considering longer procurement lead time during the quarantine period imposed by the government.

Contract assets increased by 6% or PhP 256 million

The increase in contract assets is attributed to costs to mobilize newly awarded projects and ramp-up costs arising from the quarantine periods as production capacity is still to reach normal levels.

Other Current Assets increased by 26% or PhP 1.65 billion

The increase was mainly due to advances made by the Parent to its suppliers and subcontractors for its new projects to lock in supply and cost of major raw materials. The related input VAT also increased as a result of payments made to subcontractors. Also, deferred fulfillment cost which refers to project cost of contracts awaiting signature or under evaluation increased due to various bidding and pre-construction activities.

Non-Current Assets decreased by 1% or PhP 387 million

The following discussion provides a detailed analysis of the decrease in non-current assets:

Investments in Associates and Joint Ventures decreased by 3% or PhP 30 million

The decrease was a result of the share in the net losses taken up on the Group's investment in various joint ventures and associates.

Concession Assets increased by 2% or PhP 492 million

The increase in Concession Assets was attributed to capital investments of GMCAC related to the renovation of Terminal 1 at the airport. Meanwhile, amortization charges for the year amounted to PhP 163 million.

Investment Properties increased by 4% or PhP 150 million

The increase is in relation to additions in investment properties in MWMTI.

Property, Plant and Equipment decreased by 5% or PhP 384 million

The decrease in the account resulted from the Group's recognition of depreciation charges on property, plant and equipment amounting to PhP 1.02 billion and procurement of certain construction equipment to support specific requirements of the ongoing projects.

Deferred tax assets decreased by PhP 35 million or 78%

The decrease was due to recognition of deferred tax liabilities of landport segment, hence, the net balance is now presented as part of deferred tax liabilities.

Other Non-Current Assets decreased by 19% or PhP 580 million

The decrease in Other Non-Current Assets was mainly due to the release of GMCAC's "Cash Flow Waterfall Accounts" as required under the Omnibus Loan and Security Agreement in payment for GMCAC's maturing loans.

LIABILITIES AND EQUITY

Current Liabilities decreased by 8% or PhP 2.14 billion

The following discussion provides a detailed analysis of the decrease in current liabilities:

Interest-Bearing Loans and Borrowings-Current decreased by 11% or PhP 1.57 million

The decrease in short-term loans and borrowings was related to the payment of short-term loans for the Clark Airport project upon collection of the portion of receivables from the said project. Payment was made in accordance with the terms of the loan agreement.

Trade and Other Payables increased by 2% or by PhP 124 million

The increase was mainly due to volume and timing of purchases and payments to suppliers and subcontractors. Some invoices pertaining to delivery of construction materials were received and processed by end of year.

Contract liabilities decreased by 25% or PhP 690 million

The decrease in contract liabilities was related to recoupment for ongoing projects.

Other Current Liabilities decreased by 1% or by PhP 2 million

The decrease in other current liabilities was attributed to the net decrease in VAT payable of the Group, particularly for the airport segment.

Non-Current Liabilities decreased by 1% or PhP 194 million

The following discussion provides a detailed analysis of the decrease in non-current liabilities:

Interest-Bearing Loans and Borrowings-Non-Current decreased by PhP 262 million or 1%

The decrease in long-term loans and borrowings was due to reclassification of current portion of both GMCAC and MWMTI's long-term debt to current.

Post-employment defined benefit obligation increased by 1% or PhP 3 million

The increase was mainly related to the recognition of current service cost of GMCAC.

Deferred tax liabilities increased by 31% or PhP 189 million

The increase in deferred tax liabilities was traced to the impact on taxes of the recognition of additional revenue and finance cost in accordance with PFRS 16 as well as the airport's depreciation policy.

Other non-current liabilities decreased by 12% or PhP 90 million

The decrease the account was mainly due to application of security deposits on expired or cancelled contracts for the landport and airport operations.

Equity attributable to shareholders of the Parent Company increased by 21% or PhP 3 billion

The increase in equity was mainly the function of the proceeds received from the issuance of preferred shares amounting to PhP 4.3 billion, partially offset by the share buyback program of the Parent amounting to PhP 703 million, dividend payments to preferred stock shareholders, and net loss for the period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS FOR THE FULL YEAR ENDED DECEMBER 31, 2019 COMPARED TO FULL YEAR ENDED DECEMBER 31, 2018

Results of Operations

Amounts in ₱ thousands	DECEMBER 31		HORIZONTAL ANALYSIS		VERTICAL ANALYSIS	
	2019	2018	Increase (Decrease)		2019	2018
			Amount	%		
REVENUES						
Construction operation revenues	₱15,309,069	₱12,845,830	2,463,239	19%	77%	80%
Airport operations revenues	3,691,112	2,995,981	695,131	23%	19%	19%
Landport operations revenues	555,402	17,653	537,749	3046%	3%	0%
Trading operations revenues	326,221	289,895	36,326	13%	2%	2%
	19,881,804	16,149,359	3,732,445	23%	100%	100%
			-		0%	
DIRECT COSTS						
Costs of construction operations	13,291,798	10,784,176	2,507,622	23%	67%	67%
Costs of airport operations	1,536,617	941,830	594,787	63%	8%	6%
Costs of landport operations	334,155	17,653	316,502	1793%	2%	0%
Costs of trading operations	88,214	70,358	17,856	25%	0%	0%
	15,250,784	11,814,017	3,436,767	29%	77%	73%
GROSS PROFIT	4,631,020	4,335,342	295,678	7%	23%	27%
OTHER OPERATING EXPENSES	1,827,166	1,279,654	547,512	43%	9%	8%
OPERATING PROFIT	2,803,854	3,055,688	(251,834)	-8%	14%	19%
OTHER INCOME (CHARGES)						
Finance costs - net	(1,541,090)	(1,112,829)	(428,261)	38%	-8%	-7%
Others - net	172,472	444,160	(271,688)	-61%	1%	3%
	(1,368,618)	(668,669)	(699,949)	105%	-7%	-4%
PROFIT BEFORE TAX	1,435,236	2,387,019	(951,783)	-40%	7%	15%
TAX EXPENSE	324,202	492,844	(168,642)	-34%	2%	3%
NET PROFIT (LOSS)	1,111,034	1,894,175	(783,141)	-41%	6%	12%
Net Profit						
Attributable To:						
Shareholders of the						
Parent Company	859,487	1,469,434	(609,947)	-42%	4%	9%
Non-controlling interests	251,547	424,740	(173,193)	-41%	1%	3%
	1,111,034	1,894,174	(783,140)	-41%	6%	12%

Megawide generated consolidated revenues of PhP 19.88 billion for the year 2019, 23% higher than PhP 16.15 billion posted in 2018. Megawide also recorded consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) of PhP 4.81 billion, 9% more than the previous year. This was driven by airport operations, which recorded a 10% growth to PhP 2.33 billion and contributed 48% to total, and construction, which grew to PhP 2.25 billion from PhP 2.18 billion last year and comprised 47% of the total. The remaining 5% came from the combined terminal and merchandising operations. The Company's net profit came in at PhP 1.11 billion, of which 55% or PhP 609 million was delivered by airport operations and merchandising segments, while the remaining 45% was from the construction and terminal businesses. Overall, the 2019 results were fueled by the recovery in construction, sustained momentum from airport operations, and initial contribution from landport operations.

Revenues increased by 23% or by PhP 3.73 billion

The Company's consolidated revenues increased by Php 3.73 billion or 23% in 2019 due to improving contributions across all business segments.

Construction

The construction segment contributed 77% of the Group's total revenue, amounting to PhP 15.31 billion against PhP 12.85 billion in the previous year. Revenues for the year increased by PhP 2.46 billion or 19% as a result of ramp up in construction activities in 2019. Major projects

undertaken during the year includes Clark International Airport, 8990's Housing Development's Ortigas and Tondo, Araneta's Gateway Mall, Megaworld's Worldwide Plaza, Albany Luxury Residences, One Fintech, 8 Sunset Boulevard, International Finance Center and Double Dragon projects.

The new contracts secured in 2019 reached PhP 19.42 billion, which included Megaworld's Gentry Manor, One Fintech Tower, Eight Sunset District, Empire East Skymall, House Project, Suntrust Finance Center, Two Mcwest, Newport Link and La Victoria Project, 8990 Holdings' 8990 Cubao project, and Emerald Rich Properties' the Corner House Project.

At end of the year, order book remained very healthy and stood at PhP 52.40 billion which provides revenue visibility for the next 2 to 3 years. In terms of mix, residential projects comprised 50%, office and commercial at 47%, while infrastructure projects and facilities contributed the remaining 3%, mostly attributable to the Clark International Airport EPC contract.

Airport Operations

Airport operations delivered revenues of PhP 3.69 billion and contributed 19% to the total consolidated revenue in 2019. Revenues for the year increased by 23% or PhP 695 million compared with 2018, driven largely by the 10% growth in total passenger volume to 12.66 million passengers, with international and domestic passengers growing 11% and 9%, respectively. Domestic passengers comprised 66% of the total passenger mix while international passengers comprised 34%. Air traffic volume likewise increased by 6% with international traffic increasing by 12% and domestic traffic improving by 4%.

The over-all increase in passenger and air traffic was attributed to new airline partners as well as new routes in both international and domestic segments. Thirteen new international destinations such as China Southern's Guangzhou, Juneyao Airlines' Shanghai, Philippine AirAsia's Macau, Kaohsiung and Taipei, Philippine Airline PR's Nagoya, Cebu Pacific Air's Shanghai, Cathay Pacific's Hongkong, Xiamen Air's Chengdu and Quanzhou, Silk Air's Singapore, Jeju Air's Daegu and Air Busan's Incheon. Meanwhile, 6 new domestic destinations were added this year such as Royal Air Philippines' Manila, Davao, Puerto Princesa, Cagayan and Boracay, and Cebu Pacific's Busuanga.

Airport Merchandising

Meanwhile, airport merchandising contributed 2% to consolidated revenue last year with a year-on-year growth of 13% or PhP 36 million. The additional space from the partial completion of Terminal 1 and existing presence in Terminal 2 are expected to improve the airport merchandising contribution moving forward.

Terminal Operations

The terminal operations posted a revenue PhP 555 million from an almost insignificant amount of PhP 18 million in 2018. Revenue mainly came from leases received from concessioners in the terminal area and office tower tenants. As of end of 2019, 71% of the terminal space were leased out to concessionaires, of which 30% had already commenced operations. In 2019, PITx completed the construction of 4-tower, 5-storey office complex, each with a gross leasable area of 19,225 square meters, for a total of 76,903 square meters. All towers have been contracted for a period of five years.

Since its opening last November 2018, passenger foot traffic in the terminal grew to an average of 67,968 passengers daily by the end of 2019 from less than 5,000 at the start of operations. In addition, the number of trips originating from the terminal increased from less than 500 daily in November 2018, which were limited only to buses, to almost 5,200 trips daily, now comprised of city, provincial and long-haul buses, modern and traditional jeepneys, and domestic shuttle services.

Direct Costs increased by 29% or by PhP 3.44 billion

The movement in direct cost was consistent with the movement in revenue across all 3 segments, taking into consideration the higher construction revenue and full year impact on the take up of depreciation on the opening of MCIA's Terminal 2 and additional costs to operate it.

Gross Profit increased by 7% or by PhP 296 million

Consolidated gross profit amounted to PhP 4.63 billion in 2019 and translated to a consolidated gross profit margin of 23%. Construction gross profit increased by PhP 44 million, or 2%, to PhP 2.02 billion. Airport operations grew by PhP 100 million, or 5%, to PhP 2.15 billion while airport merchandising grew by PhP 18 million, or 8%, to PhP 238 million. Terminal operations gross profit accelerated to PhP 221 million as revenue stream from concessionaires and office towers commenced last year.

Other Operating Expenses increased by 43% or PhP 548 million

Other operating expenses amounted to PhP 1.81 billion in 2019 and was largely attributable to overhead expenses associated with the full year of MCI's Terminal 2 operations, which opened in July 2018, and the PITx terminal operation, which were consolidated beginning August 2018 only.

Other Income (Charges) increased by PhP 700 million or 105%

Other income (charges), which consists of finance cost, finance income, and other income (expenses), increased due to higher finance costs related to loan availments of the airport segment, which can no longer be capitalized after completion of Terminal 2 in 2018, and rehabilitation of Terminal 1 in 2019. In 2019, PITx and Clark Airport Project likewise made additional drawdowns totaling to PhP 6 billion. Also, the Company availed loans to finance its working capital and capital expenditure program.

Tax Expense decreased by PhP 169 million or 34%

Consolidated tax expenses declined primarily due to reversal of temporary difference in construction segment as a result of write-off of its receivables in which doubtful accounts expense were recognized in the previous years.

Financial Condition

(Amounts in ₱ thousands)	December 31		HORIZONTAL ANALYSIS		VERTICAL ANALYSIS	
	2019	2018	Increase (Decrease) Amount	%	2019	2018
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	₱6,518,600	₱5,734,721	₱783,879	14%	8%	9%
Trade and other receivables – net	17,373,477	10,212,127	7,161,350	70%	22%	15%
Construction materials	1,287,128	865,035	422,093	49%	2%	1%
Contract assets	3,975,734	3,060,771	914,963	30%	5%	5%
Other current assets	6,310,724	4,891,541	1,419,183	29%	8%	7%
Total Current Assets	35,465,663	24,790,485	10,675,178	43%	44%	38%
NON-CURRENT ASSETS						
Financial assets as fair value through other comprehensive income	3,544	3,544	-	0%	0%	0%
Investments in associates	959,506	926,832	32,674	4%	1%	1%
Concession assets	29,436,586	28,289,313	1,147,273	4%	36%	43%
Property, plant, and equipment - net	7,624,032	5,193,951	2,430,081	47%	9%	8%
Investment properties	4,228,699	3,759,861	468,838	12%	5%	6%
Deferred tax assets - net	44,299	0	44,299		0%	0%
Other non-current assets	3,001,997	2,941,724	60,273	2%	4%	4%
Total Non-current Assets	45,298,663	41,115,225	4,183,438	10%	56%	62%
TOTAL ASSETS	₱80,764,326	₱65,905,710	14,858,616	23%	100%	100%
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Interest-bearing loans and borrowings	₱14,701,064	₱6,408,573	8,292,491	129%	18%	10%
Trade and other payables	8,167,589	5,252,402	2,915,187	56%	10%	8%
Contract liabilities	2,805,627	4,670,483	(1,864,856)	-40%	3%	7%
Other current liabilities	220,062	233,818	(13,756)	-6%	0%	0%
Total Current Liabilities	25,894,342	16,565,276	9,329,066	56%	32%	25%
NON-CURRENT LIABILITIES						
Interest-bearing loans and borrowings	33,051,851	30,371,690	2,680,161	9%	41%	46%
Contract Liabilities	2,125,643	-	2,125,643		3%	0%
Post-employment defined benefit obligation	340,207	176,799	163,408	92%	0%	0%
Deferred tax liabilities - net	612,629	419,677	192,952	46%	1%	1%
Other non-current liabilities	741,142	368,167	372,975	101%	1%	1%
Total Non-current Liabilities	36,871,472	31,336,333	5,535,139	18%	46%	48%
Total Liabilities	62,765,814	47,901,609	14,864,205	31%	78%	73%
EQUITY						
Equity attributable to shareholders of the Parent Company:						
Common stock	2,439,426	2,439,426	-	0%	3%	4%
Additional paid-in capital	8,776,359	8,776,359	-	0%	11%	13%
Revaluation reserves	(63,384)	15,205	(78,589)	-517%	0%	0%
Other reserves	(22,475)	(22,475)	-	0%	0%	0%
Treasury shares	(3,912,618)	(3,454,826)	(457,792)	13%	-5%	-5%
Retained earnings	7,083,443	6,752,591	330,852	5%	9%	10%
Total equity attributable to shareholders of the Parent Company	14,300,751	14,506,280	(205,529)	-1%	18%	22%
Non-controlling interests	3,697,761	3,497,821	199,940	6%	5%	5%
Total Equity	17,998,512	18,004,101	(5,589)	0%	22%	27%
TOTAL LIABILITIES AND EQUITY	₱80,764,326	₱65,905,710	₱14,858,616	23%	100%	100%

Review of financial conditions as of December 31, 2019 as compared with financial conditions as of December 31, 2018

ASSETS

Current Assets increased by 43% or by PhP 10.68 billion

The following discussion provides a detailed analysis of the increase in current assets:

Cash and Cash Equivalents increased by 14% or PhP 784 million

The increase in cash and cash equivalents is due to higher operating cash inflow from the airport and terminal operations segments and financing availments during the period.

Trade and Other Receivables increased by 70% or by PhP 7.16 billion

The construction receivables increased by PhP 3.27 billion mainly related to the increase in Clark Airport project's receivable amounting to PhP 3 billion, which payment terms are based on

milestones as indicated in the contract. Airport operations recorded an increase in receivables by PhP 293 million in line with the increase in revenue. Terminal operations posted higher receivables by PhP 524 million (of which PhP 382 million is related to Philippine Accounting Standard (PAS) 17 adjustment on leases). Advances to affiliates increased in 2019 to incubate new businesses and support the Group's overall long-term growth programs and objectives, with related fees charged on and accrued to the outstanding advances.

Construction Materials increased by 49% or by PhP 422 million

The increase is due to work-in-progress materials in site that were released to subcontractors but were not yet installed as of the end of year.

Contract assets increased by 30% or PhP 915 million

The increase is in line with increased order book and typical of most projects considered at its early phase, which started in 2019.

Other Current Assets increased by 29% or by PhP 1.42 billion

The increase is mainly due to downpayments made to suppliers during the year for newly started projects and the increase in prepaid taxes of the Company due to application of PhP 406 million write-off of receivables against its taxable income. Deferred fulfillment costs decreased as contracts have been executed or partially fulfilled in 2019.

Non-Current Assets increased by 10% or by PhP 4.18 billion

The following discussion provides a detailed analysis of the increase in non-current assets:

Investments in Associates increased by 4% or by PhP 33 million

The increase is due to equity share in earnings on the Group's investment.

Concession Assets increased by 4% or PhP 1.15 billion

The increase is due to capital investments of GMCAC related to rehabilitation of the Terminal 1 of MCIA.

Property, Plant and Equipment increased by 47% or by PhP 2.43 billion

The Group procured new construction equipment, mobilized new batching plants, and expanded precast capacity in 2019 to support the internal requirements of the construction segment and expand its external market in the future. In addition, the Company acquired the property lot where its N. Domingo head office is located.

Investment Properties increased by 12% or by PhP 469 million

The increase is mainly due to additional capital investment for commercial spaces in 2019 in PITx. MWMTI has a CA with the government to build and operate the PITx for thirty-five (35) years, which also allows for the construction and development of office buildings and commercial establishments recorded as investment in properties in the books of MWMTI. The terminal was inaugurated, and started operations in November 2018, with its commercial spaces and office towers completed in 2019.

Other Non-Current Assets increased by 2% or by PhP 60 million

The increase is due to the additional placement of unrestricted cash in the restricted funds of GMCAC's "Cash Flow Waterfall Accounts" as required under the Omnibus Loan and Security Agreement to match the new loan availments of GMCAC.

LIABILITIES AND EQUITY

Current Liabilities increased by 56% or by PhP 9.31 billion

The following discussion provides a detailed analysis of the increase in current liabilities:

Interest-Bearing Loans and Borrowings-Current increased by 129% or by PhP 8.27 billion

The increase is due to the availment of short-term loans of the Company and MGCJV, Inc. to support working capital expenditures and the construction of the Clark Airport project, respectively. MGCJV, Inc. is the joint venture of Megawide and GMR Group established to construct the new Clark International Airport. In addition, maturing portion of GMCAC's loan in 2020 amounting to PhP 544 million was reclassified to current loan from long term debt.

Trade and Other Payables increased by 56% or PhP 2.92 billion

The increase is mainly due to volume and timing of purchases and payments to suppliers and subcontractors as well as an increase in retention payable by the Company. Certain invoices, mostly related to steel, have been delivered, invoiced or were recently processed by end of year. In addition, dividends payable amounting to PhP 240 million were recorded upon declaration of cash dividends to common shareholders in December 2019.

Contract liabilities decreased by 40% or PhP 1.86 billion

The increase is mainly related to additional PhP 960 million net downpayments received by the Company for its new projects like Mandani Bay, Double Dragon tower, Gentry Manor and International Finance Center. This was reduced by the decrease from o the catch-up of cost billing of subcontractors for certain projects, which were completed in 2019. This includes One Manchester project, Delta Phase 2, and BGC Flats.

Other Current Liabilities decreased by 6% or by PhP 14 million

The decrease mainly relates to the decrease in withholding taxes.

Non-Current Liabilities increased by 18% or by PhP 5.56 billion

The following discussion provides a detailed analysis of the increase in non-current liabilities:

Interest-Bearing Loans and Borrowings-Non-Current increased by 9% or by PhP 2.70 billion

The increase is mainly due to loan availments of PITx to fund the construction of its terminal. This was reduced by reclassification of current portion of airport loans amounting to PhP 544 million.

Post-employment defined benefit obligation increased by PhP 163 million or 92%

The increase is due to the recognition of current service cost and interest cost amounting to Php 49 million and the recognition of re-measurement on actuarial losses based on changes in financial assumptions of the actuary.

Deferred tax liabilities increased by 46% or by PhP 193 million

The increase is due to reversal of temporary difference on impairment losses on trade receivables and additional temporary differences for its post-employment defined benefit obligation, effect of significant financing component and amortization of concession assets.

Other non-current liabilities increased by 101% or by PhP 373 million

The increase pertains to security deposits and advance rentals received by PITx from its concessionaire and office towers tenants and was reduced by payment of retention payable of GMCAC related to the construction of the MCIA Terminal 2.

Equity attributable to Company decreased by 1% or PhP 206 million

The decrease is the function of the Company's net profit attributable to the Company recognized for the period offset by the Company's share buyback program and dividend payments to common and preferred stock shareholders.

MATERIAL EVENTS AND UNCERTAINTIES

There are no other material changes in Megawide's financial position by five percent (5%) or more and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition of Megawide.

Other than the impact of COVID to the business which is disclosed in the consolidated financial statements, there are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing Megawide's liquidity in any material way. Megawide does not anticipate having any cash flow or liquidity problems. It is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no material off-balance transactions, arrangements, obligations (including contingent

obligations), and other relationships of Megawide with unconsolidated entities or other persons created during the reporting period.

Megawide has capital commitment on unutilized proceeds of Preferred Shares Series 2 amounting to P2,664.7 million for various PPP projects. Other than that, there are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of Megawide.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of Megawide.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of Megawide.

There are no material events subsequent to December 31, 2021 that have not been reflected in the consolidated audited financial statements.

There are no material amounts affecting assets, liabilities, equity, net income or cash flows that are unusual in nature. Neither are there changes in estimates of amounts reported in prior interim period of the current financial year.

LIQUIDITY AND CAPITAL RESOURCES

As regards internal and external sources of liquidity, the Company's funding is sourced from internally generated cash flows, and also from borrowings or available credit facilities from other local and international commercial banks.

There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business. Additionally, there is no significant element of income not arising from continuing operations.

There have not been any seasonal aspects that had a material effect on the financial condition or results of operations of Megawide.

KEY PERFORMANCE INDICATORS

The following table summarizes Megawide's Key Performance Indicators ("KPIs") and Ratios as of and for the years ended December 31, 2021, 2020, and 2019:

	December 31		
	2021	2020	2019
Current Ratio ⁽¹⁾	1.45	1.53	1.37
Debt to Equity Ratio ⁽²⁾	2.27	1.89	2.65
Asset to Equity Ratio ⁽³⁾	4.44	3.96	4.49
Interest Coverage Ratio ⁽⁴⁾	0.74	0.76	1.62
Book Value per Share ⁽⁵⁾	2.13	4.49	5.02
Earnings per Share ⁽⁶⁾	-0.42	-0.33	0.28
Return on Assets ⁽⁷⁾	-0.01	-0.01	0.02
Return on Equity ⁽⁸⁾	-0.04	-0.05	0.06
Gross Profit Margin ⁽⁹⁾	0.18	0.19	0.23
Operating Profit Margin ⁽¹⁰⁾	6%	8%	14%

Notes:

(1) *Current Assets / Current Liabilities*

(2) *Interest bearing loans and borrowings / Stockholder's Equity*

(3) *Total Assets / Stockholder's Equity*

(4) *Earnings before Interest and Taxes (EBIT) / Interest Charges*

(5) *Equity Attributable to Shareholders of the Parent Company less Preferred Equity / Issued and Outstanding Shares*

(6) *Net Income / Issued and Outstanding Shares*

(7) *Net Income/ Stockholder's Equity*

(8) *Net Income/ Total Assets*

(9) *Gross Profit/ Total Revenues*

(10) *Operating Profit/ Total Revenues*

The KPIs were chosen to provide management with a measure of Megawide's financial strength (Current Ratio, Debt to Equity Ratio, Asset to Equity Ratio, and Interest Coverage Ratio), and profitability (Earnings per Share, Return on Assets, Return on Equity, Gross Profit and Operating Profit Margin). Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year as discussed in section "Management's Discussion and Analysis of Financial Condition and Results of Operation".

DIRECTORS, EXECUTIVE OFFICERS AND KEY PERSONS

DIRECTORS AND SENIOR MANAGEMENT

As of date, Megawide is governed by a Board of seven (7) directors composed of Mr. Edgar B. Saavedra, Mr. Manuel Louie B. Ferrer, Mr. Oliver Y. Tan, Mr. Ramon H. Diaz, former Chief Justice Hilario G. Davide, Jr., Mr. Celso P. Vivas and Mr. Alfredo E. Pascual. Its management team is headed by a licensed civil engineer who has been practicing for over twenty (20) years, namely, its President, Chief Executive Officer (“CEO”) and Chairman of the Board, Mr. Edgar B. Saavedra.

Directors shall hold office for one (1) year or until their successors are elected and qualified. The first directors are also the incorporators. The annual meeting of the stockholders shall be held every June 30 of each year.

The Board is responsible for the direction and control of the business affairs and management of Megawide, and the preservation of its assets and properties. No person can be elected as director of Megawide unless he or she is a registered owner of at least one (1) voting share of Megawide.

The 2016 Code of Corporate Governance for Publicly-Listed Companies requires that at least at least three directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher, are independent directors. The Amended Articles and Incorporation and By-Laws of Megawide provide that the seven (7) directors shall include such number of independent directors as may be required by law.

The following provides the information on each Member of Megawide’s Board of Directors, as of December 31, 2021, including their current directorships and positions in other companies, previous business experience, and educational background:

i. MR. EDGAR B. SAAVEDRA

Age: 47

Citizenship: Filipino

Positions in Megawide: *Chairman of the Board, CEO, and President*

Term of Office: Yearly

Current Directorships and Positions Held in Other Companies

Mr. Saavedra is currently the Chairman and President of Citicore Holdings Investment Inc. He is also the Chairman of MWM Terminals, Inc., Cebu2World Development, Inc., Citicore Power Inc., Citicore Energy REIT Corp., and Citicore Renewable Energy Corporation. He also serves as Director of GMR Megawide Cebu Airport Corporation and Globemercants Inc. In addition, he serves as the Chairman, Chief Executive Officer, and President of PH1 World Developers, Inc. Further, he is a Trustee and Vice President of Megawide Corporate Foundation, Inc.

Previous Business Experience and Educational Background

Mr. Saavedra’s engineering experience spans over twenty (20) years. He received his Bachelor’s degree in Engineering from De La Salle University. After obtaining his license as a Civil Engineer, he pursued special studies in Foundation Formworks in Germany, through the Philippine Institute of Civil Engineers.

ii. MR. MANUEL LOUIE B. FERRER

Age: 47

Citizenship: Filipino

Positions in Megawide: *Vice-Chairman of the Board,*

Executive Director of Infrastructure Development, and Chief Corporate Affairs and Branding Officer

Term of Office: Yearly

Current Directorships and Positions Held in Other Companies

Mr. Ferrer is the Chairman of the Board of Trustees and President of Megawide Corporate Foundation, Inc. Also, he serves as a Director and the President of GMR Megawide Cebu Airport Corporation and Cebu2World Development, Inc. He is also a Director of Citicore Holdings Investment Inc., MWM Terminals, Inc., Globemercants, Inc., and Citicore Energy REIT Corp. He also serves as the Vice Chairman of the Board of PH1 World Developers, Inc. Further, he is a Director and the Treasurer of Citicore Power Inc. and Citicore Renewable Energy Corporation.

Previous Business Experience and Educational Background

Mr. Ferrer obtained his degree in Industrial Design from De La Salle University in 1996. He previously served as President of MWM Terminals, Inc.

iii. **MR. OLIVER Y. TAN**

Age: 44

Citizenship: Filipino

Position in Megawide: *Director*

Term of Office: Yearly

Current Directorships and Positions Held in Other Companies

Mr. Tan serves as Director and President of Citicore Power Inc., Citicore Energy REIT Corp., and Citicore Renewable Energy Corporation. Further, he is Director and Vice President of Citicore Holdings Investment Inc.

Previous Business Experience and Educational Background

Mr. Tan previously served as the Chief Finance Officer of Megawide Construction Corporation. He holds a degree in Business Administration from the Philippine School of Business Administration.

iv. **MR. RAMON H. DIAZ**

Age: 63

Citizenship: Filipino

Positions in Megawide: *Executive Director and Group Chief Financial Officer*

Term of Office: Yearly

Current Directorships and Positions Held in Other Companies

Mr. Diaz is a Director of Citicore Holdings Investment Inc., Citicore Power Inc., MWM Terminals, Inc., and Citicore Renewable Energy Corporation. Also, he serves as Director and Treasurer of GMR Megawide Cebu Airport Corporation and Cebu2World Development, Inc.

Previous Business Experience and Educational Background

Mr. Diaz was previously President and Chief Operating Officer of Metro Pacific Zamboanga Hospital Corporation. He also served as Chief Finance Officer of PT Internux (Indonesia), East Manila Hospitals Managers Corporation, Mt. Kitanglad Agri Services, Inc., Actron Industries, Inc., and Isla Communications Company Inc. Further, he was Chief Operating Officer of PT Jababeka Infrastruktur. He obtained his Bachelor of Science degree in Commerce, Major in Accounting, Magna Cum Laude, from the University of San Carlos and his Masters in Business Management from the Asian Institute of Management, as a scholar of the Ford Motor Company. He is a Certified Public Accountant.

v. **RET. CHIEF JUSTICE HILARIO G. DAVIDE, JR.**

Age: 86

Citizenship: Filipino

Positions in Megawide: *Independent Director*

Term of Office: Yearly

Current Directorships and Positions Held in Other Companies

Ret. Chief Justice Davide, Jr. is currently an Independent Director and Vice-Chairman of Manila Bulletin Publishing Corporation. He is also a Director and the Vice-Chairman of KOMPASS Credit and Financing Corporation. Further, he serves as an Independent Director of Philippine Trust Company (Philtrust Bank). He is also the Chairman of the Board of Trustees of Claudio Teehankee Memorial Foundation, Inc. and Heart of Francis Foundation, Inc. He is also a Trustee of University of San Carlos, Cebu City, Knights of Columbus of the Philippines Foundation, Inc., and Knights of Columbus Fr. George J. William, SJ Charities, Inc.

Previous Business Experience and Educational Background

Ret. Chief Justice Davide, Jr. served as Chief Justice of the Supreme Court of the Philippines from November 1998 to December 2005. After his retirement from the Supreme Court, he served as the Permanent Representative of the Republic of the Philippines to the United Nations (UN) in New York from February 2007 to April 2010. He was an educator, legislator, and presidential adviser before his appointment as the country's top diplomat to the UN. Further, he was Commissioner of the 1986 Constitutional Commission which drafted the 1987 Constitution of the Philippines. Recognized for his accomplishments in government service, he was conferred the Ramon Magsaysay Award in 2002. He obtained his Bachelor of Laws from the University of the Philippines.

vi. **MR. CELSO P. VIVAS**

Age: 75

Citizenship: Filipino

Position in Megawide: *Independent Director*

Term of Office: Yearly

Current Directorships and Positions Held in Other Companies

Mr. Vivas is an Independent Trustee of Megawide Corporate Foundation, Inc. He is currently Lead Independent Director and Chairman of Audit and Risk Management Committee of Keppel Holdings, Inc. Further, he serves as Independent Director and Chairman of Audit and Risk Management Committee, Keppel Philippines Marine, Inc. He is also Independent Director and Member of Audit Committee of Keppel Philippines Properties, Inc. He also serves as Independent Director of Keppel Subic Shipyard, Inc. Also, he serves as Independent Director, Chairman of Governance, Nomination, and Remuneration Committee, and Member of Audit and Risk Management Committee of Republic Glass Holdings, Inc. Further, he is a member of the Board of Trustees and President of Marubeni Foundation, Inc.

Previous Business Experience and Educational Background

He was a Risk Consulting Partner and Assurance Business Advisory Partner of SGV & Co. until his retirement in 2001. He is a Certified Public Accountant and has over fifty (50) years of experience in the areas of audit, finance, enterprise risk management, and corporate governance. He obtained his Bachelor's Degree in Business Administration (Cum Laude) from the University of the East. He also received a Master's Degree in Business Management from the Asian Institute of Management (as a scholar of SGV & Co.). He is also a graduate of the Company Directors' Course from the Australian Institute of Company Directors (as a scholar of the Institute of Corporate Directors).

vii. **MR. ALFREDO E. PASCUAL**

Age: 73

Citizenship: Filipino

Positions in Megawide: *Independent Director*

Term of Office: Yearly

Current Directorships and Positions Held in Other Companies

Mr. Pascual is currently the Lead Independent Director of SM Investments Corporation and an Independent Director of Concepcion Industrial Corporation and Asiabest Group International Inc. He also serves on the board of nonprofits, such as the Institute of Corporate Directors, Institute for Solidarity in Asia, University of the Philippines

Foundation, Inc., FINEX Academy, Philippine Council for Foreign Relations, and US-Philippines Society. Further, he is the President of the Management Association of the Philippines and Association of Former Employees of the Asian Development Bank.

Previous Business Experience and Educational Background

In 2018 and 2019, Mr. Pascual was President and Chief Executive Officer of the Institute of Corporate Directors. From 2011 to 2017, he led the UP System as President and Board Co-Chair. Before UP, Mr. Pascual worked at the Asian Development Bank (ADB) for nineteen (19) years in several positions, including Director for Private Sector Operations, Director for Infrastructure Finance, and Advisor for Public-Private Partnership (Infrastructure Development). At ADB, he had postings in the Philippines, India, and Indonesia, and represented ADB on the board of its investee companies in China, India, and Philippines. Earlier on, Mr. Pascual held executive positions in investment houses, such as First Metro Investment Corporation, and was a finance professor at the Asian Institute of Management. He finished Master of Business Administration and Bachelor of Science Major in Chemistry (cum laude) at the University of the Philippines.

Executive Officers Who Are Not Directors

The following provides the information on the officers of Megawide, as of December 31, 2021, including their current positions in other companies, previous business experience, and educational background:

i. MR. RAYMUND JAY S. GOMEZ

Age: 50

Citizenship: Filipino

Positions in the Company: *Chief Legal Officer, Compliance Officer, and Data Protection Officer*

Term of Office: Yearly

Current Positions Held in Other Companies

Mr. Gomez also serves as Director of MWM Terminals, Inc. and Compliance Officer of Citicore Energy REIT Corp.

Previous Business Experience and Educational Background

Before joining Megawide, Mr. Gomez was the Vice President of the Human Resources, Legal and Regulatory Affairs Department of Beneficial Life Insurance Company, Inc. He also served as Assistant Vice President of the Legal and Corporate Services Department of Aboitiz Equity Ventures, Inc., Director of the Corporate Legal Affairs and Litigation Department at JG Summit Holdings, Inc., Legal Counsel for Cebu Air, Inc. (Cebu Pacific Air), and an Associate Lawyer of Ledesma, Saludo and Agpalo Law Offices. He obtained his Bachelor of Laws degree from San Beda College.

ii. MS. MARIA BELINDA B. MORALES

Age: 63

Citizenship: Filipino

Positions in the Company: *Chief Human Resources Officer*

Term of Office: Yearly

Current Positions Held in Other Companies

Ms. Morales also serves as Director of MWM Terminals, Inc. and Cebu2World Development, Inc.

Previous Business Experience and Educational Background

A seasoned HR leader, she has more than twenty-five (25) years of work experience in all aspects of Human Resources and Organization Transformation. Prior to joining Megawide she was a Former Head of Talent Management for Asia Pacific in Misys International Banking Systems, Former Senior Vice President of HR at Standard Chartered Bank, Philippines, Former Vice President for Training and Development at

Citytrust Banking & Bank of the Philippine Islands. She was also an Executive Coach at Rockwell Land Corporation and has coached their senior executives and managers on leadership and professional development and work-life balance concerns. She graduated at St. Paul College, Manila with a Bachelor of Science degree in Psychology, and attained her Masters in Arts Major in Psychology from Ateneo De Manila University, Quezon City in 2010.

iii. **MR. CHRISTOPHER A. NADAYAG**

Age: 38

Citizenship: Filipino

Positions in the Company: *Treasurer and Deputy Chief Financial Officer*

Term of Office: Yearly

Current Positions Held in Other Companies

Mr. Nadayag is also Director and Treasurer of MWM Terminals, Inc. He also serves as Treasurer of Citicore Holdings Investment Inc. and PH1 World Developers, Inc.

Previous Business Experience and Educational Background

Previously, Mr. Nadayag served as the Accounting Manager of Megawide. He worked for SGV & Co. as a Senior Associate Auditor. He received his Bachelor of Science in Accountancy degree from San Sebastian College.

iv. **MS. ZHEENA A. OCAMPO**

Age: 29

Citizenship: Filipino

Positions in the Company: *Acting Chief Audit Executive*

Term of Office: Yearly

Current Positions Held in Other Companies

Ms. Ocampo does not hold any position in other companies.

Previous Business Experience and Educational Background

Prior to joining Megawide, Ms. Ocampo held the position as Audit Supervisor in Deloitte Philippines. She is a Certified Public Accountant and holds an MBA degree from the Asian Institute of Management.

v. **MR. KAMA NESON GANESON***

Age: 56

Citizenship: Malaysian

Positions in the Company: *Acting Chief Risk Officer and Head of Total Quality Management*

Term of Office: Yearly

Current Positions Held in Other Companies

Mr. Ganeson resigned from Megawide on April 08, 2022.

Previous Business Experience and Educational Background

Prior to joining Megawide, he was assigned as Country Director of ECC International Philippines, Chief Operating Officer of ECCI Consultancy Malaysia, Senior Operations Director of KELSEAT Corporation, Operations Director (South East Asia) of General Motors, and QMS Manager of Robert Bosch GMBH.

vi. **MR. MARTIN MIGUEL FLORES****

Age: 38

Citizenship: Filipino

Positions in the Company: *Chief Risk Officer*

Term of Office: Yearly

Current Positions Held in Other Companies

Mr. Flores does not hold any position in other companies.

Previous Business Experience and Educational Background

Mr. Flores joined Megawide in 2015 as the Head of Planning. He is currently Megawide's Head of the Project Management Office (PMO), a role he has held since 2019. As Head of PMO, he supervises the integration of the Enterprise Risk Management process in the business operations and strategy in all business units. He is a licensed Civil Engineer and received his Bachelor of Science in Civil Engineering from De La Salle University-Manila.

vii. **MS. ABIGAIL JOAN R. COSICO****

Age: 49

Citizenship: Filipino

Positions in the Company: *Chief Investor Relations Officer*

Term of Office: Yearly

Current Positions Held in Other Companies

In a concurrent capacity, Ms. Cosico is also the Investor Relations Head of Citicore Power Inc. She is also Director and Treasurer of Citicore Fund Managers, Inc. and Director and President of Citicore Property Managers, Inc.

Previous Business Experience and Educational Background

Ms. Cosico has been the Company's Investor Relations Head since 2016. Prior to joining the Company, she held senior executive positions and performed various commercial and finance functions in her 15-year stint in one of the largest diversified conglomerates in the Philippines. This included heading Investor Relations for the real estate and property development company under the said conglomerate. Ms. Cosico obtained her Bachelor of Science degree in Management from Ateneo de Manila University. She also holds an MBA in Business Management, Major in Finance from the Asian Institute of Management.

viii. **MR. ANTHONY LEONARD G. TOPACIO***

Age: 40

Citizenship: Filipino

Positions in the Company: *Corporate Secretary*

Term of Office: Yearly

Current Positions Held in Other Companies

Mr. Topacio resigned as Corporate Secretary on April 08, 2022 due to his reassignment within Megawide Group.

Previous Business Experience and Educational Background

Prior to joining the Company, Mr. Topacio served as Corporate Secretary, Compliance Officer, Data Protection Officer, and Acting Head of the Human Resources, Legal and Regulatory Affairs Department at Beneficial Life Insurance Company, Inc. He was also a Legal Manager at International Container Terminal Services, Inc., an Associate General Counsel at Aboitiz Equity Ventures, Inc., an Associate at Ponce Enrile & Manalastas Law Offices, and a Tax Supervisor at KPMG Philippines Manabat San Agustin & Company. Mr. Topacio obtained his Bachelor of Laws degree from San Beda College.

ix. **ATTY. CHARLOTTE Y. KING****

Age: 34

Citizenship: Filipino

Positions in the Company: *Assistant Corporate Secretary*

Term of Office: Yearly

Current Positions Held in Other Companies

Ms. King also serves as Corporate Secretary of Cebu2World Development Inc. and Assistant Corporate Secretary of Citicore Holdings Investment Inc. and MWM Terminals, Inc.

Previous Business Experience and Educational Background

Ms. King joined Megawide in 2018 as an Associate Legal Counsel. She was admitted to the Philippine Bar in 2016 and started her legal career as a legal associate in a law firm. She obtained her Bachelor of Laws degree from San Beda College.

x. **ATTY. JASMINE M. JIMENEZ**

Age: 38

Citizenship: Filipino

Positions in the Company: *Assistant Corporate Secretary*

Term of Office: Yearly

Current Positions Held in Other Companies

Ms. Jimenez also serves as Corporate Secretary for Bling Philippines, Inc., CMP Freeport, Inc., Ceraco Corporation, Colombo Merchant Phils., Inc., Getz Pharma (Phils.), Inc., MXGlobal Inc., Parex Realty Corporation, Rotam Philippines, Inc., and Saddleback Church Manila, Inc.

Previous Business Experience and Educational Background

Ms. Jimenez obtained her Bachelor of Laws degree from Ateneo de Manila University.

xi. **ATTY. MA. CRISSELLE R. ZAPATA-HERRERA****

Age: 29

Citizenship: Filipino

Positions in the Company: *Assistant Corporate Secretary*

Term of Office: Yearly

Current Positions Held in Other Companies

Ms. Zapata-Herrera also serves as Corporate Secretary of Citicore Holdings Investment Inc. and MWM Terminals, Inc. She is also the Assistant Corporate Secretary of Cebu2World Development Inc. and Megawide Corporate Foundation, Inc.

Previous Business Experience and Educational Background

Ms. Zapata-Herrera joined Megawide in 2019 as an Associate Legal Counsel. She was admitted to the Philippine Bar in 2017 and started her career as a legal associate in a law firm. Prior to her appointment in the Company, she previously served as Assistant Corporate Secretary in various corporations within Megawide Group. She obtained her Bachelor of Laws degree from the University of Santo Tomas.

**Resigned on April 08, 2022 effective April 08, 2022*

***Appointed on April 08, 2022 effective April 08, 2022*

FAMILY RELATIONSHIPS

None of the directors are related to each other.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

Except as disclosed in the Legal Proceedings section of this Prospectus, as of the date of this Prospectus and during the past five (5) years, Megawide is not aware of the occurrence of any of the following events that are material to the evaluation of the ability or integrity of any director or executive officer:

1. Any bankruptcy petition filed by or against any director, or any business of a director, nominee for election as director, or executive officer who was a director, general partner or executive officer of said business either at the time of the bankruptcy or within 2 years prior to that time;
2. Any director, nominee for election as director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any director, nominee for election as director, or executive officer being subject to 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 his involvement in any type of business, securities, commodities or banking activities; and
4. Any director, nominee for election as director, or executive officer being 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 the judgment has not been reversed, suspended, or vacated.

COMPENSATION OF DIRECTORS AND OFFICERS

The compensation of directors and senior officers is included in the compensation table below (in ₱ millions).

Name and Position	<i>Fiscal Year</i>	Annual Salary	<i>Bonus</i>	<i>Other Compensation</i>
Edgar B. Saavedra <i>Chairman, CEO, and President</i>				
Manuel Louie B. Ferrer <i>Infrastructure Development and Chief Corporate Affairs and Branding Officer</i>				
Markus Hennig <i>EVP – Business Units</i>				
Reynaldo Rodrin <i>VP – Operations</i>				
CEO & Most Highly Compensated Executive Officers	2021	177.63	20.49	7.24
	2020	210.47	24.81	4.58
	2019	199.83	6.72	10.28

Compensation of Directors

Under the By-Laws of Megawide, by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each Board meeting. As compensation, the Board shall receive and allocate an amount of not more than 10% of the net income before income tax of the Company during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.

On November 4, 2011, the Board, upon recommendation of the Governance, Nominations, and Compensation Committee, approved the giving of ₱20,000.00 director's per diem per Board meeting and a ₱30,000.00 monthly allowance in the form of reimbursable expenses for each regular director.

Subsequently, on October 10, 2018, the Board resolved to increase the director's per diem per Board meeting to ₱44,000.00 for Executive Directors, ₱62,000.00 for Non-Executive Directors, and ₱ 58,000.00 for Independent Directors. The total per diem paid to directors for the year ending December 31, 2020 was ₱6,747,000.00.

Standard Arrangements and Other Arrangements

There are no other arrangements for compensation either by way of payments for committee participation or special assignments other than reasonable per diem. There are also no outstanding warrants or options held by Megawide's CEO, other officers and/or directors.

Employment Contracts, Termination of Employment, Change-in-Control Arrangements

While the Company has no special retirement plans for its employees, it provides retirement benefits in accordance with R.A. No. 7641 or the "Retirement Pay Law", and other applicable laws, rules and regulations. Also, there is no existing arrangement with regard to compensation to be received by any executive officer from Megawide in the event of a change in control of the Company. Aside from its employees, Megawide has also entered into employment contracts with its foreign experts. The contracts with foreign nationals usually include benefits, such as housing, medical and group life insurance, vacation leaves, and company vehicle. Further, employment contracts include provisions regarding Megawide's ownership of any invention developed during the course of employment, liquidated damages in the event of contract pre-termination, and a non-compete clause prohibiting the employee, for a period of 1 year after the termination of the contract, from engaging, directly or indirectly, for himself or on behalf of or in conjunction with any person, corporation, partnership or other business entity that is connected with the business of Megawide.

Warrants and Options

There are no outstanding warrants and options held by any of Megawide's directors and executive officers.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL SHAREHOLDERS

Common Shareholders

Top 20 Common Shareholders

There are approximately 30 holders of common equity as of December 31, 2021. The following are the top 20 common stockholders of the Company:

	Title of Class	Stockholder	Number of Common Shares Held	Percentage of Total Shares
1	Common	PCD Nominee Corporation (Filipino)	1,164,870,236	57.86%
2	Common	Citicore Holdings Investment Inc.	712,925,501	35.41%
3	Common	PCD Nominee Corporation (Non-Filipino)	88,797,521	4.41%
4	Common	Suyen Corporation	22,900,000	1.14%
5	Common	Aeternum Holdings, Inc.	21,389,904	1.06%
6	Common	Ellie Chan	1,666,901	0.08%
7	Common	Carousel Holdings, Inc.	500,000	0.02%
8	Common	John I. Bautista, Jr.	159,799	0.01%
9	Common	Regina Capital Dev. Corp. 000351	34,754	Nil
10	Common	Jharna Chandnani	23,000	Nil
11	Common	Pacifico Silla &/or Marie Paz Silla &/or Nathaniel Silla	20,000	Nil
12	Common	Juan Miguel B. Salcedo	16,177	Nil
13	Common	Jose Emmanuel B. Salcedo	16,177	Nil
14	Common	NSJS Realty & Development Corporation	16,000	
15	Common	Grace Q. Bay	15,243	Nil
16	Common	Camille Patricia Dominique T. Ang	14,547	Nil
17	Common	Pacifico Silla &/or Marie Paz Silla Sagum &/or Nathaniel Silla	9,456	Nil
18	Common	Pacifico C. Silla &/or Catherine M. Silla &/or Alexander M. Silla	9,456	Nil
19	Common	Myra P. Villanueva	8,900	Nil
20	Common	Joyce M. Briones	7,868	Nil

As of December 31, 2021, 4.31% of the Company's outstanding capital stock is owned by foreign nationals.

Preferred Shareholders

Series 2A Preferred Shares

As of December 31, 2021, there are approximately 3 holders of the Company's Series 2A Preferred Shares, to wit:

	Title of Class	Stockholder	Number of Preferred Shares Held	Percentage of Total Shares
1	Preferred	PCD NOMINEE CORPORATION (Filipino)	25,789,700	98.36%
2	Preferred	PCD NOMINEE CORPORATION (Non-Filipino)	420,430	1.60%
3	Preferred	G.D TAN & CO., INC.	10,000	0.04%

Series 2B Preferred Shares

As of December 31, 2021, there are approximately 5 holders of the Company's Series 2B Preferred Shares, to wit:

	Title of Class	Stockholder	Number of Preferred Shares Held	Percentage of Total Shares
1	Preferred	PCD NOMINEE CORPORATION (FILIPINO)	16,859,360	96.86%
2	Preferred	PCD NOMINEE CORPORATION (NON-FILIPINO)	496,520	2.85%
3	Preferred	NELSON CHUA LIM	30,000	0.17%
4	Preferred	ANTONIO TAN CHUA	10,000	0.06%
5	Preferred	KAREN ANN C. LAYUG	10,000	0.06%

Series 3 Preferred Shares

As of December 31, 2021, there is 1 holder of the Company's Series 3 Preferred Shares, to wit:

	Title of Class	Stockholder	Number of Preferred Shares Held	Percentage of Total Shares
1	Preferred	Citicore Holdings Investment Inc.	13,500,000	100.00%

Series 4 Preferred Shares

As of December 31, 2021, there is 1 holder of the Company's Series 4 Preferred Shares, to wit:

	Title of Class	Stockholder	Number of Preferred Shares Held	Percentage of Total Shares
1	Preferred	PCD NOMINEE CORPORATION (FILIPINO)	39,453,210	98.63%
2	Preferred	PCD NOMINEE CORPORATION (NON-FILIPINO)	546,190	1.37%
3	Preferred	VILLANUEVA, MILAGROS P.	500	0.00%
4	Preferred	CABREZA, MARIETTA V.	100	0.00%

Beneficial Owners

Owners of record of more than 5% of Megawide's shares of common stock as of December 31, 2021 are as follows:

Title of Class	Name & Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares Held	Percent (%)
Common	Citicore Holdings Investment Inc. – Stockholder No. 20 N. Domingo Street, Barangay Valencia, Quezon City	Edgar B. Saavedra Mr. Saavedra is a majority stockholder of Citicore.	Filipino	712,925,501	35.41%
Common	Megacore Holdings, Inc. – Stockholder No. 20 N. Domingo Street, Barangay Valencia, Quezon City	Edgar B. Saavedra Mr. Saavedra is a majority stockholder of Megacore.	Filipino	617,709,197	30.68%
Common	PCD Nominee Corporation (Filipino) – Stockholder 37/F Tower I, The Enterprise Center, 6766 Ayala Avenue, corner Paseo de Roxas	Publicly-Held Shares	Filipino	1,164,870,236	57.86%

Security Ownership of Directors and Management

As of December 31, 2021, the following table sets forth security ownership of the Company's Directors and Officers:

Title of Shares	Name of Beneficial Owner	Type of Ownership		Citizenship	%
		Direct	Indirect		
Common	Edgar B. Saavedra <i>Chairman of the Board, CEO, and President</i>	1	973,282,259	Filipino	Nil
Common	Manuel Louie B. Ferrer <i>Infrastructure Development and Chief Corporate Affairs and Branding Officer</i>	0	1	Filipino	Nil
Common	Oliver Y. Tan <i>Director</i>	0	18,767,852	Filipino	0.93%
Common	Ramon H. Diaz <i>Executive Director and Group Chief Financial Officer</i>	1	349,999	Filipino	0.02%
Common	Chief Justice Hilario G. Davide, Jr. (Ret.) <i>Lead Independent Director</i>	1	0	Filipino	Nil
Common	Celso P. Vivas <i>Independent Director</i>	1	0	Filipino	Nil
Common	Alfredo E. Pascual <i>Independent Director</i>	1	10,900	Filipino	Nil
Common	Christopher A. Nadayag	0	49	Filipino	Nil

	<i>Treasurer and Deputy Chief Financial Officer</i>				
Common	Raymund Jay S. Gomez <i>Chief Legal Officer, Compliance Officer, and Data Protection Officer</i>	0	0	Filipino	Nil
Common	Maria Belinda Morales Chief Human Resources Officer	35,000 (Indirect)	35,000	Filipino	Nil
Common	Zheena E. Ocampo <i>Acting Chief Audit Executive</i>	7,500 (Indirect)	7,500	Filipino	Nil
Common	Kama Neson Ganeson* <i>Acting Chief Risk Officer</i>	0	0	Malaysian	Nil
Common	Martin Miguel Flores** <i>Chief Risk Officer</i>	4,400 (Indirect)	4,400	Filipino	Nil
Common	Abigail Joan R. Cosico** <i>Chief Investor Relations Officer</i>	0	0	Filipino	Nil
Common	Anthony Leonard G. Topacio* <i>Corporate Secretary</i>	0	0	Filipino	Nil
Common	Charlotte Y. King** <i>Corporate Secretary</i>	0	0	Filipino	Nil
Common	Jasmine M. Jimenez <i>Assistant Corporate Secretary</i>	0	0	Filipino	Nil
Common	Ma. Criselle R. Zapata-Herrera** <i>Assistant Corporate Secretary</i>	0	25,200	Filipino	Nil

Aside from Mr. Edgar B. Saavedra who owns 48.34% by direct and indirect shares of Megawide, there is no other director or key officer of Megawide who owns at least 10% of Megawide's issued and outstanding shares of common stock.

Voting Trust Holders of 5% or More

There is no voting trust arrangement executed among the holders of 5% or more of the issued and outstanding shares of common stock of Megawide.

Change in Control

There are no arrangements entered into by Megawide or any of its stockholders which may result in a change of control of Megawide. For information on Changes in Control, see the section "*Description of Shares*" of this Prospectus.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Related party transactions are transfers of resources, services or obligations between Megawide and its related parties, regardless of whether a price is charged. Transactions between Megawide and related parties are conducted at estimated market rates and on an arm's length basis and in accordance with the Company's Related Party Transactions Policy.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with Megawide; (b) associates and joint ventures; (c) individuals owning, directly or indirectly, an interest in the voting power of Megawide that gives them significant influence over Megawide and close members of the family of any such individual; and, (d) Megawide's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

All material related party transactions and related party transactions involving directors and/or officers shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions and related party transactions involving directors and/or officers. In case that a majority of the independent directors' vote is not secured, the material related party transactions and related party transactions involving directors and/or officers may be ratified by the vote of the stockholders representing at least two-third of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 1% of Megawide's total consolidated assets, the same BOD approval would be required for the transaction/s that meet and exceeds the materiality threshold covering the same related party. Under SEC Memorandum Circular No. 10, Series of 2019, *Rules on Material Related Party Transactions for Publicly-listed Companies*, the minimum threshold to be considered as a material related party transaction is 10% of the total assets based on the latest audited consolidated financial statements.

Directors with personal interest in a certain related party transaction should abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

In the normal course of business, Megawide provides construction services to related parties under common ownership, associate, a certain previous shareholder and other related parties. The related revenue from these transactions amounted to ₱735.2 million in 2021 and ₱958.3 million in 2020 and is recorded as part of Construction operation revenues account in the consolidated statements of income. Services rendered to the above related parties are based on normal terms similar to terms that would be available to non-related parties.

The outstanding contract receivables from these transactions, which are generally unsecured and settled through cash within three to six months, and the related retention receivables, which can only be collected after a certain period of time upon acceptance by project owners of the certificate of completion, are presented as part of Contract and Retention receivables under Trade and Other Receivables account in the consolidated statements of financial position.

Megawide is a lessee of certain parcels of land and building owned by related parties under common ownership.

Advances to officers and employees represent unsecured, noninterest-bearing cash advances for business-related expenditures that are to be liquidated 60 days from the date the cash advances were received. The outstanding receivables from these transactions are presented as part of Trade and Other Receivables.

Megawide obtained unsecured, noninterest-bearing cash advances from certain related parties to finance portion of its working capital requirement payable upon demand. The outstanding balance from these transactions is shown under Trade and Other Payables account in the consolidated statements of financial position.

Megawide has provided unsecured, interest-bearing cash advances to its associates and certain related parties under common ownership for their working capital requirements.

The outstanding balance from these transactions is shown under Trade and Other Receivables account in the consolidated statements of financial position. Interest income earned from these advances are presented as part of Finance Income under Other Income (Charges) account in the consolidated statements of income. The outstanding balance from interest income is presented as part of Trade and Other receivable) account in the consolidated statements of financial position.

Further, upon assessment of recoverability based on the capacity to pay and expected collectability of these advances, no impairment losses were recognized in both periods.

Megawide's outstanding receivables from and payables to the same related parties as presented can be potentially offset to the extent of their corresponding outstanding balances.

The minority shareholders granted unsecured, noninterest-bearing cash advances to GMCAC to support its Project bid-related expenses. The minority interest shareholder also granted unsecured noninterest-bearing cash advances to MCEI to support its working capital operations. The outstanding balance from this transaction is shown under Trade and Other Payables account in the consolidated statements of financial position.

In 2021, the Parent Company provided certain project management and consultancy services to a related party under common ownership amounting to ₱103.3 million. There were no similar transactions in 2020 and 2019.

The Parent Company's retirement plan is in the form of a bank-trustee managed account. The fair value of the retirement plan totaled ₱4.7 million and ₱4.6 million as of December 31, 2021 and 2020, respectively.

The summary of Megawide's transactions with related parties is as follows:

Related Party Category	December 31, 2021		December 31, 2020	
	Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)
Ultimate Parent Company:				
Cash granted	₱-	₱3,089,295,108	₱19,923,383	₱3,089,295,108
Interest receivable	220,500,000	726,037,823	216,562,500	505,537,823
Associate:				
Revenue from services	-	1,105,839,908	231,199,602	1,093,283,188
Cash granted	(26,922)	42,179,046	36,205,968	42,205,968
Cash advance obtained	-	(20,000,000)	-	(20,000,000)
Rent income	53,571	286,607	53,571	229,286
Joint Arrangement:				
Revenue from services	356,773,700	80,247,052	272,993,860	364,434,825
Cash advance granted	(735,000)	621,354	(4,047,912)	1,356,355
Cash advance obtained			-	-
Related Parties Under Common Ownership:				
Rent income	3,804,016	18,473,666	5,956,791	332,411
Revenue from services	378,457,534	1,057,734,512	338,869,209	202,211,820
Rent expense			-	-
Cash advance granted	8,950,004	3,286,782,246	91,061,375	3,277,832,242
Cash obtained			-	-
Interest receivable	220,500,000	726,037,823	216,562,500	505,537,823
Management and consultancy	103,280,955	103,280,955	-	-
Retirement fund	57,053	4,691,732	295,978	4,634,679
Advances to Officers and Employees	11,316,768	85,798,075	22,977,518	74,481,307
Key Management Compensation	286,309,661	-	320,043,868	-

CAPITALIZATION

The following table sets out the unaudited consolidated long-term debt and capitalization of Megawide as of 31 December 2021 and as adjusted to give effect to the issuance of the Bond. This table should be read in conjunction with Group's audited consolidated financial statements and the related notes attached to this Prospectus.

(Amounts in ₱ thousands)	Actual	Adjustments*	Assuming ₱3 Billion Offer	Adjustments**	Assuming ₱ 4 Billion Offer
<u>LIABILITIES AND EQUITY</u>					
Liabilities - net of issuance costs					
Interest-bearing loans and borrowings - current portion	14,780,086	-	14,780,086	-	14,780,086
Interest-bearing loans and borrowings - long term debt	34,721,410	2,973,858	37,695,258	994,622	38,689,880
Total Interest-bearing loans and borrowings	49,501,496	2,973,858	52,475,344	994,622	53,469,966
EQUITY					
Capital stock	2,528,052	-	2,528,052	-	2,528,052
Additional paid-in capital	16,987,856	-	16,987,856	-	16,987,856
Revaluation reserves	94,012	-	94,012	-	94,012
Other reserves	(22,474)	-	(22,474)	-	(22,474)
Treasury shares	(8,615,691)	-	(8,615,691)	-	(8,615,691)
Retained earnings	5,555,677	-	5,555,677	-	5,555,677
Non-Controlling Interests	2,673,476	-	2,673,476	-	2,673,476
Total Equity	19,200,908	-	19,200,908	-	19,200,908
Total Capitalization***	68,702,404	2,973,858	71,676,252	994,622	72,670,874

* Reflects net proceeds of ₱ 2.97 billion assuming a total issue size of ₱ 3.0 billion of Bonds.

** Reflects an additional ₱ 3.97 billion in net proceeds assuming the Oversubscription Option is exercised, bring the total issue size to ₱ 4.0 billion of Bonds.

*** Total capitalization is the sum of Total Debt and Total Equity.

DIVIDEND POLICY

On June 26, 2013, the Board adopted a dividend policy of declaring annual cash dividends equivalent to 20% of the prior year's income for common shares, subject to the Company's contractual obligations. On April 3, 2019, the Board adopted a revised dividend policy increasing the maximum allowable annual dividend declaration from 20% to 30% (not to exceed 30%) of the prior year's net income, subject to the approval of the Board, and contractual obligations.

On November 13, 2014, the Board adopted a dividend policy for the Series 1 Preferred Shares equivalent to the 7-year benchmark rate determined by the Board. On issue date, the Series 1 Preferred Shares has an initial dividend rate fixed at 7.025% per annum payable quarterly as and if approved by the Board.

On October 5, 2021, the Board of Directors approved the terms and conditions of the offer and sale of the Series 2 Preferred Shares, including the following initial fixed dividend rates of:

- (a) Series 2A Preferred Shares: 4.25% - 4.75% per annum; and
- (b) Series 2B Preferred Shares: 5.25% - 5.75% per annum; and
- (c) Series 4 Preferred Shares: 5.30% per annum

On issue date, the Series 2A Preferred Shares and Series 2B Preferred Shares had fixed dividend of 4.75% and 5.75%, per annum, respectively, which shall be payable quarterly as and if declared by the Board of Directors, in accordance with the terms and conditions of the Series 2 Preferred Shares.

On September 13, 2021, the Board of Directors approved the terms and conditions of the offer and sale of the Series 4 Preferred Shares, including the initial dividend rate equivalent to 5.30% per annum.

Megawide has entered into loan agreements restricting its ability to declare dividends unless certain conditions are met, such as all debt obligations are current and updated, availability of retained earnings while maintaining debt to equity ratios, and debt service cover ratios after dividend payments. *Please refer to the section "Loan Agreements" of this Prospectus.* As of date, Megawide's subsidiaries, many of which are newly established and not yet income generating, have not formulated or adopted a dividend policy. Megawide shall cause these subsidiaries to adopt the appropriate dividend policies with the intention that each subsidiary shall regularly declare dividends in favor of Megawide, subject to capital requirements and other existing covenants/restrictions with its creditors.

Under the Revised Corporation Code, Megawide's Board is authorized to declare cash, property, stock dividends, or a combination thereof. Cash and property dividend declarations require only the approval of the Board. Meanwhile, stock dividend declarations require the approval of the Board and the shareholders representing at least two-thirds (2/3) of Megawide's outstanding capital stock. Such approval may be given at a general or special meeting duly called for such purpose. The holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares. Moreover, in accordance with the Revised Corporation Code, Megawide may only distribute dividends out of its unrestricted retained earnings.

During the past three (3) years, Megawide has consistently declared and paid out cash dividends as follows:

SERIES 1 PREFERRED SHARES (MWP)				
Date Approved	Record Date	Amount	Rate	Date of Payment
January 30, 2018	February 15, 2018	₱70,250,000.00	₱ 1.75625	March 3, 2018
May 3, 2018	May 18, 2018	₱70,250,000.00	₱ 1.75625	June 3, 2018

August 1, 2018	August 16, 2018	₱70,250,000.00	₱ 1.75625	September 3, 2018
October 30, 2018	November 16, 2018	₱70,250,000.00	₱ 1.75625	December 3, 2018
January 8, 2019	February 13, 2019	₱70,250,000.00	₱ 1.75625	March 3, 2019
April 3, 2019	May 16, 2019	₱70,250,000.00	₱ 1.75625	June 3, 2019
July 8, 2019	August 14, 2019	₱70,250,000.00	₱ 1.75625	September 3, 2019
October 10, 2019	November 15, 2019	₱70,250,000.00	₱ 1.75625	December 3, 2019
January 8, 2020	February 6, 2020	₱70,250,000.00	₱ 1.75625	March 3, 2020
May 8, 2020	May 25, 2020	₱70,250,000.00	₱ 1.75625	June 3, 2020
July 27, 2020	August 10, 2020	₱70,250,000.00	₱ 1.75625	September 3, 2020
October 5, 2020	November 6, 2020	₱70,250,000.00	₱ 1.75625	December 3, 2020
January 11, 2021	February 8, 2021	₱70,250,000.00	₱ 1.75625	March 3, 2021
April 8, 2021	May 18, 2021	₱70,250,000.00	₱ 1.75625	June 3, 2021
June 30, 2021	August 9, 2021	₱70,250,000.00	₱ 1.75625	September 3, 2021
October 19, 2021	November 09, 2021	₱70,250,000.00	₱ 1.75625	December 03, 2021

SERIES 2 PREFERRED SHARES (MWP2A)				
Date Approved	Record Date	Amount	Rate	Date of Payment
January 18, 2021	February 3, 2021	₱31,136,404.00	₱ 1.1875	March 1, 2021
April 8, 2021	May 4, 2021	₱31,136,404.00	₱ 1.1875	May 27, 2021
June 30, 2021	August 5, 2021	₱31,136,404.00	₱ 1.1875	August 27, 2021
October 19, 2021	November 05, 2021	₱31,136,404.00	₱ 1.1875	November 29, 2021

SERIES 2 PREFERRED SHARES (MWP2B)				
Date Approved	Record Date	Amount	Rate	Date of Payment
January 18, 2021	February 3, 2021	₱25,020,953.00	₱ 1.4375	March 1, 2021
April 8, 2021	May 4, 2021	₱25,020,953.00	₱ 1.4375	May 27, 2021
June 30, 2021	August 5, 2021	₱25,020,953.00	₱ 1.4375	August 27, 2021
October 19, 2021	November 05, 2021	₱25,020,953.00	₱ 1.4375	November 29, 2021

SERIES 4 PREFERRED SHARES (MWP4)				
Date Approved	Record Date	Amount	Rate	Date of Payment
December 23, 2021	January 10, 2022	₱53,000,000.00	₱ 1.3250	January 31, 2022

COMMON SHARES (MWIDE)				
Date Approved	Record Date	Amount	Rate	Date of Payment
December 11, 2017	December 26, 2017	₱106,928,874.85	₱ 0.05	December 29, 2017
October 1, 2018	October 15, 2018	₱256,629,299.64	₱ 0.12	November 12, 2018
December 26, 2019	January 15, 2020	₱247,636,058.04	₱ 0.12	January 31, 2020

As of date, no dividends have been declared for the Series 3 Preferred Shares.

Similarly, the Company, in its capacity as a holding company, is in the process of implementing an increased dividend policy from its operating subsidiaries to distribute up to 40% of previous year's net income as dividends to Parent's corresponding ownership of common shares, subject to restrictions on unappropriated retained earnings, and based on contractual obligations and approval of the Board of Directors of the respective subsidiaries.

During the past three (3) years, Megawide has received cash dividends from the following subsidiary:

GlobemERCHANTS, Inc. (GMI)				
Date Approved	Record Date	Amount	Rate	Date of Payment
May 9, 2019	November 30, 2018	₱50,000,000.00	₱2.50	May 21, 2019
November 4, 2019	November 4, 2019	₱50,000,000.00	₱2.50	February 26, 2020

On December 22, 2020, GMI's Board of Directors and the shareholders approved the declaration of stock dividends to stockholders of record as at December 31, 2019, amounting to ₱25,000,000.00 or ₱1.00 per share, payable on or before December 31, 2020. Stock dividends declared were subsequently distributed on December 31, 2020, thus increasing the subscribed and issued capital stock of GMI by ₱25,000,000.00.

RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES

Megawide has not sold any unregistered securities within the past 3 years, except for the Series 3 Preferred Shares which was issued in support of the application for the increase in authorized capital stock to create the Series 2 Preferred Shares and the Series 4 Preferred Shares.

MATERIAL CONTRACTS

The Company's principal contracts generally consist of construction contracts for its projects, PPP contracts, operating and finance lease commitment, contracts for the lease of its office spaces, motor pools and equipment yards, surety arrangement and guarantees, joint venture agreements, and loan agreements. Other than these, the Company is not a party to any contract of any material importance and outside the usual course of business, and the Directors do not know of any such contract involving the Company.

CONSTRUCTION CONTRACTS

Majority of the Company's contracts are general construction works and may be classified into several scopes, namely: site development, earthworks, structural and civil works, masonry works, architectural finishes, electrical works, plumbing and sanitary works, fire protection works, and mechanical works.

These construction contracts generally contain a warranty from the Company that it shall be responsible for and shall indemnify and hold the customer free and harmless from and against all losses, expenses, judgments, court costs, attorney's fees, demands, payments, suits, actions, recoveries, decrees, execution and claims of every nature and description brought about and/or recovered through the said contracts. Payment of liquidated damages, computed at one-tenth (1/10) of one percent (1%) of the total contract price, up to a maximum of ten percent (10%) of the total contract amount, per calendar day of delay, is also stipulated.

As for the manner of payment, the customer generally pays the downpayment upon submission of certain documents (e.g. bonds) while the balance is paid through monthly progress payments upon the Company's submission of monthly progress billing. These monthly payments are subject to ten percent (10%) retention to be released upon the lapse of a certain amount of time after the completion and/or turn-over of the project.

Upon complete turn-over of the projects, the Company, under the foregoing construction contracts, is required to post bonds to guarantee any defects, except those from the ordinary wear and tear or not attributable to the Company, that may occur within one (1) year from acceptance.

PPP CONTRACTS

The Company, on its own and through its subsidiaries, executed the following PPP agreements:

(i) Agreements executed by the Department of Education and CMCI for the PSIP I Projects

- (a) Build Lease Transfer Agreement (for Package B) dated October 8, 2012 with a contract price of ₱5,229,899,136 for the construction of school buildings in Region III;
- (b) Build Lease Transfer Agreement (for Package C) dated October 8, 2012 with a contract price of ₱7,229,899,136 for the construction of school buildings in Region IV-A; and

The PSIP involves the construction, maintenance, and lease of school buildings under a Build-Lease Transfer ("BLT") framework. Under the BLT, Citicore-Megawide Consortium will build over 7000 classrooms then lease the same to the DepEd for ten (10) years before transferring the school buildings to the DepEd.

(ii) Agreement executed by the Department of Education and Megawide for the PSIP II Projects

October 17, 2013, the Company executed a Build Transfer Agreement with the DepEd for the construction of school buildings in Regions I, II, III, and CAR with contract price of ₱2,255,923,096.49

(iii) Concession Agreement executed by GMCAC and the DOTC and the MCIAA

On April 22, 2014, GMCAC executed the concession agreement for the renovation of the Mactan Cebu International Airport and the construction of a new and world-class airport passenger terminal (along with associated infrastructure and facilities), the renovation and expansion of the existing airport terminal and the operation and maintenance of both airport passenger terminals for a period of 25 years under a build-operate-transfer arrangement.

The Concession Period is for 25 years.

(iv) *Concession Agreement executed by MWM Terminals, Inc. and the DOTC*

On 24 April 2015, MWM Terminals, Inc. executed the concession agreement for the design and construction, of: (1) an intermodal transport terminal near Coastal Road and Cavite Expressway, (2) access road to and from said facility, and (3) the pedestrian connection between the terminal and LRT1 Cavite Extension Asia World stations as well as the operation and maintenance of the terminal for a period of 35 years under a build-transfer-operate scheme.

The Concession Period is for 35 years.

(v) *Joint Venture Agreement executed between Megawide and the City of Cebu*

On January 11, 2021, Megawide entered into a JVA with the City of Cebu to undertake the redevelopment of the Cebu Carbon Market District. Under the JVA, Megawide shall develop the Cebu Carbon Market district and operate the commercial spaces, other than the public market, for a concession period of fifty (50) years from the execution of the JVA and renewable for another twenty-five (25) years. Upon completion of the concession period, Megawide shall transfer the assets to the City of Cebu.

OPERATING AND FINANCE LEASE

In the conduct of its ordinary course of business, Megawide enters into finance lease agreements with financing companies for its vehicles and equipment for terms of 36 – 60 months. As of date hereof, the Company's leased property under such arrangement has a total cost of ₱958,715,157, total rental is ₱446,238,077 and total monthly rental of ₱21,514,610.

LOAN AGREEMENTS

The Company has existing short term credit lines granted per bank (amounts in ₱ millions) as of December 31, 2021:

Bank	Credit Line	Outstanding Loan	Available Credit Line
BDO Unibank, Inc.	4,301.00	4,284.27	16.74
Land Bank of the Philippines	3,500.00	3,480.58	19.42
Philippine National Bank	2,006.18	1,900.00	106.18
Metrobank	1,500.00	1,042.00	457.25
Bank of Philippine Islands	1,500.00	1,500.00	-
Development Bank of the Philippines	1,330.80	1,330.00	0.80
Security Bank	880.85	500.00	380.85
RCBC	1,000.00	350.00	650.00

The Company obtained these various bank loans representing unsecured short-term loans from other local banks. The loans bear fixed annual interest rates ranging from 5.10% to 7.5% in 2021 and 2020.

Additionally, the Company has the following loan agreements:

₱5 Billion Notes Facility Agreement

On February 19, 2020, the Company signed a 5-year ₱5,000.0 million corporate note facility, the proceeds of which will be used by the Company to (a) retire maturing debt obligations (b) to fund growth projects and (c) for general corporate purposes. In 2020, the Company made its first drawdown on its third unsecured corporate note amounting to ₱3,600.0 million and remained outstanding as at December 30, 2021.

The Parent Company has complied with all the debt covenants set forth in the notes facility agreement as the transactions during the intervening periods are under the ordinary course of business.

The notes, among other things, restrict the Company's ability to:

- (a) incur any indebtedness to be secured by or to benefit from any lien, in favor of any creditor on, or in respect of any present or future assets or revenues or the right to receive income;
- (b) make any material change in the nature of its business from that being carried on as of the signing date;
- (c) enter into any merger or consolidation except if the issuer retains control of the surviving corporation, such merger or consolidation is required by law, and such merger does not result in material adverse effect;
- (d) amend its articles of incorporation and/or by-laws except as required by law;
- (e) declare or pay any cash dividend to its stockholders (other than dividends payable solely in shares of its capital stock and cash dividends due on its outstanding preferred shares) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders, unless all payments due under the notes are current and updated and provided that any such payment is made out of retained earnings and the debt to equity ratio of 2:33:1 are maintained;
- (f) sell, assign, lease, transfer, and/or dispose all or substantially all of its properties;
- (g) assign, transfer or otherwise convey any right to receive any of its income or revenues;
- (h) voluntarily suspend its business operations in a manner that will result in a material adverse effect;
- (i) extend any loan, advance or subsidy to any person (other than to its subsidiaries or affiliates, or transactions in the ordinary course of business, or financing or guarantees for the direct or indirect purchase or sale of the assets of the issuer, its subsidiaries or affiliates). Neither shall the issuer make any deposit, credit to, or investment in, any person, except for bank deposit, credit placements, and other transactions in the ordinary course of business;
- (j) permit its financial debt to equity ratio to exceed 2.33:1; nor permit its debt service coverage ratio to fall below 1.1 and,
- (k) after event of default, voluntarily prepay any indebtedness.

₱4.0 Billion Notes Facility Agreement

On February 19, 2013, the Company, as Issuer, entered into a ₱4 Billion Notes Facility Agreement with a local universal bank. The ₱4 Billion Notes Facility Agreement is for the purpose of funding the Company's working capital requirements and for general corporate purposes.

The notes constitute direct, unconditional, unsubordinated, general and unsecured obligation ranking at least *pari passu* with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Company.

The notes are issued in three tranches with the following details:

	<u>Principal</u>	<u>Term in Years</u>	<u>Interest Rate</u>
Tranche A	P 650,000,000	5	5%
Tranche B	3,250,000,000	7	6%

Tranche C	<u>100,000,000</u>	10	6%
	<u><u>P 4,000,000,000</u></u>		

The nominal rates refer to the Philippine Dealing System Treasury Fixing (PDST-F) rates with respect to the term of each tranche plus an interest spread of 1.75% for Tranche A and B and 1.50% for Tranche C.

The notes, among other things, restrict the Company's ability to:

- (a) incur any indebtedness to be secured by or to benefit from any lien, in favor of any creditor on, or in respect of any present or future assets or revenues or the right to receive income;
- (b) make any material change in the nature of its business from that being carried on as of the signing date;
- (c) enter into any merger or consolidation except if the issuer retains control of the surviving corporation, such merger or consolidation is required by law, and such merger does not result in material adverse effect;
- (d) amend its articles of incorporation and/or by-laws except as required by law;
- (e) declare or pay any cash dividend to its stockholders (other than dividends payable solely in shares of its capital stock and cash dividends due on its outstanding preferred shares) or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders, unless all payments due under the notes are current and updated and provided that any such payment is made out of retained earnings and the debt to equity ratio of 2:1 are maintained;
- (f) sell, assign, lease, transfer, and/or dispose all or substantially all of its properties;
- (g) assign, transfer or otherwise convey any right to receive any of its income or revenues;
- (h) voluntarily suspend its business operations in a manner that will result in a material adverse effect;
- (i) extend any loan, advance or subsidy to any person (other than to its subsidiaries or affiliates, or transactions in the ordinary course of business, or financing or guarantees for the direct or indirect purchase or sale of the assets of the issuer, its subsidiaries or affiliates). Neither shall the issuer make any deposit, credit to, or investment in, any person, except for bank deposit, credit placements, and other transactions in the ordinary course of business;
- (j) permit its financial debt to equity ratio to exceed 2:1; and,
- (k) after event of default, voluntarily prepay any indebtedness.

The Parent Company has complied with all the debt covenants set forth in the notes facility agreement as the transactions during the intervening periods are under the ordinary course of business.

In February 2018 and February 2020, Tranche A and B, respectively, has matured already, leaving Tranche C outstanding as of December 31, 2021, with a carrying value of ₱69.8 million.

₱2.0 Billion Notes Facility Agreement

In 2016, the Company entered into various notes facility arrangement with a local bank to refinance the corporate note issued in 2011 and to finance its capital expenditure and general corporate requirements.

The notes are issued with the following details:

Date Issued	<u>Principal</u>	<u>Term</u> years	in	<u>Interest Rate</u>
September 16, 2016	₱650,000,000	10		5.50%
December 5, 2016	350,000,000	10		6.37%
December 16, 2016	<u>1,000,000,000</u>	10		6.37%
	<u><u>₱ 2,000,000,000</u></u>			

These 10-year corporate notes bear an interest rate based on the closing per annum rates of a ten (10)-year PDST-R2 rate on the PDS Group website plus a certain spread. As of December 31, 2021, the outstanding amount on the Notes Facility is ₱1,900 million.

These 10-year corporate notes bear an interest rate based on the closing per annum rates of a ten (10)-year PDST-R2 rate on the PDS Group website plus a certain spread. The Company has to maintain a debt-to-equity ratio of not more than 2.33 and a debt service coverage ratio of at least 1.1.

The notes, among other things, restrict the Company's ability to:

- (a) Engage in any business or make or permit any material change in the character of its business from that authorized on its amended articles of incorporation and by-laws;
- (b) Amendment of articles of incorporation and by-laws which would cause a material adverse effect or be inconsistent with the provisions of the finance document;
- (c) Change of ownership and management if as a result the stockholdings of Citicore Investments Holdings Inc. will fall below 51% or enter into profit sharing, partnership or joint venture whereby its profits are shared with any other person that may have a material adverse effect;
- (d) Sale of asset, transfer or dispose of all or substantially all of its properties and assets except in the ordinary course of business;
- (e) Declaration of dividends or retirement of capital if the issuer shall not be in compliance with the financial covenants or would result to an event of default;
- (f) Loans and advances to its directors, officers and stockholders (other than to its subsidiaries or affiliates, or transactions in the ordinary course of business, or financing or guarantees for the direct or indirect purchase or sale of the assets of the issuer, its subsidiaries or affiliates). Neither shall the issuer make any deposit, credit to, or investment in, any person, except for bank deposit, credit placements, and other transactions in the ordinary course of business;
- (g) Make a capital expenditure not in the ordinary course of business;
- (h) Incur additional debt or act as surety on behalf of third parties or incur monetary obligation which shall cause the issuer to breach the financial covenants;
- (i) Loans and advances to any person (other than to its subsidiaries or affiliates, or transactions in the ordinary course of business, or financing or guarantees for the direct or indirect purchase or sale of the assets of the issuer, its subsidiaries or affiliates). Neither shall the issuer make any deposit, credit to, or investment in, any person, except for bank deposit, credit placements, and other transactions in the ordinary course of business;
- (j) Directly or indirectly incur or suffer to exist any lien upon any assets and revenues, present and future of the issuer or enter into any loan facility agreement secured by or to be secured by a lien upon any assets and revenues, present and future whether registered or unregistered of the issuer;
- (k) Except for permitted investments, invest in or acquire any (i) share in or any security issued by any person, (ii) acquire directly or indirectly the business or going concern or all substantially all the properties and assets or business of any other corporation or entity or invest in a controlling entity therein; and,
- (l) It will not voluntarily suspend or discontinue its entire or a substantial portion of its business operation.

On August 10, 2017, the Parent Company sent a letter to the bank requesting the waiver of one of the loan's negative covenants that prohibits the stockholdings of Citicore in the Parent Company to fall below 51% or prohibits the Parent Company to enter into profit sharing, partnership or joint venture whereby its profits are shared with any other person that may have a material adverse effect. In September 2017, the request was granted by the bank. The Parent Company is in compliance with all other covenants required to be observed under the loan facility agreement as of December 31, 2021.

₱11.3 Billion Omnibus Loan and Security Agreement

On December 17, 2014, GMCAC entered into a ₱20,000.0 million (which at GMCAC's option may be increased up to ₱23,300.0 million) OLSA with various local universal banks, as onshore lenders. On January 26, 2015, the parties amended the facility to include another universal

bank as offshore lender to contribute US \$75.0 million (or equivalent to ₱3,500.0 million) into the facility. On June 22, 2018, the Company amended the Amended and Restated OLSA increasing the Peso denominated loan facility by ₱870.0 million. The additional loan facility (onshore) was used to finance the investment related to the Fuel Hydrant System Infrastructure.

The facility has a term of 15 years, the repayment of which starts in 2019 and shall continue every year thereafter until 2030; and, interest requirements that are payable annually based on the following:

	First 7 Years	Last 8 Years
₱20,870.0 million onshore loan	Sum of Base Rate 1 (PDST-R2 benchmark yield) and credit spread	Sum of Base Rate 2 (PDST-R2 benchmark yield) and credit spread
US\$75.0 million offshore loan	LIBOR plus credit spread	LIBOR plus credit spread

**On October 29, 2018, the Bankers Association of the Philippines (BAP) launched its new set of reference rates, the PHP BVAL Reference Rates to replace the previous set of PDST Reference (PDST-R1 & PDST-R2).*

As security for timely payment of the loan and prompt observance of all provision of the Omnibus Agreement, the following were pledged as collateral on this loan:

- all monies deposited and from time to time standing in the Cash Flow Waterfall Accounts;
- the Project receivables;
- the proceeds of any asset and business insurance obtained, except for the proceeds of insurance policies arising from damage of any Project Assets;
- the Project Documents (Accession Agreement, Technical Service Agreement and Engineering and Procurement Contract); and,
- the 100% of the total issued and outstanding capital stock of GMCAC.

As of December 31, 2021, and December 31, 2020, the carrying amount of the assets pledged, in the form of a trust fund investment, as collateral amounted to ₱163.5 million and ₱401.5 million, respectively.

In addition, the OLSA provides certain restrictions and requirements which include, among others, maintaining and preserving its corporate existence, complying with all of its material obligations under the project arrangements, restrictions on granting of loans or advances and disposal of major properties and restrictions on payment of dividends. The OLSA also provides financial covenants which include maintaining a maximum debt to equity ratio of 70:30 and a debt service coverage ratio of at least 1.1 times following the Project completion date. As at December 31, 2020, the Company has debt-to-equity ratio of 68:32 and DSCR of 0.09, hence unable to comply with the financial covenants. GMCAC, therefore, made negotiations with the lenders as more fully discussed in the succeeding paragraphs.

On May 4, 2021, GMCAC and the lenders executed the second amendment to the amended and restated OLSA. The second amendment agreement include among others the following significant provisions:

- Changes in the principal repayment schedule as follows:

2020	1.00%
2024	8.00%
2025	9.40%
2026	12.04%
2027	11.00%
2028	11.28%
2029	16.78%
2030	<u>30.00%</u>
	99.50%

The remaining 0.5% pertains to principal repayment in December 15, 2019 amounting to ₱104.4 million and US\$0.4 million on the onshore and offshore loan facility, respectively. Principal repayment date will start June 15, 2024 and every six months thereafter;

- Deferral of interest payment incurred from September 15, 2020 to March 31, 2021. 19.97% of the accrued interest related to the period shall be paid in May 2021, the balance or 80.03% shall be paid on June 15, 2023 together with the interest accrued;
- For interest incurred from March 31, 2021 to December 15, 2021, 37.12% of the accrued interest related to the period shall be paid monthly starting May 15, 2021 until December 15, 2021, the balance or 62.88% shall be paid on December 2023 together with the interest accrued;
- Shareholders' loan extension (subordinated debt) totaling ₱640.0 million which shall be deposited in the Debt Service Reserve account on or before June 15, 2021;
- Changes in certain financial covenants. For debt to equity ratio, maintain a maximum debt to equity ratio of 75:25 for the period commencing on January 1, 2021 and ending on December 31, 2023, and 70:30 for the period commencing on January 1, 2024 and ending on the date on which all indebtedness under the finance documents has been irrevocably paid in full. For debt service coverage ratio, maintain a debt service coverage ratio at all times of at least 1.1x until the maturity date from the project completion date (other than during the period commencing on January 1, 2021 and ending on the date that the recovery conditions stated in sponsor's support section have been satisfied);
- Additional coverage ratio of at least 1.1x at all times during the period commencing on December 31, 2024 and ending on the date that the recover conditions stated in the sponsor's support section have been satisfied;
- Changes in the composition of retained earnings during the relief period of January 1, 2021 to December 31, 2023 taking into consideration the impact of deferred interest.

In the event of a default, the loan and all interest accrued and unpaid shall be due and payable as instructed by the Lender and all declared commitments terminated, then Lender may foreclose upon any of the Collateral pursuant to the terms of the Finance Documents.

Events of default constitutes default on loan payment due and payable, except due to technical or administrative error, material misrepresentation, non-remediable violation of the covenants in the Finance Documents, revocation of the Finance documents or project documents, cross default, failure to observe material obligations in the Project Documents or Finance documents or it becomes unlawful resulting to a material adverse effect, suspension, insolvency, payment of decree or writ of garnishment, the Collateral are substantially impaired or seized, disqualification by Grantors or notice of Award withdrawn, and any event resulting in a material adverse effect.

Moreover, GMCAC's BOD authorized GMCAC to establish, maintain and operate trust and investment accounts with a Security Trustee to ensure the prompt payment of the required amortization, interest and principal of the long-term loan, which was established and maintained by GMCAC during the reporting period.

In order to hedge the interest rate exposure on this floating rate US dollar-denominated loan maturing in June 2022, GMCAC entered into an interest rate swap transaction. As at December 31, 2021 and December 31, 2020, GMCAC recognized ₱54.9 million and ₱121.9 million derivative liability arising from this interest rate swap transaction.

₱3.9 Billion Omnibus Loan and Security Agreement

In 2015, the MWMTI entered into an Omnibus Loan and Security Agreement (OLSA), with the Parent Company as guarantor, with a local universal bank for a loan facility amounting to ₱3,300,000,000 to finance the construction of the ITS Project. In 2019, the MWMTI requested the lender to increase the loan by ₱600,000,000 making the total principal loan to ₱3,900,000,000.

In 2017, the MWMTI made its first drawdown amounting to ₱825,000,000 while the remaining loan facility was fully drawn in 2019 in tranches amounting to ₱3,075,000,000.

The loan principal shall be amortized quarterly over 15 years and the first principal repayment is due on January 16, 2021. The interest-bearing loan is secured by the Joint Venturers and bear annual interest of 4.62%, 6.89%, and 6.89% in 2020, 2019, and 2018, respectively.

The interest-bearing loan requires the MWMTI to maintain a maximum debt-to-equity ratio of 70:30. In addition, the MWMTI is also required to observe at all times until full payment of the loan a debt service coverage ratio of at least 1.25. Compliance to the ratios is monitored on a quarterly basis.

With regard to the loans aforementioned, MWMTI has complied with affirmative and negative covenants.

The following are affirmative provisions that are common across Megawide's long term loan facilities:

- (a) Maintenance, continuity of business/insurance
- (b) Tax and law compliance
- (c) Indebtedness, Contractual and other obligations
- (d) Notice of legal proceeding and adverse action
- (e) Continuing consents and approvals
- (f) Environmental, occupational, and health, safety guidelines
- (g) Maintenance of Books of Accounts and records
- (h) Submission of unaudited and audited financials
- (i) Certificate of No Default, Compliance and Notice of Default
- (j) Notice of Change of Address
- (k) Use of Proceeds
- (l) Dividends from subsidiaries (as far as permitted)
- (m) Seniority of debt
- (n) Further assurances

SHAREHOLDERS AGREEMENTS

Agreement with GMR Holdings Overseas (Singapore) Pte. Limited in relation to GlobemERCHANTS, Inc.

On 01 December 2018, the Company entered into a Shareholders' Agreement with GMR Holdings Overseas (Singapore) Pte. Limited ("GMR"), to establish a company that will engage in the supply and delivery of Destination Products to Duty Free Philippines Corporation. In view thereof, the Parties established a special purpose vehicle known as GlobemERCHANTS, Inc. ("SPV").

Under the Shareholders' Agreement, the shareholding ratio between the Company and GMR in the SPV is 50% each. The equity financing and guarantees of the SPV shall be undertaken by the Parties in proportion to their shareholding ratio.

SPV's Board is comprised of six (6) directors, of whom both GMR and the Company have designated three (3) directors each ("Board"). The Board approves all financial and operational matters for the implementation of the Business.

Agreement with GMR Megawide Cebu Airport Corporation (GMCAC), GMR Airports International B.V (GAIBV), and Select Service Partner Philippines Corporation ("SSP PH")

On 7 September 2018, GMCAC, a corporation established by the consortium led by the Company and GMR Infrastructure Limited, entered into a Shareholders' Agreement with GAIBV and SSP-PH for the establishment, setting up, development, operation, maintenance, and management of the food and beverage outlets at MCI. Pursuant to the Shareholders' Agreement, SSP Mactan Cebu Corporation ("SSP-MCC") was incorporated as the joint venture company for GMCAC, GAIBV and SSP-PH. The said Shareholders' Agreement provides for the

terms and conditions for participation by GMCAC, GAIBV and SSP-PH in the SSP-MCC, their relationship as shareholders, and their rights and obligations in relation to the operation and management of the SSP-MCC.

Agreement with GMAC, GAIBV, and United Travel Retail Partners, Inc. (“UTRPI”)

On 29 June 2018, GMCAC entered into a Shareholders’ Agreement with GAIBV and UTRPI for the setting up, development, operation, maintenance and management of the retail outlets at MCIA (“Project”). The said Shareholders’ Agreement provides for, among others, the rights and obligations of the parties with respect to the incorporation of a joint venture between GMCAC, GAIBV and UTRPI (“JV”) for purposes of carrying out the Project, local regulatory compliances, banking and funding requirements of the JV, subscription to/acquisition of the shareholdings in the JV, contracting, manpower and operational requirements, day to day operations, cost control and profitability of the JV.

MARKET INFORMATION

The common shares of the Company are traded on the PSE under the symbol “MWIDE”. The shares were listed on the PSE on February 18, 2011. The following table sets out, for the periods indicated, the high and low closing prices for the Company’s common shares as reported on the PSE:

2017	High	High (adjusted)	Low	Low (adjusted)
First Quarter	18.00	n/a	14.16	n/a
Second Quarter	19.86	n/a	16.90	n/a
Third Quarter	18.86	n/a	14.90	n/a
Fourth Quarter	19.00	n/a	15.42	n/a
2018				
First Quarter	22.15	n/a	17.66	n/a
Second Quarter	25.00	n/a	19.80	n/a
Third Quarter	20.60	n/a	15.46	n/a
Fourth Quarter	19.40	n/a	14.02	n/a
2019				
First Quarter	21.50	n/a	17.06	n/a
Second Quarter	23.00	n/a	18.78	n/a
Third Quarter	19.52	n/a	17.60	n/a
Fourth Quarter	19.00	n/a	16.32	n/a
2020				
First Quarter	16.80	n/a	5.35	n/a
Second Quarter	7.44	n/a	7.17	n/a
Third Quarter	7.25	n/a	7.11	n/a
Fourth Quarter	10.90	n/a	6.69	n/a
2021				
First Quarter	8.90	n/a	5.91	n/a
Second Quarter	7.32	n/a	5.90	n/a
Third Quarter	7.50	n/a	5.90	n/a
Fourth Quarter	6.85	n/a	4.90	n/a
2022				
First Quarter	5.70	n/a	4.73	n/a

On March 31, 2022, the closing price of the Company’s common shares on the PSE was ₱5.24 per share.

The Company’s Series 1 Preferred Shares were listed in the PSE on December 3, 2014 under the trading symbol “MWP”. The Company’s Series 2A Preferred Shares and Series 2B Preferred Shares were listed on the PSE on November 27, 2020 under the trading symbol “MWP2A” and “MWP2B”, respectively). The Series 3 is not listed in the PSE.

The following table sets out, for the periods indicated, the high and low closing prices for the Company’s MWP shares as reported on the PSE:

MWP	High	High (adjusted)	Low	Low (adjusted)
2019				
First Quarter	102	n/a	98	n/a
Second Quarter	103	n/a	100	n/a
Third Quarter	102.5	n/a	99.7	n/a
Fourth Quarter	102	n/a	98.05	n/a
2020				
First Quarter	101	n/a	98.2	n/a
Second Quarter	101	n/a	97.5	n/a
Third Quarter	101.5	n/a	100	n/a
Fourth Quarter	101.7	n/a	100.4	n/a
2021				
First Quarter	102	n/a	99.9	n/a
Second Quarter	102.1	n/a	100	n/a
Third Quarter	101.6	n/a	100.4	n/a
Fourth Quarter	101.9	n/a	100	n/a

The following table sets out, for the periods indicated, the high and low closing prices for the Company's MWP2A shares as reported on the PSE:

MWP2A	High	High (adjusted)	Low	Low (adjusted)
2020				
Fourth Quarter	100.9	n/a	95	n/a
2021				
First Quarter	101	n/a	98.5	n/a
Second Quarter	105	n/a	100	n/a
Third Quarter	110	n/a	96.1	n/a
Fourth Quarter	103.4	n/a	95.5	n/a
2022				
First Quarter	99	n/a	93	n/a

The following table sets out, for the periods indicated, the high and low closing prices for the Company's MWP2B shares as reported on the PSE:

MWP2B	High	High (adjusted)	Low	Low (adjusted)
2020				
Fourth Quarter	101	n/a	98.4	n/a
2021				
First Quarter	101.8	n/a	99.8	n/a
Second Quarter	101.8	n/a	100	n/a
Third Quarter	110	n/a	96.1	n/a

Fourth Quarter	103.4	n/a	95.5	n/a
2022				
First Quarter	103	n/a	100.2	n/a

The following table sets out, for the periods indicated, the high and low closing prices for the Company's MWP4 shares as reported on the PSE:

MWP4	High	High (adjusted)	Low	Low (adjusted)
2021				
Fourth Quarter	101	n/a	100	n/a
2022				
First Quarter	101	n/a	99.1	n/a

As of March 31, 2022, the closing prices of the outstanding Preferred Shares are as follows:

Preferred Shares	Closing Price
MWP2A	₱93.00
MWP2B	₱100.20
MWP4	₱100.00

PHILIPPINE TAXATION

The statements herein regarding taxation are based on the laws in force as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Bonds.

As used in this section, the term “resident” alien” refers to an individual whose residence is within the Philippines and who is not a citizen thereof. On the other hand, a “non-resident alien” means an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a “non-resident alien engaged in trade or business in the Philippines”; however, a non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year may be considered a “non-resident alien not engaged in trade or business within the Philippines”. A “domestic corporation” is created or organized under the laws of the Philippines while a “resident foreign corporation” is a foreign corporation engaged in trade or business in the Philippines. A “non-resident foreign corporation” is a foreign corporation not engaged in trade or business within the Philippines.

Philippine Taxation

On 1 January 2018, Republic Act No. 10963, otherwise known as the “Tax Reform for Acceleration and Inclusion” (“TRAIN”) Act, took into effect. The TRAIN Act amended provisions of the Tax Code including provisions on Documentary Stamp Tax, tax on interest income and other distributions, Estate Tax, and Donor’s Tax. While the TRAIN Act brought about extensive changes to individual income taxation, it did not include changes in corporate income taxation. This was addressed in the second package of the Comprehensive Tax Reform Program (“CTRP”) or Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (“CREATE”), which was signed into law on 26 March 2021, amending provisions of the Tax Code, related to, among others, corporate income tax, lowering corporate income taxes and modernizing fiscal incentives in a bid to complement the expected incremental revenues from the first package.

As used in this section, the term “non-resident alien” means an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a “non-resident alien doing business in the Philippines”; however, a non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year may be considered a “non-resident alien not engaged in trade or business within the Philippines”. A “non-resident foreign corporation” is a foreign corporation not engaged in trade or business within the Philippines.

Taxation of Interest

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax. Interest income derived by Philippine citizens and resident alien individuals from the Bonds is thus subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Generally, interest on the Bonds received by non-resident aliens engaged in trade or business in the Philippines is subject to a 20% final withholding tax while that received by non-resident aliens not engaged in trade or business is subject to a final withholding tax rate of 25%. Interest income received by domestic corporations and resident foreign corporations from the Bonds is subject to a final withholding tax rate of 20%. Interest income received by non-resident foreign corporations from the Bonds is subject to a 25% final withholding tax.

The foregoing rates are subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident owner. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 15% in cases where the interest which arises in the Philippines is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest who is a

resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

Tax-Exempt Status or Entitlement to Preferential Tax Rate

The BIR has issued Revenue Memorandum Order No. 14-2021 (“RMO No. 14-2021”) to streamline the procedures and documents for the availment of treaty benefits covering all items of income, derived by non-resident taxpayers from Philippine sources that are entitled to relief from double taxation under the relevant tax treaty. Under this regulation, when the treaty rates have been applied by the withholding agent on the income earned by the non-resident, the former shall file with the International Tax Affairs Division (“ITAD”) of the BIR a request for confirmation on the propriety of the withholding tax rates applied on that item of income. On the other hand, if the regular rates have been imposed on the said income, the non-resident shall file a tax treaty relief application (“TTRA”) with ITAD. The request for confirmation shall be filed by the withholding agent at any time after the payment of withholding tax but shall in no case be later than the last day of the fourth month following the close of each taxable year. The request for confirmation or TTRA shall be supported by the documentary requirements under RMO No. 14-2021.

If the BIR determines that the withholding tax rate applied is lower than the rate that should have been applied on an item of income pursuant to the treaty, or that the non-resident taxpayer is not entitled to treaty benefits, it will issue a BIR ruling denying the request for confirmation or TTRA. Consequently, the withholding agent shall pay the deficiency tax plus penalties. On the contrary, if the withholding tax rate applied is proper or higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient’s entitlement to treaty benefits. In the latter case, the taxpayer may apply for a refund of excess withholding tax.

If a company withholds the regular tax rate instead of the reduced rate applicable under an income tax treaty, a non-resident holder of the company’s shares may file a claim for a refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

The claim for refund may be filed independently of, or simultaneously with, the TTRA. If the claim was not filed simultaneously with the TTRA, the office where it was filed shall coordinate with, and defer to, ITAD the resolution of the non-resident’s entitlement to treaty benefit. If, on the other hand, the claim was filed simultaneously with the TTRA, it shall be the responsibility of the ITAD to endorse the claim for refund to the proper office that handles the processing of tax refunds after the resolution of the TTRA. At any rate, all issues relating to the application and implementation of treaty provisions shall fall within the exclusive jurisdiction of the ITAD.

Bondholders who are exempt from or are not subject to final withholding tax on interest income or entitled to be taxed at a preferential rate may claim such exemption or avail of such preferential rate by submitting the necessary documents. Said Bondholder shall submit the following requirements:

1. Proof of Tax Exemption or Entitlement to Preferential Tax Rates
 - i. For (a) tax-exempt corporations and associations under Section 30 of the Tax Code (except non-stock, non-profit educational institutions under Section 30(H) of the Tax Code); (b) cooperatives duly registered with the Cooperative Development Authority; and (c) BIR-approved pension fund and retirement plan – certified true copy of valid, current and subsisting tax exemption certificate, ruling or opinion issued by the BIR. For this purpose, a tax exemption certificate or ruling shall be deemed “valid, current and subsisting” if it has not been more than 3 years since the date of issuance thereof, and has not been revoked, amended or modified;
 - ii. For Tax-Exempt Personal Equity Retirement Account established pursuant to PERA Act of 2008 – certified true copy of the Bondholder’s current, valid and subsisting Certificate of Accreditation as PERA Administrator (BIR Form No. 2336);

- iii. For all other tax-exempt entities (including, but not limited to, (a) non-stock, non-profit educational institutions; (b) GOCC; and (c) foreign governments, financing institutions owned, controlled or enjoying refinancing from foreign governments, and international or regional financial institutions established by foreign governments) – certified true copy of tax exemption certificate, ruling or opinion issued by the BIR expressly stating that their income is exempt from income tax and, consequently, withholding tax; and
- iv. For entities claiming tax treaty relief – original or certified true copies of the following documents:

General requirements:

- A. Original Tax Residency Certificate (TRC) duly issued by the tax authority of the foreign country in which the Bondholder is a resident;
- B. Original and duly notarized Special Power of Attorney (SPA) issued by the Bondholder to the Issuer, expressly stating the Issuer's authority to sign the Application Form for Treaty Purposes (BIR Form No. 0901-I) and to file a request for confirmation with the BIR on behalf of the Bondholder;

Additional requirements for legal persons and arrangements, and individuals:

- C. Authenticated copy of the Bondholder's Articles/Memorandum of Incorporation/Association, Trust Agreement, or equivalent document confirming its establishment or incorporation, with an English translation thereof if in foreign language;
- D. For legal persons and arrangements – original Certificate of Non-Registration or certified true copy of License to Do Business in the Philippines duly issued by the Securities and Exchange Commission (SEC) to the Bondholder;
- E. For individuals – original Certificate of Business Registration/Presence duly issued by the Department of Trade and Industry (DTI) to the Bondholder;

Additional requirements for entities:

- F. Certified true copy of the law of the foreign country showing that tax is imposed on the owners or beneficiaries of the Bondholder;
- G. List of owners/beneficiaries of the Bondholder;
- H. Proof of ownership of the Bondholder; and
- I. TRC duly issued by the concerned foreign tax authority to the owners or beneficiaries of the Bondholder.

Persons claiming tax treaty relief shall likewise provide a copy of the relevant provision of the tax treaty showing the basis of the such claim for tax exemption or preferential tax rate, if required by the Issuer.

All documents executed in a foreign country must either be authenticated by the Philippine Embassy stationed therein or apostilled if the said foreign country is a signatory to the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents (HCCH 1961 Apostille Convention) in order to be acceptable to the Issuer.

In addition, for subsequent interests due and subject to the requirements of new or amendatory regulations, the Bondholder shall submit to the Issuer an updated Application Form, a new TRC (if the validity period of the previously submitted TRC has already lapsed), and other relevant documents no later than the last day of the first month of the year when such subsequent interest payment/s shall fall due.

2. A duly notarized declaration (in the prescribed form) warranting that the Bondholder's tax-exemption certificate or ruling has not been revoked or cancelled and that there are no material changes in character, purpose, or method of operation of the Bondholder which are inconsistent with the basis of its income tax exemption, or warranting the Bondholder's entitlement to preferential treaty rates, and undertaking to immediately notify the Issuer, the Registrar, and the Paying Agent of any suspension or revocation of its tax exemption or treaty

privileges and agreeing to indemnify and hold the Issuer, the Registrar, and the Paying Agent free and harmless against any claims, actions, suits, and liabilities arising from the non-withholding or reduced withholding of the required tax; and

3. Such other documentary requirements as may be reasonably required by the Issuer or the Registrar and Paying Agent, or as may be required under applicable regulations of the relevant taxing or other authorities.

Failure to submit any of the documents provided under (1), (2) and (3) above, as may be applicable, will result in the application of the normal income tax rate provided under the Tax Code.

The foregoing notwithstanding, the Issuer, the Registrar and the Paying Agent shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided further that, all sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments, or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

The foregoing requirements shall be submitted, (i) in respect of an initial issuance of the Bonds, to the Joint Issue Managers, Joint Lead Underwriters and Bookrunners or Selling Agents who shall then forward the same with the Application to Purchase to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar within three days from settlement date.

Value-Added Tax

Gross receipts derived by dealers in securities from the sale of the Bonds in the Philippines equivalent to the gross selling price less acquisition cost of the Bonds sold, shall be subject to a 12% value-added tax. "Dealer in securities" means a merchant of stock or securities, whether an individual partnership or corporation, with an established place of business, regularly engaged in the purchase of securities and their resale to customers, that is, one who as a merchant buys securities and sells them to customers with a view to the gains and profits that may be derived therefrom.

Gross Receipts Tax

Banks and non-bank financial intermediaries performing quasi-banking functions are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

- Maturity period is five years or less: 5%
- Maturity period is more than five years: 1%

Non-bank financial intermediaries not performing quasi-banking functions doing business in the Philippines are likewise subject to gross receipts tax. Gross receipts of such entities derived from sources within the Philippines from interests, commissions and discounts from lending activities are taxed in accordance with the following schedule based on the remaining maturities of the instruments from which such receipts are derived:

- Maturity period is five years or less: 5%
- Maturity period is more than five years: 1%

In case the maturity period of the instruments held by banks, non-bank financial intermediaries performing quasi-banking functions and non-bank financial intermediaries not performing quasi-banking functions is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pre-termination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Bonds by banks and nonbank financial intermediaries performing quasi-banking functions shall be taxed at 7%.

Documentary Stamp Tax

A documentary stamp tax is imposed upon the issuance of debt instruments issued by Philippine companies, such as the Bonds, at the rate of ₱1.50 for each ₱200, or fractional part thereof, of the issue price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

Taxation on Sale or Other Disposition of the Bonds

Income Tax

Ordinary asset – The gain is included in the computation of taxable income, which is subject to the following graduated tax rates for Philippine citizens or resident foreign individuals, or non-resident alien engaged in trade or business in the Philippines effective 01 January 2018 until 31 December 2022:

Not over ₱250,000	0%
Over ₱250,000 but not over ₱400,000	20% of the excess over ₱250,000
Over ₱400,000 but not over ₱800,000	₱30,000 + 25% of the excess over ₱400,000
Over ₱800,000 but not over ₱2,000,000	₱130,000 + 30% of the excess over ₱800,000
Over ₱2,000,000 but not over ₱8,000,000	₱490,000 + 32% of the excess over ₱2,000,000
Over ₱8,000,000	₱2,410,000 + 35% of the excess over ₱8,000,000

and effective 01 January 2023 and onwards:

Not over ₱250,000	0%
Over ₱250,000 but not over ₱400,000	15% of the excess over ₱250,000
Over ₱400,000 but not over ₱800,000	₱22,500 + 20% of the excess over ₱400,000
Over ₱800,000 but not over ₱2,000,000	₱102,500 + 25% of the excess over ₱800,000
Over ₱2,000,000 but not over ₱8,000,000	₱402,500 + 30% of the excess over ₱2,000,000
Over ₱8,000,000	₱2,202,500 + 35% of the excess over ₱8,000,000

For non-resident alien not engaged in trade or business, the gain shall be subject to the 25% final withholding tax.

Capital asset – Gains shall be subject to the same rates of income tax as if the Bonds were held as ordinary assets, except that if the gain is realized by an individual who held the Bonds for a period of more than twelve (12) months prior to the sale, only 50% of gain will be recognized and included in the computation of taxable income. If the Bonds were held by an individual for a period of twelve (12) months or less, 100% of gain is included.

Gains derived by domestic corporations in general and resident foreign corporations on the sale or other disposition of the Bonds are subject to a 25% income tax. Gross income derived by non-resident foreign corporations on the sale or other disposition of the Bonds is subject to a 25% income tax unless a preferential rate is allowed under a tax treaty subject to such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief.

Any gains realized by non-residents on the sale of the Bonds may be exempt from Philippine income tax under an applicable tax treaty subject to such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief.

Any gains realized from the sale, exchange or retirement of bonds, debentures and other certificates of indebtedness with a maturity of more than five (5) years are not subject to income tax.

Estate and Donor's Tax

The transfer by a deceased person, whether a Philippine resident or a non-Philippine resident, to his heirs of the Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at a uniform rate of 6%. A bondholder shall be subject to donor's tax based on the transfer of the Bonds by gift at a uniform rate of 6.0% on the basis of the total gifts in excess of ₱250,000.00 made during a calendar year for both individuals and corporate holders, whether the donor is a stranger or not.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor.

The estate tax and the donor's tax, in respect of the Bonds, shall not be collected (a) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

In case the Bonds are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Bonds exceeded the value of the consideration may be deemed a gift and may be subject to donor's taxes unless it can be proven that the transfer of property is made in the ordinary course of business (*i.e.*, a transaction which is *bona fide*, at arm's length, and free from any donative intent), in which case, it will be considered as made for an adequate and full consideration in money.

Documentary Stamp Tax

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds, trading the Bonds in a secondary market or through an exchange, provided that such sale or disposition does not constitute a renewal or extension of maturity of the Bonds or carried with it a renewal or issuance of new instruments in the name of the transferee to replace the old ones. However, if the transfer constitutes a renewal or extension of the maturity of the Bonds, documentary stamp tax is payable anew.

FINANCIAL AND OTHER INFORMATION

1. Audited Consolidated Financial Statements as of December 31, 2021, 2020 and 2019 and for the years ended December 31, 2021, 2020, 2019, and 2018 and unaudited Interim Condensed Consolidated Financial Statements as of March 31, 2022, and for the three (3) months ended March 31, 2022 and 2021., **Annex A**

ISSUER

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Rizal Commercial Banking Corporation - Trust & Investments Group

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