

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

### Preliminary Prospectus

#### Offer of ₱4.00 Billion Fixed Rate Bonds with an Oversubscription Option of up to ₱1.00 Billion Fixed Rate Bonds

Consisting of:

Series C Bonds: [•]% p.a due 2027

Series D Bonds: [•]% p.a due 2029

Series E Bonds: [•]% p.a due 2031

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



#### Selling Agents

[•]

Trustee: RCBC Trust Corporation



This Preliminary Prospectus is dated June 21, 2024.

**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.**

**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 Four Billion Pesos (₱4,000,000,000.00) (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**”) by Megawide Construction Corporation (“**Megawide**”, “**MWIDE**”, the “**Company**” or the “**Issuer**”), a corporation incorporated and existing under Philippine laws. The Offer is 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 PNB Capital and Investment Corporation (“**PNB Capital**”)<sup>1</sup>, 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 on a daily basis to the Underwriters based on actual demand.

The Bonds shall be issued on [July 11], 2024 (“**Issue Date**”), or such other date as may be agreed upon by the Issuer. The Bonds shall be issued in up to three (3) Series, at the discretion of the Company – Series C due on 2027 which will mature in three years from Issue Date or on [July 11], 2027 (“**Series C Maturity Date**”) with a fixed interest rate of [●]% per annum, Series D due on 2029 which will mature in five years from the Issue Date or on [July 11], 2029 (“**Series D Maturity Date**”) with a fixed interest rate of [●]% per annum and with an optional redemption on the third or the fourth year from the Issue Date, and Series E due on 2031 which will mature in seven years from the Issue Date or on [July 11], 2031 (“**Series E Maturity Date**”) with a fixed interest rate of [●]% per annum and with an optional redemption on the fifth or the sixth year from the Issue Date. 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 Agreement, 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 but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines.

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.

The Bonds have been rated PRS Aa with a Stable Outlook 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 and Paying Agent 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.

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<sup>1</sup> PNB Capital and Investment Corporation is a subsidiary of Philippine National Bank which is among the lenders of the existing debt obligations of the Company that will be repaid with the proceeds of this Offer. For further discussion, please see section on Use of Proceeds.

Through the Offer, the Company expects to raise gross proceeds of ₱4,000,000,000.00, or if the Oversubscription Option is exercised in full, ₱5,000,000,000.00. The net proceeds from the Offer, estimated to be at ₱3,938,761,180.16 or if the Oversubscription Option is exercised in full, ₱4,926,059,580.16, 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 Company's business development opportunities, fund other general corporate requirements and pay the transaction fees related to the Offer (See "Use of Proceeds").

PNB Capital, RCBC Capital and SB Capital, acting as the Underwriters, shall receive underwriting fees of 0.55% of the gross proceeds of the Base Offer, and assuming the Oversubscription Option is fully exercised, shall be equivalent to 0.54% of the Base Offer and Oversubscription Option, 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 2024

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## DEFINITION OF TERMS

AIC	Aboitiz InfraCapital, Inc.
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
Bond Agreements	The Trust Indenture Agreement dated June [24], 2024, the Registry and Paying Agency Agreement dated June [24], 2024, the Issue Management and Underwriting Agreement dated June [24], 2024, the Master Certificate of Indebtedness (inclusive of the Terms and Conditions), including any amendment or supplement thereto, or any document, certificate or writing contemplated thereby.
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 ₱4,000,000,000.00, 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
Citicore	Citicore Holdings Investment, Inc., Ultimate Parent Company
CMCI	Citicore-Megawide Consortium Inc.
Company, Parent, Issuer or Megawide	Megawide Construction Corporation
Construction Order Book	The value of construction contracts awarded to the Company during a specified period

Control	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: <ul style="list-style-type: none"> <li>(i) over more than one-half of the voting rights by virtue of an agreement with investors;</li> <li>(ii) to direct or govern the financial and operating policies of the enterprise under a statute or an agreement;</li> <li>(iii) to appoint or remove the majority of the members of the board of directors or equivalent governing body; or</li> <li>(iv) to cast the majority votes at meetings of the board of directors or equivalent governing body.</li> </ul>
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
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 Bonds
EPC	Engineering, procurement, and construction
e-SIP	e-Securities Issue Portal established and maintained by the PDS Group
FIA	Foreign Investments Act of 1991, as amended
Formwork Systems	Temporary or permanent molds into which concrete or similar materials are poured
GAIBV	GMR Airports International, B.V.
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
GMCCAC	GMR-Megawide Cebu Airport Corporation, a partnership among Megawide, GAIBV and AIC
GMR	GMR Infrastructure Limited
Group	Collectively, Megawide and its Subsidiaries and Affiliates

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	PNB Capital and Investment Corporation 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 [July 11], 2024.
Majority Bondholders	Bondholders representing not less than 51% of the outstanding Bonds
Master Certificate of Indebtedness	The master form of the certificate to be issued by the Issuer to the Trustee, for the benefit of the Bondholders, evidencing and covering such amount corresponding to the aggregate principal amount of the Bonds issued on Issue Date.
Material Adverse Effect	In the reasonable opinion of the Majority Bondholders, acting in good faith and in consultation with the Issuer, a Material Adverse Effect on (a) the ability of the Issuer to observe and comply with the provisions of and perform its financial obligations under the Bonds and the Bond Agreements; or (b) the validity or enforceability of the Bonds or any Bond Agreements; or (c) the financial condition, business or operations of the Issuer taken as a whole, including its Subsidiaries.
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.
Offer	The offer for ₱4,000,000,000.00 Series C Bonds due 2027, Series D Bonds due 2029 and Series E Bonds due 2031 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 [June 28], 2024 and ending at 5:00 p.m. on [July 4], 2024 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
Parent Company	Megawide Construction Corporation

PCAB	Philippine Contractors Accreditation Board
PCD	The Philippine Central Depository
PCD Nominee Corporation	The PCD Nominee Corporation, a corporation wholly owned by the PDTC
PDS	The Philippine Dealing System
PDTC	The Philippine Depository and Trust Corp., the central depository and clearing agency of the Philippines which provides the infrastructure for handling the lodgment of scripless bonds and the electronic book-entry transfers of lodged bonds in accordance with the PDTC Rules, and its successor-in-interest
PDTC Rules	The SEC-approved rules of the PDTC, including the PDTC Operating Procedures and PDTC Operating Manual, as may be amended, supplemented, or modified from time to time
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
PFRS	Philippine Financial Reporting Standards
PH1	PH1 World Developers, Inc.
PITX	Paranaque Integrated Terminal Exchange
PNB Capital	PNB Capital and Investment Corporation
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
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
Selling Agents	mean the Underwriters and any other entities appointed by the Underwriters as selling agents for the Offer
SEC	The Philippine Securities and Exchange Commission
Subsidiary	A corporation which is Controlled, directly or indirectly, by another corporation which thereby becomes its Parent
Trustee	RCBC Trust Corporation
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.
Ultimate Parent Company	Citicore Holdings Investment, Inc.
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 and Landport 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**", and were redeemed by the Company on December 3, 2021. 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, and were redeemed on May 29, 2023. The Company's Series 4 Preferred Shares were listed on the PSE on October 29, 2021 under the trading symbol "**MWP4**". The Company's Series 5 Preferred Shares were listed on the PSE on April 17, 2023 under the trading symbol "**MWP5**". The Company's Series 3 Preferred Shares are not listed in the PSE.

On November 4, 2022, the Company's Board of Directors approved the increase in the authorized capital stock of the Company from ₱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, to ₱5,116,000,000.00, divided into 4,930,000,000 Common Shares with par value of ₱1.00 per share and 186,000,000 cumulative, non-voting, non-participating, non-convertible, perpetual Preferred Shares with a par value of ₱1.00 per share.

The foregoing resolution was approved and ratified by the affirmative vote of stockholders owning at least 2/3 of the entire outstanding capital stock of the Company, during the Special Stockholders' Meeting held on December 20, 2022. The power and authority to: (a) implement the issuance of the Preferred Shares in series, subseries, or in tranches, (b) fix the terms and conditions of the Preferred Shares as they may be issued in series, sub-series, or in tranches, and (c) determine the manner by which the Preferred Shares will be subscribed and paid for, such as but not limited to, a private placement transaction or public offering, is delegated to the Board of Directors. The increase in the Company's authorized capital stock was approved by the SEC on February 13, 2023.

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 meetings on October 5, 2020, February 26, 2021, November 4, 2022, and February 6, 2023 approved the creation of the series of Preferred Shares, as follows:

- (a) Series 1 Preferred Shares consisting of 40,000,000 preferred shares which were redeemed last December 3, 2021;
- (b) Series 2 Preferred Shares consisting of not more than 50,000,000 shares allocated between Subseries 2A Preferred Shares and Subseries 2B Preferred Shares which were redeemed on May 29, 2023;
- (b) Series 3 Preferred Shares consisting of 29,000,000 existing, issued, and outstanding preferred shares;

(b) Series 4 Preferred Shares consisting of 40,000,000 existing, issued, and outstanding preferred shares; and

(b) Series 5 Preferred Shares consisting of 15,000,000 existing, issued, and outstanding preferred shares.

The authorized capital stock of the Company is ₱5,116,000,000.00 divided into 4,930,000,000 Common Shares with a par value of ₱1.00 per share and 186,000,000 Preferred Shares with a par value of ₱1.00 per share.

As of date, the Company has (a) 2,013,409,717 issued and outstanding Common Shares and 386,016,410 Common Shares held in treasury; (b) 17,405,880 issued and outstanding Series 2B Preferred Shares; (c) 29,000,000 issued and outstanding Series 3 Preferred Shares; (d) 40,000,000 issued and outstanding Series 4 Preferred Shares and (e) 15,000,000 issued and outstanding Series 5 Preferred Shares.

As of date of this Prospectus, Megawide's Board is 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. Meanwhile, Megawide's management team is headed by its President, CEO, and Chairman of the Board, Mr. Edgar B. Saavedra, a licensed civil engineer, who has been practicing for over 20 years.

As of December 31, 2023, the Company's major shareholders are PCD Nominee Corporation (Filipino) with 60.67% of the total issued and outstanding common stock, Citicore Holdings Investment Inc. ("Citicore") with 35.41% and PCD Nominee Corporation (Non-Filipino) with 1.55%. 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 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 large and small property developers such as Suntrust Home Developers, Inc., Megaworld Corporation, 8990 Holdings, Inc., Double Dragon Properties Corp., and HTLand, Inc.

Among the large-scale 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 both from Korea, and Contract Package 104 (CP-104) of the Metro Manila Subway System Project with partners Tokyu Construction and Tobishima Corporation both from Japan. Other new projects include the Hotel 101 in Libis and Landers Superstore Aseana branch. 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 Maritima, 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 an approximately state-of-the-art Precast Concrete Manufacturing Complex located in the Company's 23-hectare property in Taytay, Rizal. The facility is fully automated and is considered to be the largest and most advanced precast plant in the country. 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, through its affiliated 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, another Megawide subsidiary 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.

On December 16, 2022, the Company and GAIBV closed their transaction with AIC for AIC's acquisition of shares in GMCAC, the developer and operator of the award-winning MCIA.

AIC acquired a 33 and 1/3% minus 1 share stake in GMCAC from Megawide and GMR Airports International B.V. ("GAIBV") while the Company and GAIBV simultaneously issued Exchangeable Notes to Aboitiz InfraCapital, Inc. ("AIC") amounting to ₱15.5 billion, which will mature on 30 October 2024, and are expected to be exchanged by AIC for the remaining 66 and 2/3% plus 1 share of GMCAC's outstanding capital stock.

Accordingly, the Company owns 33 and 1/3% plus 1 share of GMCAC as of date of this Prospectus.

## **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) second 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 and development, 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 occurrence of a pandemic similar to COVID-19 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.
- The Company is highly dependent on its current senior management team and loss of the members of the team is critical to the Company's operations.

### **a. Risks relating to the Construction Segment**

- The construction industry is facing a skilled labor shortage.
- 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 collection of progress billings and retention receivable.
- The availability of construction materials may affect the Company's projects.
- The Company has exposure to government projects.
- The Company has tough competition from domestic and international players for large infrastructure projects.

**b. Risks relating to the Airport (MCIA) Segment**

- Modernization of existing and opening of new airports in the country.

**c. Risks relating to the Landport (PITX) Segment**

- High office vacancy rates may affect tenancy in the office towers.
- Existing floor space may be limited with the opening of Asia World Station in 2024.

**d. Risks relating to real estate development**

- Property development may be affected by economic and market cycles.
- The local real estate market is highly competitive, with multiple players across segments.
- Real estate may require sizeable capital for landbanking and development purposes

**e. Risks relating to projects with Original Proponent Status**

- Projects under Original Proponent Status ("OPS") 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.
- The Company's operations may also be affected by acts of insurgency and terrorism which could have an impact on financial results and performance.
- 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 business.
- 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.
- The suspension of the Company's licenses and franchises may negatively affect its reputation and impact its future transactions.
- Overall risk management strategy.

**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. Jez G. Dela Cruz, and Assistant Vice President for Investor Relations, Mr. Rolando Bondoy, can be reached at +632 8655 1111 loc. 803. Information on the Company may be obtained at [www.megawide.com.ph](http://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, 2023, 2022, and 2021, 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, 2023, 2022 and 2021 are presented and based on a consolidated level were audited by Punongbayan & Araullo. 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.

### Consolidated Statements of Financial Position

(Amounts in ₱ thousands)	As of December 31		
	2023	2022	2021
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4,878,885	15,758,197	5,846,088
Trade and other receivables – net	19,155,919	18,361,000	16,970,555
Financial assets at fair value through profit or loss			
Construction materials	2,279,339	2,126,166	2,045,159
Real estate inventories	3,872,922	-	-
Contract assets	5,640,189	5,106,308	4,777,705
Other current assets	11,413,433	9,563,285	10,132,960
	47,240,687	50,914,956	39,772,467
	2,879,770	2,879,770	-
Non-current asset classified as held for sale	50,120,457	53,794,726	39,772,467
<b>Total Current Assets</b>			
<b>NON-CURRENT ASSETS</b>			
Financial assets as fair value			
through other comprehensive income	3,544	3,544	3,544
Investments in associates	257,239	231,296	861,513
Concession assets	-	-	30,503,823
Property, plant, and equipment -net	6,277,620	6,734,023	7,166,867
Investment properties	4,818,8512	4,699,071	4,493,344
Goodwill	3,797,070	-	-
Deferred tax assets – net	697,716	689,305	24,595
Other non-current assets	354,643	300,790	2,350,476
	16,206,684	12,658,030	45,404,162
<b>TOTAL ASSETS</b>	<b>66,327,140</b>	<b>66,452,756</b>	<b>85,176,629</b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	21,043,828	14,707,802	14,780,086
Trade and other payables	4,653,529	5,332,738	8,616,715
Contract liabilities	4,901,661	3,590,333	3,703,189
Exchangeable notes	7,763,200	-	-
Other current liabilities	357,162	306,529	265,859
	38,719,379	23,937,401	27,365,850
<b>Total Current Liabilities</b>			

Consolidated Statements of Financial Position (continued)

(Amounts in ₱ thousands)	As of December 31		
	2023	2022	2021
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	9,558,176	13,071,220	34,721,410
Contract liabilities	373,703	1,405,179	2,056,202
Post-employment defined benefit obligation	249,417	237,401	300,125
Exchangeable notes	-	7,763,200	-
Deferred tax liabilities – net	-	-	872,561
Other non-current liabilities	493,691	371,474	659,573
<b>Total Non-current Liabilities</b>	<b>10,674,987</b>	<b>22,848,474</b>	<b>38,609,871</b>
<b>Total Liabilities</b>	<b>49,394,367</b>	<b>46,785,875</b>	<b>65,975,721</b>
<b>EQUITY</b>			
Equity attributable to shareholders of the Parent Company:			
Capital stock	2,545,302	2,528,052	2,528,052
Additional paid-in capital	18,460,790	16,987,856	16,987,856
Deposit for future stock subscription	-	2,250	-
Treasury shares	(11,237,704)	(8,615,691)	(8,615,691)
Revaluation reserves – net	175,787	149,759	71,537
Retained earnings	6,471,908	8,612,106	5,555,677
<b>Total equity attributable to shareholders of the Parent Company</b>	<b>16,416,083</b>	<b>19,664,332</b>	<b>16,527,431</b>
Non-controlling interests	516,691	2,549	2,673,476
<b>Total Equity</b>	<b>16,932,774</b>	<b>19,666,881</b>	<b>19,200,908</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>66,327,140</b>	<b>66,452,756</b>	<b>85,176,629</b>

## Consolidated Statements of Income

Amounts in ₱ thousands	For the years ended December 31		
	2023	2022	2021
<b>REVENUES</b>			
Construction operation revenues	18,141,512	14,583,322	14,329,464
Landport operations revenues	347,752	258,329	715,039
Real estate revenues	148,891	-	-
	<u>18,638,156</u>	<u>14,841,651</u>	<u>15,044,503</u>
<b>DIRECT COSTS</b>			
Costs of construction operations	16,025,104	12,557,582	12,130,698
Costs of landport operations	360,846	364,306	369,474
Cost of real estate operations	72,152	-	-
	<u>16,458,102</u>	<u>12,921,888</u>	<u>12,500,172</u>
<b>GROSS PROFIT</b>	2,180,054	1,919,763	2,544,331
<b>INCOME AND EXPENSES</b>			
Finance costs	(2,061,753)	(1,657,070)	(1,515,277)
Other operating expenses	(1,302,452)	(1,193,636)	(1,132,228)
Finance income	1,047,013	526,022	472,499
Impairment losses on receivables and contract assets	(35,269)	(1,722,577)	(213,282)
Others – net	499,183	(433,681)	415,160
	<u>(1,853,279)</u>	<u>(4,480,942)</u>	<u>(1,973,127)</u>
<b>PROFIT (LOSS) BEFORE TAX</b>	326,775	(2,561,179)	571,204
<b>TAX INCOME (EXPENSE)</b>	<u>(57,618)</u>	<u>689,157</u>	<u>(92,508)</u>
<b>NET PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	269,157	(1,872,022)	478,696
<b>NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS</b>	-	4,704,768	(1,371,851)
<b>NET INCOME (LOSS)</b>	<u><b>269,157</b></u>	<u><b>2,832,746</b></u>	<u><b>(893,154)</b></u>
Net Profit			
Attributable To:			
Shareholders of the Parent Company			
Continuing Operations	283,490	(1,871,908)	478,705
Discontinued Operations	-	5,449,614	(821,690)
	<u>283,490</u>	<u>3,577,706</u>	<u>(342,985)</u>
Non-controlling interests			
Continuing Operations	(14,333)	(114)	(9)
Discontinued Operations	-	(744,846)	(550,160)
	<u>(14,333)</u>	<u>(744,960)</u>	<u>(550,170)</u>
Earnings per Share:	<u>(₱0.06)</u>	<u>₱1.54</u>	<u>(₱0.42)</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 bondholder 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.*

<b>Issuer</b>	Megawide Construction Corporation (“ <b>MWIDE</b> ”, “ <b>Megawide</b> ”, the “ <b>Company</b> ” or the “ <b>Issuer</b> ”)
<b>Issue</b>	SEC-registered fixed rate bonds constituting the direct, unconditional, unsubordinated, and unsecured obligations of the Issuer.
<b>Offer Size</b>	₱4,000,000,000.00, with an Oversubscription Option of up to ₱1,000,000,000.00
<b>The Offer</b>	Philippine Peso denominated 3-year fixed-rate Series C Bonds due 2027, 5-year fixed-rate Series D Bonds due 2029 and 7-year fixed-rate Series E Bonds due 2031 (collectively, the “ <b>Bonds</b> ”) with an aggregate issue size of up to ₱5,000,000,000.00 consisting of the Base Offer of ₱4,000,000,000.00 and the Oversubscription Option of up to ₱1,000,000,000.00
<b>Oversubscription Option</b>	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 “ <b>Oversubscription Option</b> ”)
<b>Manner of Distribution</b>	Public offering in the Philippines to Eligible Investors.
<b>Use of Proceeds</b>	The proceeds for this Offer will be used to: <ol style="list-style-type: none"> <li>1. Refinance the Company’s existing debt obligations;</li> <li>2. Fund the Company’s business development opportunities;</li> <li>3. Fund the Company’s general corporate requirements; and</li> <li>4. Settle transaction fees relating to the Offer</li> </ol>
<b>Form and Denomination of the Bonds</b>	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.
<b>Purchase Price</b>	The Bonds shall be issued at 100% of face value.
<b>Offer Period</b>	The Offer shall commence at 9:00 a.m. on [June 28], 2024 and end at 5:00 p.m. on [July 4], 2024 or on such dates and time as the Issuer and the Underwriters may agree upon.
<b>Issue Date of the Bonds</b>	[July 11], 2024, the date on which the Bonds shall be issued by the Issuer.

<b>Maturity Date</b>	<p>Series C Bonds: Three (3) years from the Issue Date  Series D Bonds: Five (5) years from the Issue Date  Series E Bonds: Seven (7) years from the Issue Date</p>
<b>Interest Rate</b>	<p>Series C Bonds: [●]% per annum  Series D Bonds: [●]% per annum  Series E Bonds: [●]% per annum</p> <p>The final Interest Rate for each series of the Bonds will be determined through a book-building process and will be based on the following:</p> <p>Series C Bonds: the sum of the Series C Bonds Benchmark Rate and a spread of [●] basis points.</p> <p>Series D Bonds: the sum of the Series D Bonds Benchmark Rate and a spread of [●] basis points.</p> <p>Series E Bonds: the sum of the Series E Bonds Benchmark Rate and a spread of [●] basis points.</p> <p>The final Interest Rate shall be rounded off to four (4) decimal places.</p>
<b>Benchmark Rate</b>	<p>Series C Bonds Benchmark Rate: The simple average of the 3-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.</p> <p>Series D Bonds Benchmark Rate: 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.</p> <p>Series E Bonds Benchmark Rate: The simple average of the 7-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.</p> <p>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.</p>
<b>Interest Payment Dates and Interest Payment Computation</b>	<p>The Series C 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 [October 11], 2024 for the first Interest Payment Date, and on [January 11], [April 11], [July 11], and [October 11] 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.</p> <p>The Series D 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 [October 11], 2024 for the first Interest Payment Date, and on [January 11], [April 11], [July 11], and [October 11] 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.</p>

	<p>The Series E 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 [October 11], 2024 for the first Interest Payment Date, and on [January 11], [April 11], [July 11], and [October 11] 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.</p>																
<p><b>Final Redemption</b></p>	<p>Unless otherwise earlier redeemed or previously purchased and cancelled, the Bonds shall be redeemed at par or 100% of the face value (the “<b>Final Redemption Amount</b>”) 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.</p>																
<p><b>Optional Redemption for Series D Bonds and Series E Bonds</b></p>	<p>Prior to the Maturity Date of the Series D Bonds and Series E Bonds, the Issuer shall have the right, but not the obligation, to redeem in whole (but not in part) the outstanding Series D Bonds and Series E Bonds on the date set out below (the “<b>Optional Redemption Date</b>”):</p> <table border="1" data-bbox="555 846 1302 1178"> <thead> <tr> <th colspan="2" data-bbox="555 846 1302 880">Series D Bonds</th> </tr> <tr> <th data-bbox="555 880 962 947">Optional Redemption Date</th> <th data-bbox="962 880 1302 947">Optional Redemption Price</th> </tr> </thead> <tbody> <tr> <td data-bbox="555 947 962 1077">On the 3<sup>rd</sup> anniversary of the Issue Date and every Interest Payment Date preceding the 4<sup>th</sup> anniversary of the Issue Date.</td> <td data-bbox="962 947 1302 1077">101.0%</td> </tr> <tr> <td data-bbox="555 1077 962 1178">On the 4<sup>th</sup> anniversary of the Issue Date and every Interest Payment Date prior to the Maturity Date.</td> <td data-bbox="962 1077 1302 1178">100.5%</td> </tr> </tbody> </table> <table border="1" data-bbox="555 1211 1302 1543"> <thead> <tr> <th colspan="2" data-bbox="555 1211 1302 1245">Series E Bonds</th> </tr> <tr> <th data-bbox="555 1245 962 1312">Optional Redemption Date</th> <th data-bbox="962 1245 1302 1312">Optional Redemption Price</th> </tr> </thead> <tbody> <tr> <td data-bbox="555 1312 962 1442">On the 5<sup>th</sup> anniversary of the Issue Date and every Interest Payment Date preceding the 6<sup>th</sup> anniversary of the Issue Date.</td> <td data-bbox="962 1312 1302 1442">101.0%</td> </tr> <tr> <td data-bbox="555 1442 962 1543">On the 6<sup>th</sup> anniversary of the Issue Date and every Interest Payment Date prior to the Maturity Date.</td> <td data-bbox="962 1442 1302 1543">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 D Bonds and Series E Bonds pursuant to this Optional Redemption Option.</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 D Bonds and Series E Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Series D Bonds and Series E Bonds on the Optional Redemption Date stated in such notice. The amount payable to the Bondholders in respect of such</p>	Series D Bonds		Optional Redemption Date	Optional Redemption Price	On the 3 <sup>rd</sup> anniversary of the Issue Date and every Interest Payment Date preceding the 4 <sup>th</sup> anniversary of the Issue Date.	101.0%	On the 4 <sup>th</sup> anniversary of the Issue Date and every Interest Payment Date prior to the Maturity Date.	100.5%	Series E Bonds		Optional Redemption Date	Optional Redemption Price	On the 5 <sup>th</sup> anniversary of the Issue Date and every Interest Payment Date preceding the 6 <sup>th</sup> anniversary of the Issue Date.	101.0%	On the 6 <sup>th</sup> anniversary of the Issue Date and every Interest Payment Date prior to the Maturity Date.	100.5%
Series D Bonds																	
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On the 6 <sup>th</sup> anniversary of the Issue Date and every Interest Payment Date prior to the Maturity Date.	100.5%																

	<p>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>No Optional Redemption is allowed for Series C Bonds.</p>
<b>Redemption for Taxation Reasons</b>	<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>
<b>Redemption by Reason of Change in Law or Circumstance</b>	<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> <ol style="list-style-type: none"> <li>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</li> <li>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</li> <li>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.</li> </ol> <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>
<b>Status of the Bonds</b>	<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</p>

	<p>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 Agreement, and other indebtedness or obligations disclosed by MWIDE to the Trustee prior to the execution of the Trust Agreement.</p>
<p><b>Negative Pledge</b></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 Five Billion Pesos (₱5,000,000,000.00);</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</p>

	<p>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 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> <p>(c) Acceleration of Outstanding Credit Obligations. The Issuer shall not, after the occurrence of an event of default, voluntarily prepay any Indebtedness unless it shall contemporaneously make a proportionate prepayment of the Bonds.</p> <p>(d) Material Adverse Effect. The Issuer shall not, in any case, execute, perform or do any other act which shall have a Material Adverse Effect.</p>
<b>Covenants</b>	<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"> <li>• Parent Debt-to-Equity Ratio of not more than 2.33:1</li> <li>• Parent Debt Service Coverage Ratio of not less than 1.1:1</li> </ul>
<b>Listing</b>	<p>The Issuer will list the Bonds on the Philippine Dealing &amp; Exchange Corp. ("PDEX") on the Issue Date.</p>

<b>Purchase and Cancellation</b>	<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>														
<b>Bond Rating</b>	<p>The Bonds have been rated PRS Aa with a Stable Outlook by the Philippine Rating Services Corporation on April 30, 2024.</p> <p>The rating is subject to regular annual reviews, or more frequently as market developments may dictate, while the Bonds are outstanding.</p>														
<b>Transfer of the Bonds</b>	<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>														
<b>Joint Issue Managers, Joint Lead Underwriters and Bookrunners</b>	<p>PNB Capital and Investment Corporation (“<b>PNB Capital</b>”), RCBC Capital Corporation (“<b>RCBC Capital</b>”) and SB Capital Investment Corporation (“<b>SB Capital</b>”) (each, an “<b>Underwriter</b>”)</p>														
<b>Registrar and Paying Agent</b>	<p>Philippine Depository &amp; Trust Corp. (“<b>PDTC</b>”)</p>														
<b>Trustee</b>	<p>RCBC Trust Corporation</p>														
<b>Counsel to the Issuer</b>	<p>Picazo Buyco Tan Fider &amp; Santos</p>														
<b>Counsel to the Joint Issue Managers, Joint Lead Underwriters and Bookrunners</b>	<p>Angara Abello Concepcion Regala &amp; Cruz</p>														
<b>Auditor</b>	<p>Punongbayan &amp; Araullo</p>														
<b>Indicative Timetable</b>	<table border="1"> <tr> <td>[May 3], 2024</td> <td>Filing of the Registration Statement, the Prospectus and the Offer Supplement with the SEC</td> </tr> <tr> <td>[June 18], 2024</td> <td>SEC En Banc Pre-effective Approval</td> </tr> <tr> <td>[June 24], 2024</td> <td>Price Setting</td> </tr> <tr> <td>[June 26], 2024</td> <td>Allocation</td> </tr> <tr> <td>[June 26], 2024</td> <td>Receipt of SEC Permit to Sell</td> </tr> <tr> <td>[June 28 – July 4], 2024</td> <td>Public Offer Period</td> </tr> <tr> <td>[July 11], 2024</td> <td>Settlement Date Issue and Listing Date</td> </tr> </table>	[May 3], 2024	Filing of the Registration Statement, the Prospectus and the Offer Supplement with the SEC	[June 18], 2024	SEC En Banc Pre-effective Approval	[June 24], 2024	Price Setting	[June 26], 2024	Allocation	[June 26], 2024	Receipt of SEC Permit to Sell	[June 28 – July 4], 2024	Public Offer Period	[July 11], 2024	Settlement Date Issue and Listing Date
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<b>Governing Law</b>	<p>Philippine law</p>														

## 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.

**The occurrence of a pandemic similar to COVID-19 could have negative effects on the Company's business operations.**

The world experienced a global pandemic that negatively affected economies and industries to varying extents – forcing businesses to limit or stop their operations and close shop. Megawide's operations across business were severely disrupted.

In the construction segment, projects experienced delays in their construction activities due to lack of raw materials and manpower. The airport was crippled by restricted air travel while the landport, though proved to be critical for transport and mobility during the health crisis, lost tenants to give way to the new normal.

The uncertainty of a similar pandemic is always present and may affect and cause downturns to Company's business and profitability. Across the organization, the Company has developed strong disaster-response protocols and business continuity mechanisms to minimize operational disruptions of black swan events with the same magnitude. This is on top of practicing occupational health and safety standards under the new normal to exercise caution. The COVID-19 Response Manual is part of the Company's overall business continuity plan and crisis management program.

**The Company is 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.

Cancellation of housing or condominium units could have a negative impact the real estate business, financial health, and overall operations if material. As per R.A. 6552, also known as the Maceda Law, applicable to all real estate transactions or contracts payable in installment payments, buyers who have fulfilled at least two years of installments are granted a grace period of one month for every year of payments made to cure any payment defaults. Within this grace period, buyers can settle unpaid

installments without incurring additional interest. In case of contract cancellation, the buyer is entitled to a refund of at least 50% of the total payments made, with an additional 5% per annum if five years of installments have been paid but not exceeding 90% of the total payments. Buyers who have paid less than two years of installments and have defaulted on payments are given a 60-day grace period to settle all outstanding installments before the sale can be cancelled, albeit without any entitlement to a refund. Real estate business faces potential significant number of cancellations during economic slowdowns or downturns in the Philippine economy, high interest rates, and/or similar circumstances. Should such cancellations occur in substantial numbers, the business may encounter difficulty in meeting the cash refund obligations to buyers due to insufficient funds and this might necessitate acquiring indebtedness to fulfill these obligations yet securing debt financing can be challenging. Moreover, the Company may struggle to resell properties at acceptable prices. To mitigate this risk, the Company aims to target end-user quality buyers by studying each buyers' profile, and increasing equity contributions while taking into account market demands and competitive dynamics. Higher equity contributions from buyers decrease the likelihood of defaults, as buyers are more committed to their unit purchases with greater capital investment.

In addition to all these, the Company require issuance of post-dated checks as deemed necessary to cover outstanding collectibles and a more active monitoring of receivables due, coupled with digitization and more focused documentation process, specifically in terms of billing and collection.

#### **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 Ultimate Parent Company, Subsidiaries, and Affiliates (collectively, the "**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 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 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 Group secures its Regulatory Requirements in a timely manner; thereby, preventing or reducing any penalties or disruptions in its operations.

**The Company is highly dependent on its current senior management team and loss of the members of the team is critical to the Company's operations.**

The Company has a strong and competent executive leadership and relies on a high caliber senior management team to execute its long-term growth agenda and strategic direction that would be lost if any such persons depart or take on reduced responsibilities which could be difficult to replace and may adversely affect the Company's operating efficiency and financial performance.

In view of the changes in the composition of its team through time, the Company continuously trains and develops the technical and leadership skills of its people to maintain its competitiveness and develop a deep pool of talents. This talent development program provides the groundwork for its succession planning program, which ensures a constant level of expertise and experience among its executive team in the event of changes and departures in its senior management.

## **RISKS RELATING TO THE CONSTRUCTION SEGMENT**

**The construction industry is facing a skilled labor shortage.**

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.**

The continued pressure on commodity prices arising from the tension in Russia-Ukraine and supply disruptions could have an impact on the major raw materials costs, such as oil, and costs for construction, such as steel, which could delay project launches of developers.

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.

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 collection of progress billings and retention receivable.**

The construction business adopts progress billing and retention receivables which makes the Company 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.

**The Company has exposure to government projects.**

There is a risk that awarding of government projects may get delayed thus delaying inflows from the construction of such projects. Megawide prioritizes projects that are funded by reputable financial institutions or those projects that are funded by Asian Development Bank ("ADB") or Japan International Cooperation Agency ("JICA").

In addition, the Philippine elections for national and local office took place on May 9, 2022 with the inauguration of the newly elected officials on June 30, 2022. There is no assurance that the current administration will continue and prioritize the same government projects that the previous administration initiated and the Company cannot provide assurance of effective mitigation to such systemic risk. However, The Company has been a strong partner of previous governments in its public-private partnerships and will continue to support any administration's infrastructure modernization program. The Company will continue to actively monitor any news and announcement of the government's plans.

The current administration has since launched the Build Better More (BBM) program. BBM is the infrastructure development program of President Ferdinand Marcos Jr. which seeks to expand the previous administration's Build! Build! Build! (BBB) Program to help address the inadequacies of the country's infrastructure. According to the database of the National Economic and Development Authority (NEDA), the BBM infrastructure program for 2023 to 2028 presently includes 198 high impact infrastructure flagship projects (IFPs) with an overall investment cost of P8.8 trillion. Of the 198 IFPs, 124 are entirely new projects while the remaining 74 projects are taken from the previous BBB program.

**The Company has tough competition from domestic and international players for large infrastructure projects.**

Megawide's success heavily relies on its ability to secure construction projects in the future. No assurance can be given that the Company will be able to secure projects successfully.

Recently, domestic and international players have emerged in bidding big infrastructure projects that are similar to Megawide's projects. Some of these competitors may have more extensive experience and financial resources, thus, these companies can win the bid for the projects the Company is bidding for.

To mitigate this risk, Megawide continues to develop a pipeline of projects and improve its ability to turn over high quality projects comparative to the projects of their international competitors. As a domestic player, the Company is one of the dominant players in the Philippines and continue to be so.

## **RISKS RELATING TO THE AIRPORT (MCIA) SEGMENT**

### **Modernization of existing and opening of new airports in the country**

The Company, through GMCAC (now a partnership between MWIDE, GAIBV and AIC) 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.

On December 16, 2022, the Company and GAIBV closed their transaction with AIC for AIC's acquisition of shares in GMCAC, the developer and operator of the award-winning MCIA.

AIC acquired a 33 and 1/3% minus 1 share stake in GMCAC from Megawide and GAIBV while the Company and GAIBV simultaneously issued Exchangeable Notes to AIC amounting to ₱15.5 billion, which will mature on 30 October 2024, and are expected to be exchanged by AIC for the remaining 66 and 2/3% plus 1 share of GMCAC's outstanding capital stock.

Accordingly, the Company owns 33 and 1/3% plus 1 share of GMCAC as of date of this Prospectus which can be considered exposed to the enumerated risks below.

## **RISKS RELATING TO THE LANDPORT (PITX) SEGMENT**

### **High office vacancy rates may affect tenancy in the office towers.**

While the COVID-19 Pandemic has already been addressed, business continuity programs turned to remote work arrangements to sustain operations during the height of the crisis. As such, this has resulted in significant office vacancy across Metro Manila. The bay area, where PITX is located, records one of the highest vacancy rates nationwide and exposes the office towers to low occupancy risks.

Being situated in one of the most strategic areas 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 Philippine Offshore Gaming Operators ("POGO") industry. As of end 2023, the team has made headway in contracting office locators, resulting in an 81% office occupancy. Of this, non-POGO tenants make up more than 80%.

### **Existing floor space may be limited with the opening of Asia World Station in 2024.**

As of end 2023, PITX has reached its full capacity of 200,000 during the peak holiday season in December. On a daily basis, average foot traffic has reached more than 100,000. With more long-term Point-to-Point

("P2P") routes being developed and commissioned, this volume is seen to likely grow further. With the impending opening of Asia World Station under the LRT Line 1 Cavite extension project, which currently has a daily ridership of 100,000 passengers, additional pass through and destination foot traffic may further crowd the existing terminal area.

These developments may impair the landport from providing the agreed-upon service levels under the concession agreement, in terms of safety, security, and transport availability. Under the concession agreement, however, an adjacent lot (PITX Lot 2) is available for expansion to accommodate increased vehicular and foot traffic at the existing terminal. This serves as an opportunity to scale up the landport operations and provide an upside to existing income and value-creation streams.

## **RISKS RELATING TO REAL ESTATE DEVELOPMENT**

### **Property development may be affected by economic and market cycles.**

The local property market is affected by sentiments on economic performance and market cycles, such as interest rates. A slowing economy typically discourages purchases of real estate due to fears of affordability and illiquidity. Similarly, an elevated interest rate scenario elicits a negative market perception, causing minimal or restrained investments in property assets.

PH1 is primarily focusing on end-user demand, largely in the affordable and middle-income horizontal housing segments, where real consumer demand lies. In addition, PH1 taps the abundant OFW market, which has a natural protection from local economic conditions, and whose remittances remain a major growth driver for the domestic economy.

Given the end-user nature of buyers, movement in interest rates has not been a primary concern, especially since these are normally funded by OFW money. Furthermore, the company offers highly affordable, long-term payment and amortization schemes, which is not directly impacted by unfavorable interest rate fluctuations.

### **The local real estate market is highly competitive, with multiple players across segments.**

The number of players across the different segments of the industry makes competition extremely cut-throat. As a result, products available in the market have very minimal differentiation at all, giving new players high barriers to entry.

However, PH1 has been in the market since 2015 and is positioning itself as a disruptor in the local real estate scene. The presence of a strong and experienced partner-contractor in Megawide – having developed numerous projects with several developers – enables the team to identify gaps in existing product offerings. These insights provide PH1 an opportunity and advantage to address the gaps, through innovation, and unlock more opportunities for better and more convenient solutions.

Moreover, PH1's projects are located near public rail transport network, such as the MRT Line 3, future Lines 4 & 7 and the Metro Manila Subway System soon, promoting accessibility and mobility of buyers and residents. With Megawide's participation in and familiarity with the government's infrastructure build-up program, PH1 also benefits by pinpointing and locating strategic areas for potential spots of its future pipeline.

### **Real estate requires sizeable capital for land banking and development purposes.**

PH1 prioritizes asset-light modes for its project roll-out, in the form of joint-ventures and / or partnerships, that do not entail significant capital outlays upfront. This approach enables the company to optimize its resources and minimize exposure to massive economic shocks and downturns. In addition, with a strong value proposition and an attractive project pipeline, the Company has the option to secure development funding that matches a project's construction timetable, thus preserving liquidity and providing a more efficient balance sheet management approach.

## **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 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.

The Company submits bids, together with other players, which are evaluated by the proponent and are not always guaranteed an outright award.

The Company ensures the submission of competitive bids, leveraging on Megawide's key advantages (pre-cast and vertical Integration) and technological expertise (engineering and innovation).

## **RISKS RELATING TO THE COMPANY'S 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 or Change in Laws or Circumstances 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 PhilRatings 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**”).

On 7 October 2023, Hamas, a Palestinian militant group, launched an assault on Israel from the Gaza Strip. In response to this, Israel promptly declared war with the intent to destroy Hamas. Due to the ongoing conflict, more than 30,000 people have been killed, and more than 70,000 people injured in Gaza (the “**Israel-Hamas War**”).

While the Company does not expect any material impact from the ongoing Russo-Ukrainian War and the Israel-Hamas 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 and the Israel-Hamas War may have on its current and future businesses.

In addition, the Company ensures proper and adequate insurance coverages (such as 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 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.

In February 2023, a Chinese Coast Guard ship purportedly harassed a Philippine Coast Guard vessel in the Ayungin Shoal in the West Philippine Sea. In September 2023, the Philippine Coast Guard reported that the Chinese Coast Guard has installed a floating barrier near the Bajo de Masinloc (Scarborough Shoal) in the West Philippine Sea in an attempt to prevent Filipino fishermen from entering the Scarborough Shoal. In a special operation conducted thereafter, the floating barrier was eventually removed by the Philippine Coast Guard.

In March 2024, at least two Chinese Coast Guard ships used water cannons against a smaller military-contracted vessel during a resupply mission to Ayungin Shoal in the West Philippine Sea. Four Filipinos on board the vessel sustained minor injuries during this incident. On March 5, 2024, the Philippines' Department of Foreign Affairs demanded that the Chinese vessels leave the vicinity of Ayungin Shoal immediately.

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.

There is no guarantee that tensions will not escalate further or that the territorial disputes among the Philippines and its neighboring countries, especially China, will cease. In an event of escalation, the Philippine economy may be disrupted and our business and financial standing may be adversely affected. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect the Company's business, financial condition, and results of operations.

**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 is a party to various construction contracts, and from time to time and in the normal course of business, be involved in disputes with counterparties which may involve the scope, time for completion, and building-related defects, among others. These counterparties, in exercising their rights under the contract, may claim sums of money which may lead to filing of legal proceedings against the Company.

The Company may incur substantial costs and its finances may 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. Further, these may affect the Company's cashflows and expected profitability on such relevant years and may adversely affect the Company's results of operations and financial performance.

The Company, in its normal course of business, receives demands for sums of money and damages from various counterparties. For example, the Company has recently received a demand for a sum of money and damages from a counterparty amounting to approximately 5% of its total consolidated assets or 7% of its total consolidated current assets, which is less than the 10% materiality threshold for disclosure of legal proceedings under the SRC. The Company believes that it has strong position and sufficient evidence to defend itself from such claims.

To avoid or mitigate such claims, the Company strives to diligently fulfill all its commitments and obligations under each contract in order to prevent undue claims from arising. Further, the Company engages in good faith negotiations with its counterparties to preserve its business relationships and avoid disputes. Moreover, the Company also engages expert legal counsels to actively defend and protect the interest of the Company.

The Company has also obtained a directors and officers liability insurance policy to cover the costs of protecting its directors and officers against such legal proceedings.

**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 Philippines 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.

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.

**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.

**Overall risk management strategy**

In all our business undertakings, we conduct stringent due diligence to ensure that most of our counterparties are reputable organizations, with sound financial standing and belong to the top 1000 corporation of the Philippines. This includes evaluating the counterparties audited financial statements as well as compliance with regulatory requirements specifically with the BIR, SEC and LGU permits, among others.

## USE OF PROCEEDS

Megawide expects to raise gross proceeds amounting to ₱4,000,000,000.00 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 ₱5,000,000,000.00.

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

	Without Oversubscription (in ₱)	With Oversubscription (in ₱)
SEC Registration Fees	1,830,419.84	1,830,419.84
Documentary Stamp Tax	30,000,000.00	37,500,000.00
Underwriting Fees	12,000,000.00	14,500,000.00
Selling Fees	10,000,000.00	12,500,000.00
Legal Fees	2,000,000.00	2,000,000.00
PhilRatings Fees	2,620,800.00	2,822,400.00
Receiving and Paying Agency Fees	1,000,000.00	1,000,000.00
Listing Fees	500,000.00	500,000.00
Bond Trustee Fees	1,130,000	1,130,000
Printing and IC Application Fees	118,000.00	118,000.00
Other Related Expenses	39,600.00	39,600.00
<b>Total Estimated Expenses</b>	<b>61,238,819.84</b>	<b>73,940,419.84</b>

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 ₱3,938,761,180.16 or ₱4,926,059,580.16 assuming the Oversubscription Option is fully exercised, after deducting the above expenses.

The net proceeds for this Offer will be used to refinance the Company's existing debt obligations, business development opportunities, and fund general corporate requirements. A summary of the utilization of the net proceeds is set out below:

Without Oversubscription Option			
Use Of Proceeds	Estimated Amount Allocated	Disbursement Schedule	% of Amount Allocated over Total Net Proceeds
Refinancing of Existing Debt Obligations	3,492,000,000.00	Q3 2024	88.7%
Funding of the Company's Business Development Opportunities	446,761,180.16	Q4 2024	11.3%
Funding of Other General Purposes	-	-	-
<b>Total</b>	<b>3,938,761,180.16</b>		<b>100.0%</b>

<b>With Oversubscription Option</b>			
<b>Use Of Proceeds</b>	<b>Estimated Amount Allocated</b>	<b>Disbursement Schedule</b>	<b>% of Amount Allocated over Total Net Proceeds</b>
Refinancing of Existing Debt Obligations	3,492,000,000.00	Q3 2024	70.9%
Funding of the Company's Business Development Opportunities	1,150,000,000.00	Q4 2024 / Q2 2025	23.3%
Funding of Other General Purposes	284,059,580.16	Q2 2025	5.8%
<b>Total</b>	<b>4,926,059,580.16</b>		<b>100.0%</b>

### **Refinancing of the Company's Existing Debt Obligations**

MWIDE will use the net proceeds from the Offer to refinance its Corporate Notes that were drawn in February 2020, which bear an interest rate of 5.4365% and with a remaining principal balance of ₱3,492,000,000.00 representing 97% of the loan payable maturing in August 2024 (54 months from drawdown date), broken as follows:

<b>Party</b>	<b>Amount Without Oversubscription (in ₱)</b>	<b>Amount With Oversubscription (in ₱)</b>	<b>Estimated Timing of Disbursements</b>
Metropolitan Bank and Trust Company	977,760,000.00	977,760,000.00	Q3 2024
Philippine National Bank	698,400,000.00	698,400,000.00	Q3 2024
Land Bank of the Philippines	698,400,000.00	698,400,000.00	Q3 2024
Union Bank of the Philippines	558,720,000.00	558,720,000.00	Q3 2024
Sun Life of Canada (Philippines), Inc.	375,739,200.00	375,739,200.00	Q3 2024
Sun Life Grepa Financial, Inc.	57,967,200.00	57,967,200.00	Q3 2024
Sun Life of Canada Prosperity Bond Fund, Inc.	62,856,000.00	62,856,000.00	Q3 2024
Sun Life of Canada Prosperity Balance Fund, Inc.	62,157,600.00	62,157,600.00	Q3 2024
	<b>3,492,000,000.00</b>	<b>3,492,000,000.00</b>	

### **Funding of the Company's Business Development Opportunities**

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:

<b>Business Development Opportunity</b>	<b>Amount Without Oversubscription (in ₱)</b>	<b>Amount With Oversubscription (in ₱)</b>	<b>Estimated Timing of Disbursements</b>
Muti-tower residential development in Cavite	446,761,780.16	550,000,000.00	Up to Q4 2024
Pre-development expenses for pipeline projects	-	250,000,000.00	Up to Q4 2024
Storage and warehousing business development	-	350,000,000.00	Up to Q2 2025

	<b>446,761,180.16</b>	<b>1,150,000,000.00</b>	
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#### **Muti-tower residential development in Cavite**

Property development arm PH1 World Developers, Inc. has an existing partnership with Pro-Friends, through Famtech Properties, Inc., for the multi-tower development of One Lancaster Park in Cavite. The capex will be used for the initial two (2) towers, which are currently under development.

This disbursement will either be in the form of equity infusion of MWIDE into PH1 World Developers, Inc., or through a loan agreement with PH1 World Developers, Inc.

#### **Pre-development expenses for pipeline projects**

This pertains to necessary expenses related to prospective projects as well as outlays for the processing of various documentary requirements, permits, and licenses related to approved projects, either for launch, for sale, and/or under development.

#### **Storage and warehousing business development**

This pertains to exploratory activities for potential business ventures in the storage and warehousing segment, where our vertical integration and competitive advantage in through Pre-Cast and Construction Solutions (PCS) segment can be utilized further.

#### **Other General Purposes**

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

<b>General Corporate Purposes</b>	<b>Amount Without Oversubscription (in ₱)</b>	<b>Amount With Oversubscription (in ₱)</b>	<b>Estimated Timing of Disbursement</b>
General and administrative costs including permits market studies, marketing and advertisements, research and development, among others.	-	286,099,180.16	Up to Q2 2025

In case of partial exercise of the Oversubscription Option, the net proceeds on the partial exercise of oversubscription shall be allocated to the following obligations in order of priority:

1. Refinancing of the Company's existing debt obligations
2. Muti-tower residential development in Cavite
3. Pre-development expenses for the pipeline projects
4. Storage and warehousing business development
5. Other general purposes

Should the proceeds be substantially less than the maximum proceeds, the Company intends to source the funds from a combination of internally generated funds or cash flow from operations, utilization of existing credit lines facility and/or by obtaining bridge financing, as necessary.

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 of

loan to Philippine National Bank, 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:

<b>Series</b>	<b>Formula</b>
Series C	the sum of the 3-day average of the 3-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
Series D	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
Series E	the sum of the 3-day average of the 7-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. PNB Capital, 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 ₱4,000,000,000.00 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

PNB Capital	₱1,333,340,000.00
RCBC Capital	₱1,333,330,000.00
SB Capital	₱1,333,330,000.00
<b>Total</b>	<b>₱4,000,000,000.00</b>

PNB Capital, RCBC Capital and SB Capital, acting as the Underwriters, shall receive underwriting fees of 0.55% of the gross proceeds of the Base Offer, and assuming the Oversubscription Option is fully exercised, shall be equivalent to 0.54% of the Base Offer and Oversubscription Option, inclusive of amounts 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.

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”)*

PNB Capital is a wholly-owned subsidiary of the Philippine National Bank, and offers a spectrum of investment banking services, including loan syndications and project finance, bond offerings, private placements, public offering of shares, securitization, financial advisory and mergers and acquisitions. It was incorporated on July 30, 1997 and commenced operations on October 8, 1997. PNB Capital is licensed by the SEC to operate as an investment house with a non-quasi-banking license. As of December 31, 2023, it had an authorized capital of ₱2.00 billion and paid-up capital of ₱1.50 billion. PNB Capital is authorized to buy and sell, for its own account, securities issued by private corporations and the Philippine Government. As of December 31, 2023, total assets of PNB Capital were at ₱2.15 billion while total capital was at ₱1.94 billion.

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 50 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, 2023, its total assets amounted to ₱3.23 billion and its capital base amounted to ₱3.23 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 underwriting of equity and debt securities, project finance, mergers and acquisitions (M&A), loan arrangement and syndications and financial advisory. 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 M&A/advisory transactions and were involved in a lead role in a substantial number of major equity and debt issues as well as in M&A/advisory deals. As of December 31, 2023, its total assets amounted to ₱1.93 billion and its capital base amounted to ₱1.88 billion.

### **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 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, and certified by the Corporate Secretary of the Bondholder that: (a) the original is in the possession of the Corporate Secretary as the duly authorized custodian of the same; and (b) the Corporate Secretary has personal knowledge based on his official functions of any amendment, revocation, expiration, change or any circumstance affecting the said certification’s validity. Should the submitted tax exemption certificate, ruling or opinion expire during the Offer Period, the Bondholder must submit an updated/revalidated tax exemption certificate;
- 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 Underwriters and the Selling Agents 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, (a) prior to the payment of the initial interest due, (i) three (3) originals of the duly executed and apostilled/consularized 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, as required under BIR Revenue Memorandum Order No. 14-2021, (ii) one (1) original of the apostilled/consularized tax residency certificate duly issued by the respective foreign tax authority of the country of residence of the Application 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, (iii) the relevant provision of the applicable tax treaty providing for the claimed tax exemption or preferential tax rate, in a form acceptable to the Issuer, and (iv) three (3) originals of the 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; (b) prior to the payment of subsequent interests due, (i) three (3) originals of the duly executed and apostilled/consularized new or updated BIR Form 0901-I (Interest Income) or Application Form for Treaty Purposes, as the Issuer deems applicable, and (ii) one (1) original of the apostilled/consularized Tax Residency Certificate duly issued by the respective foreign tax authority of the country of residence of the Bondholder or, if the Bondholder is a fiscally transparent entity, the country of residence of each of the Bondholder's owners or beneficiaries, in the form acceptable for recognition under Philippine law, if the validity period of the previously issued tax residency certificate has already lapsed; and (c) other additional documents as may be required by the Issuer or pursuant to applicable tax regulations, which shall be submitted by the Bondholder/Registrar to the Issuer no later than the first day of the month when such initial or subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto; 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 e.g. BIR Revenue Memorandum Order No. 14-2021 and BIR Revenue Memorandum Circulation No. 20-2022, 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 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 BONDHOLDERS**

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 Agreement 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 Four Billion Pesos (₱4,000,000,000.00) (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 C Bonds due 2027, Series D Bonds due 2029 and Series Bonds E due 2031.

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

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 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. PDTC has no interest in or relation to MWIDE which may conflict with its roles as Registrar and Paying Agent for the Offer. RCBC Trust Corporation has no interest in or relation to MWIDE which may conflict with its role as Trustee for the Offer.

Copies of the Trust Agreement 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 Agreement 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 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 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 ₱10,000.00 and in multiples of ₱10,000.00 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](http://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 Trust Agreement.

## INTEREST

### Interest Payment Dates

The Series C 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 [October 11], 2024 for the first Interest Payment Date, and on [January 11], [April 11], [July 11], and [October 11] 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 D 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 [October 11], 2024 for the first Interest Payment Date, and on [January 11], [April 11], [July 11], and [October 11] 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 E 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 [October 11], 2024 for the first Interest Payment Date, and on [January 11], [April 11], [July 11], and [October 11] 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 the Series C Bonds Benchmark Rate for the Series C Bonds, the Series D Bonds Benchmark Rate for the Series D Bonds, the Series E Bonds Benchmark Rate for the Series E Bonds and b) the relevant spread for each series of the Bonds.

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.

- For the Series C Bonds, the third (3rd) anniversary of the Issue Date or on [July 11], 2027.
- For the Series D Bonds, the fifth (5th) anniversary of the Issue Date or on [July 11], 2029.
- For the Series E Bonds, the seventh (7th) anniversary of the Issue Date or on [July 11], 2031.

### Optional Redemption for Series D Bonds and Series E Bonds

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

Bonds	Optional Redemption Dates	Optional Redemption Price
Series D Bonds	On the 3 <sup>rd</sup> anniversary of the Issue Date and every Interest Payment Date preceding the 4 <sup>th</sup> anniversary of the Issue Date.	101.0%
	On the 4 <sup>th</sup> anniversary of the Issue Date and every Interest Payment Date prior to the Maturity Date.	100.5%

Bonds	Optional Redemption Dates	Optional Redemption Price
Series E Bonds	On the 5 <sup>th</sup> anniversary of the Issue Date and every Interest Payment Date preceding the 6 <sup>th</sup> anniversary of the Issue Date.	101.0%
	On the 6 <sup>th</sup> anniversary of the Issue Date and every Interest Payment Date prior to the Maturity Date.	100.5%

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 D Bonds and Series E Bonds pursuant to this Optional Redemption Option.

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 relevant Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the relevant Bonds on 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.

No Optional Redemption is allowed for the Series C Bonds.

### **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.

### **Tax Event**

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.

### **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 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**

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 Five Billion Pesos (₱5,000,000,000.00);

- 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 one or more of the following events occurs (the "**Events of Default**") shall have occurred and be continuing, the Trustee upon the written direction of the Majority Bondholders and by notice in writing delivered to the Issuer, or the Majority Bondholders, by notice in writing delivered to the Issuer and the Trustee, may declare all amounts due, including the principal of the Bonds, all accrued interest and other

charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, in the Bonds to the contrary notwithstanding.

- (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 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 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 Five Billion Pesos (₱5,000,000,000.00); 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 Five Billion Pesos (₱5,000,000,000.00) 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 equivalent to or more than Five Billion Pesos (₱5,000,000,000.00) 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 equivalent to more than Five Billion Pesos (₱5,000,000,000.00) 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 Majority 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) **Closure:** the Issuer voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of thirty (30) calendar days except in the case of strikes or lockouts or when necessary to prevent business losses or when due to fortuitous events or force majeure; or
- (k) **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
- (l) **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 equivalent to more than Five Billion Pesos (₱5,000,000,000.00); or
- (m) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Agreement; or
- (n) **Writ and Similar Process:** Any judgement, writ, warrant of attachment, injunction, stay order, execution or similar process shall be issued or levied against any material part of the Issuer's assets, business or operations equivalent to more than Five Billion Pesos (₱5,000,000,000.00) and such judgement, write, warrant or similar process shall not be released, vacated or fully bonded within sixty (60) calendar days after its issue or levy; or
- (o) **Non-Payment of Taxes:** Non-payment of any taxes, or any assessments or governmental charges levied upon it or against its properties, revenues and assets by the date on which such taxes, assessments or charges attached thereto, which are not contested in good faith by the Issuer, or after the lapse of any grace period that may have been granted to the Issuer by the BIR or any other Philippine tax body or authority;
- (p) **Misrepresentations:** Any statement, representation, or warranty made by the Issuer 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
- (q) **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 presentation 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 Payment Default, Cross Default, Insolvency, Validity, Expropriation, Writ and Similar Process, 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:	RCBC Trust Corporation
Attention:	Ryan Roy W. Sinaon
Address:	9 <sup>th</sup> Floor, Yuchengco Tower, RCBC Plaza, Ayala Ave, Makati City
Subject:	Megawide Series [C/D/E] 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, provided, that such monitoring shall be based on the Certificate of No Default substantially in the form submitted by the Issuer to the Trustee pursuant to the Trust Agreement and/or disclosures to the PSE and/or the PDTC.
- (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, provided further that the resigning Trustee shall be entitled to the payment of the fee stipulated in the Trust Agreement during the Holdover Period.

#### **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 Trustee 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 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 (₱10,000.00) 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 Accountability 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, 2023, December 31, 2022, and December 31, 2021 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, 2023, December 31, 2022, and December 31, 2021 for professional services rendered to the Company, excluding fees directly related to the Offer, are the following (amounts in ₱):

Particulars	Nature	Audit Fees (amounts in ₱) For the years ended December 31		
		2023	2022	2021
Punongbayan & Araullo	Audit of Financial Statements	3,885,000.00	3,885,000.00	3,535,000.00
Punongbayan & Araullo	Summary of Application of Proceeds on Preferred Shares	600,000.00 (Q1 to Q4)	600,000.00 (Q1 to Q4)	600,000.00 (Q1 to Q4)
Punongbayan & Araullo	Transfer Pricing Documentations and Review of Information Return	-	-	-
Punongbayan & Araullo	Agreed Upon Procedures (PCAB Renewal)	-	35,000.00	35,000.00
Punongbayan & Araullo	Agreed Upon Procedures (Schedule of Estimated Capital Cost)	124,000.00	-	-
Punongbayan & Araullo	Financial Statement Quarterly Consolidated Review and Prospectus Circle-Up	-	3,700,000.00	3,500,000.00
Punongbayan & Araullo	Tax Opinion on Development Projects	-	250,000.00	100,000.00

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.

The independent auditor does not own any shareholdings in the Company.

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. The Company has been in business for almost twenty (20) years and has a net worth of Php16,209,838,842.00 as of 31 December 2023.

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 April 24, 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

On November 4, 2022, the Company's Board of Directors approved the increase in the authorized capital stock of the Company from ₱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, to ₱5,116,000,000.00, divided into 4,930,000,000 Common Shares with par value of ₱1.00 per share and 186,000,000 cumulative, non-voting, non-participating, non-convertible, perpetual Preferred Shares with a par value of ₱1.00 per share.

The foregoing resolution was approved and ratified by the affirmative vote of stockholders owning at least 2/3 of the entire outstanding capital stock of the Company, during the Special Stockholders' Meeting held on December 20, 2022. The increase in the Company's authorized capital stock was approved by the SEC on February 13, 2023. The SEC then issued the Order of Registration and the Certificate of Permit to Offer Securities for Sale for fifteen million (15,000,000) cumulative, non-voting, non-participating, non-convertible, redeemable (non-reissuable) perpetual Series 5 Preferred Shares. The offer and sale of the Series 5 Preferred Shares led the Company to raise One Billion Five Hundred Million Pesos (₱1,500,000,000.00). The said shares were listed in the PSE on April 17, 2023.

On April 26, 2023, the Board approved the redemption of the Company's Series 2A Preferred Shares, with stock symbol MWP2A, on May 29, 2023, or 2.5 years after its listing date on November 27, 2020. The following are the details of the redemption:

Record Date	May 12, 2023
Redemption Date	May 28, 2023
Redemption Price	₱100.00 per share

Upon redemption, the Series 2A Preferred Shares shall be considered retired.

In July 2023, the Company acquired 100% of PH1 World Developers ("PH1") from Citicore Holdings Investment Inc., ("CHII") to engage in progressive property development and provide the Company a third

leg in its ever-evolving business portfolio, which already includes EPC and construction solutions and infrastructure development

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

## **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 COVID-19 pandemic, as activities were unhampered despite the various quarantine restrictions. From the previous year's order book of Sixty-Eight Billion Four Hundred Million Pesos (₱68,400,000,000.00), 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 of the Company is Five Billion Five Hundred Million Pesos (₱5,500,000,000.00) 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 (₱100.00) per share. 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 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 (7<sup>th</sup>) anniversary of its listing date on December 03, 2014, at a redemption price of One Hundred Pesos (₱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**

Megawide continued to strengthen its portfolio after a two-year bout with the COVID-19 pandemic. The construction business remained as the biggest contributor to revenue in 2022, as the recovery in air travel slowly impact airport operations and elevated industry-wide vacancy rates, due to the clamp down on POGO tenants, affect office leasing at the PITX. Nonetheless, the Company remained committed to its long-term mission and vision of Engineering a First-World Philippines and continue to strengthen its portfolio towards infrastructure development and cycle-resiliency.

On May 5, 2022, Megawide, 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.

The project has a total contract value of ₱13.26 billion and JPY 11,227,496,171.00 (approximately ₱4.49 billion using the exchange rate as of 4 May 2022), which together will have an aggregate estimated value of ₱17.75 billion. Megawide's corresponding share in the Joint Venture will be reflected in the Company's infrastructure order book. At the same time, this will facilitate the Company's diversification into rail systems, which will include underground railway technology.

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. 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.

On May 31, 2022, Megawide Construction Corporation's proposed bond issue of up to P4 billion has been assigned an issue credit rating of PRS Aa with a Stable Outlook by Philippine Rating Services Corporation (PhilRatings).

Obligations rated PRS Aa are of high quality and are subject to very low credit risk as the obligor's capacity to meet its financial commitment on the obligation is very strong. A Stable Outlook means the rating is likely to be maintained in the next 12 months.

PhilRatings said the assigned issue rating takes into consideration Megawide's solid experience in the construction industry, along with vertically integrated operations, that is seen to complement the government's infrastructure projects through the Public Private Partnership ("**PPP**") and Build, Build, Build ("**BBB**") programs.

It also factored in the firm's notable expansion projects in recent years, with the aim of diversifying into less cyclical sources of revenues, albeit with challenged profitability due to the effects of the COVID-19 pandemic.

On June 27, 2022, the Regional Trial Court of Lapu-Lapu City, Branch 68, issued the Omnibus Order dated 14 June 2022 dismissing the criminal case against Directors and Officers of Megawide in their capacity as Directors of GMR MEGAWIDE Cebu Airport Corporation for the alleged violation of the Anti-Dummy Law.

The Omnibus Order explained, among others, that the dismissal of the Case was necessitated by the enactment of Republic Act. No. 11659 signed into law last 21 March 2022, which clearly excluded airport operations and maintenance from the definition of a public utility; thereby removing the applicability of the nationality restriction to GMCAC in operating the Mactan-Cebu International Airport ("MCIA").

Furthermore, the Omnibus Order stated that RA No. 11659 applies to the Megawide Respondents due to the retroactive effect of laws favorable to the accused.

Nonetheless, the Company has always maintained its compliance with all the applicable laws, rules, and regulations covering the Concession Agreement for MCIA, and the government's Public-Private Partnership program, since the project was officially awarded to the Megawide-GMR consortium in 2014.

In July 2022, Megawide has secured its eighth project with one of the country's fastest-growing and leading horizontal housing developers, PHirst Park Homes, Inc. (PPHI), located in General Trias, Cavite. The partnership is the second for the two companies in Cavite – the first one in Tanza in 2018 – and covers "supply and build" for 1,664 housing units, using precast materials. In total, it is building close to 13,000 units for PPHI in project sites across Luzon.

The contract will further expand Megawide's precast order book and strengthen its presence in the horizontal housing segment. For more efficiency and faster turnover, the Company is also set to build an onsite precast molding and concrete batching plant to manufacture precast housing components for the project.

In August 23, 2022, Megawide listed a total of ₱4.0 billion fixed-rate bonds (inclusive of the ₱1.0 billion oversubscription option) at the Philippine Dealing and Exchange Corp. ("PDEX").

The issue received total tenders of ₱6.71 billion and was 2.24x oversubscribed from the P3.0 billion base amount during the offer period, which ran from July 28, 2022 to August 05, 2022. The net proceeds of the fixed-rate bonds shall be used by Megawide primarily to refinance its short-term debts, fund its capital expenditures and other general corporate requirements.

RCBC Capital and SB Capital were the Joint Issue Managers, Joint Lead Underwriters and Bookrunners for the exercise, with RCBC Trust Corporation acting as Trustee and Security Bank Corporation as Market Maker.

On September 2, 2022, Megawide and GAIBV executed a Share Subscription and Transfer Agreement with AIC, for AIC to acquire shares in GMCAC, the developer and operator of the award-winning MCIA.

The joint-venture partners for the 25-year Concession Agreement to develop, operate, and maintain MCIA – Megawide and GAIBV – agreed to sell down their existing stakes in GMCAC to accommodate the entry of AIC. The agreement involves GMCAC's issuance of primary shares and the transfer of secondary shares from Megawide and GAIBV to AIC amounting to ₱9.5 billion, which will result in the latter owning 33 & 1/3 percent minus 1 share stake in GMCAC.

Simultaneously with the above, the transaction likewise involves the issuance by Megawide and GAIBV of Exchangeable Notes for the aggregate amount of ₱15.5 billion (Notes). The Notes will mature on 30 October 2024, and will be exchanged by AIC for the remaining 66 and 2/3% plus 1 share of GMCAC's outstanding capital stock.

On December 16, 2022, Megawide, together with GAIBV, has closed the deal with AIC wherein AIC acquired GAIBV and Megawide's shares in GMCAC, the airport operator, for an initial ₱9.5 billion covering 33 & 1/3 percent minus one share in GMCAC.

Under the deal, Megawide and GAIBV will then issue ₱15.5-billion worth of exchangeable notes to AIC. When the notes mature in 2024, AIC is expected to trade these for the remaining 66.6 percent plus one stake in GMCAC.

Megawide likewise emerged as winners in FinanceAsia's Asia's Best Managed Companies Poll 2022 for the following categories: Most Effective in Creating and Implementing Diversity & Inclusion Policies over the Past 12 months (Philippines) and Best Industrials across the Region. The Company's Chief Investor Relations Officer, Ms. Joan Cosico, was also voted as the 2022 IR Magazine Awards, South East Asia, Best Investor Relations Officer Award (Small Cap), while the Company's "2021 Annual and Sustainability Report: Relentless" was among the finalists in the Best Annual Report category. Other awards included the Philippine Quill Awards under Communication Skills Division for Megawide's "2019 Annual and Sustainability Report: All-In for a First-World Philippines", Publications Category and "KaMegawide: Kasama at Kaisa sa Pag-Unlad ng Bansa" in the Social Media Category. The Company was also recognized in the Philippine Excellence in Concrete Construction Awards for its Plumera Project.

## **2023**

In 2023, Megawide started to pursue a renewed direction towards cycle-resiliency and progressive infrastructure development, following its divestment in its airport asset Mactan Cebu International Airport (MCIA).

In February, Megawide signed a shareholders' agreement with partner operator - Evolution Data Centers, Inc. (EDC) for the construction and operations of a 69MW carrier-neutral data center in Silang, Cavite. Phase 1 will involve the initial 23MW, with a 24-36-month completion, and full capacity to be completed within a 5-year scale-up development timetable.

In the EPC segment, progress continued on the MCRP Phase 1 construction while initial groundworks were commenced at the Metro Manila Subway Project along the Ortigas District. Meanwhile, Suncity's Westside City Resort Complex's development is on track and will remain a contributor to the EPC segment's revenue stream.

The Pre-Cast and Construction Solutions (PCS) Unit also sustained its capacity utilization build-up, both from internal and external clients. Internally, the unit has an outstanding package for CP-104 of the Metro Manila Subway System worth ₱923mn. External order book continue to increase with three (3) new supply-and-build contracts bagged with residential developer PHirst Park Homes, Inc. (PPHI) located in Naic, Cavite; Baliuag, Bulacan; and Tayabas, Quezon. This brings the Company's partnership with PPHI to close to 19,000 units across 11 locations nationwide. In the infrastructure space, PCS also secured a ₱1.0 billion contract from Leighton Asia to supply precast double tee slabs for the Candaba Viaduct expansion and a ₱108 million deal for the MRT-7Line to boost its applicability for critical infrastructure projects to promote mobility and commerce. In its bid to expand into new segments, PCS also sealed a ₱158 million contract with Vitro Data Center to establish foothold in the fast-growing digital infrastructure space.

Meanwhile, the country's first landport continued to experience significant foot traffic, reaching a record of 200,000 during the peak of Holidays in December 2023 and averaging 117,000/daily by end of the year. The retail segment continued to be robust, with average spending per passenger (SPP) reaching P39.8/pax from less than P30/pax the previous year. The office segment also continued to attract more traditional tenants and as of end-2023, with non-POGO tenants signed up accounting for 57% of total committed space.

In July 2023, the Company purchased 100% stake in PH1 World Developers (PH1) from Citicore Holdings Investment Inc., (CHII) for ₱5.2 BN. The acquisition of PH1 completes the vertical integration of Megawide's existing EPC and PCS capabilities with property development to harness synergies and is a natural progression for engineering and construction to higher-value added business offered and opportunities unlocked through PH1.

Newly-acquired PH1 officially launched two (2) new residential projects during the year – Modan Lofts Ortigas Hills in Taytay, Rizal and Northscapes in San Jose del Monte, Bulacan valued at approximately P11 billion. Existing projects My Enso Lofts continue to post strong sales, with take up at more than 70% and construction progressing as planned, and The Hive's Tower D reaching 100% completion.

The Company also won big in Finance Asia Best Managed Companies' 2023 Poll, garnering the Gold for Best Managed Company and Best Consumer Cyclical and securing Silver for Best CEO, Mr. Edgar Saavedra. PH1 also

received various recognition, among these are the: Real Estate Innovation of the Year – My Enso Lofts (Lamudi), Best Housing Development and Best Green Development, Northscapes SJDM (Carousell Property Awards), and Top Global Brand Real Estate Developer (Brand Asia).

## **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 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 its 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 during the year included 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 MCIA. This is a key factor in GMCAC's 24% growth in net income. For 2017 alone, 12 international routes were added at the MCIA apart from the additional 23 domestic destinations. New international airlines include Juneyao Airlines, Sichuan Airlines, Lucky Air, Okay Airways, and Pan Pacific while AirJuan was the newly added domestic airline.

The MCIA 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, 2<sup>nd</sup> 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 MCIA 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 MCIA 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.

## **2019**

Megawide continued on its journey to becoming a construction and transport-oriented infrastructure innovator with the completion of its Public-Private Partnership (PPP) projects for MCIA and PITx.

GMCAC completed the renovation of MCIA Terminal 1, which includes the Airport Village and refurbished areas, on August 28, 2019. Air traffic and passenger volumes also reached all-time highs, with 13 new international and six (6) new domestic destinations commissioned.

Meanwhile, MWMTI completed the construction of its four (4) commercial/office towers with a total of seventy-six thousand nine hundred three (76,903) square meters. All towers have been one hundred percent (100%) contracted for a period of five (5) years each while the retail area was seventy one percent (71%) leased out as of end-2019.

The EPC segment ramped up its construction activities in its ₱52.4-billion order book, such as the Clark International Airport, 8990's Housing Development's Ortigas and Tondo, and various Double Dragon projects. New contracts reached ₱19.42 billion at the end of the year, providing sufficient revenue streams for next three (3) years.

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)". The MCIA also received various commendations and awards in 2019 such as Winner of the Completed Buildings: Transport category in the 2019 World Architecture Festival and 2019 International Architecture Awards, Airports and Transportation Centers Category for Terminal 2 by Chicago Athenaeum: Museum of Architecture and Design, among others.

## **2020**

The global outbreak of the coronavirus disease 2019 (COVID-19) in February 2020 affected Megawide's operations across all business segments. While some recovery were experienced towards the end of the year upon the relaxation of the government of quarantine restrictions, the Company's performance remained depressed.

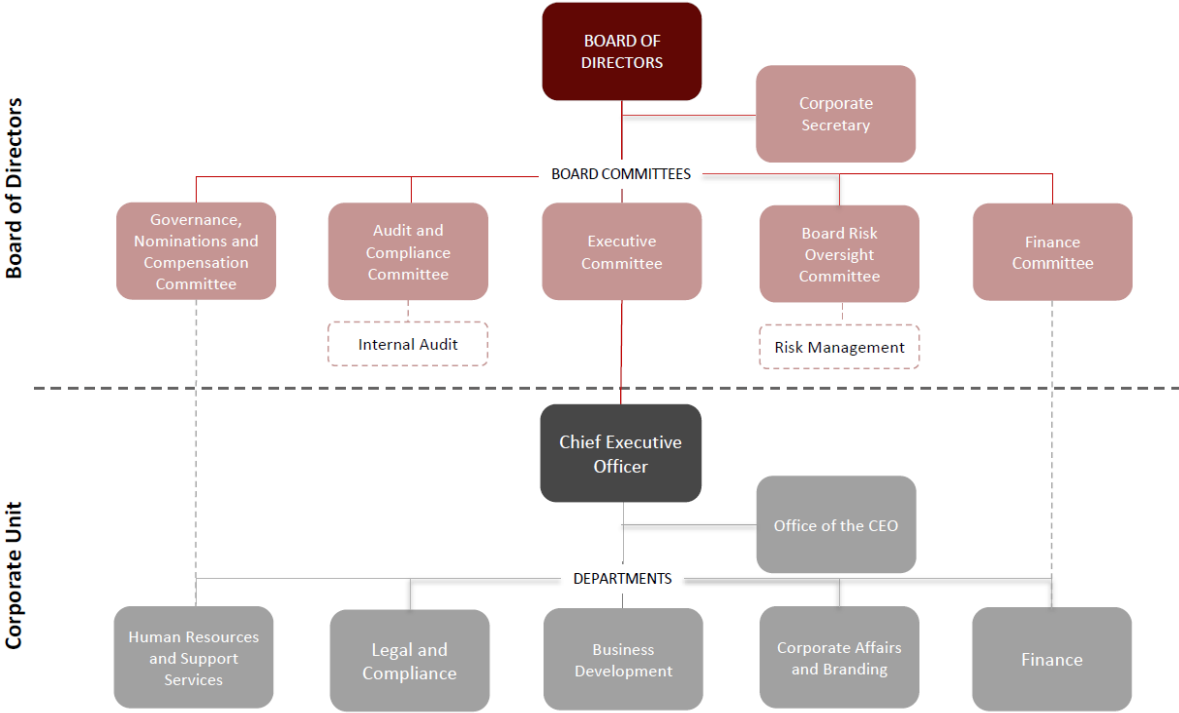
Nonetheless, Megawide inaugurated the renovated MCIA Terminal 1 on January 19, 2020, graced by President Rodrigo Duterte as the guest of honor. The Company also successfully completed the construction of CIA, as announced by DOTr on October 13, 2020.

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, while pursuing priority projects, resulting in a record order book of ₱68.40 billion at the end of year.

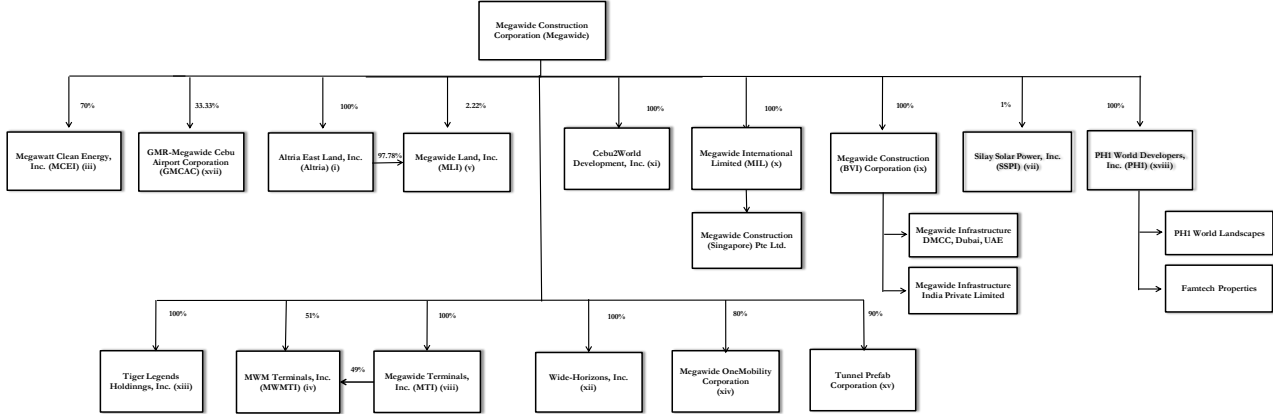
In 2020, Megawide was the recipient of several prestigious awards and citations, such as the Third (3<sup>rd</sup>) Best Managed Company by Finance Asia and the Best Small Cap-Equity Deal of the Year in the Philippines at the 14<sup>th</sup> Annual Alpha Southeast Asia Best Deal & Solutions Awards 2020 for its Series 2A and Series 2B Preferred Shares Offering.

Moreover, the Company was awarded the 2019 ASEAN Asset Class PLCs (Philippines) award in relation to its 2019 ASEAN Corporate Governance (ACGS) assessment and was also recognized by the Institute of Corporate Directors (ICD) with two (2) Golden Arrow Awards, together with the Most improved publicly-listed Company in the Philippines in terms of corporate governance.

**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) 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.

(iii) 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%.

(iv) 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.

(v) 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.

(vi) In August 2018, Megawide acquired the outstanding shares of MTI representing 100% ownership, making it a wholly owned subsidiary of Megawide.

(vii) 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.

(viii) 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.

(ix) Cebu2World, whose registered office is at Unit 1504 Ayala Life FGU Center Cebu, Mindanao Avenue corner Bilibiran Road, Cebu Business Park, Cebu City, was incorporated on November 3, 2020.

(x) Wide-Horizons, whose registered office is at 20 N. Domingo Street, Brgy. Valencia, Quezon City., was incorporated on November 16, 2020

(xi) 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

(xii) Formerly known as Citicore Infrastructure Holdings, Inc.; Megawide Construction Corporation subscribed to 7,500,000 common shares in Megawide OneMobility Corporation on 02 December 2021; Subsequently, Megawide Construction Corporation purchased 500,000 common shares in Megawide OneMobility Corporation on 29 July 2022 from Citicore Holdings Investment, Inc.

(xiii) Tunnel Prefab Corporation was incorporated on 31 August 2022.

(xiv) On September 2, 2022, Megawide, GMR Airports International BV (GAIBV), and Aboitiz InfraCapital, Inc. (AIC) executed a Share Subscription and Transfer Agreement, for AIC to acquire shares in GMCAC, subject to the following conditions:

1) For a total amount of P9,473.6 million, AIC shall own 33 and 1/3% minus one share of the outstanding capital stock of GMCAC; Megawide will retain 33 and 1/3% plus one share, while GAIBV will retain 33 and 1/3%; and,

2) Megawide and GAIBV shall issue Exchangeable Notes in favor of AIC in the total amount of P15,526.4 million. The Exchangeable Notes will mature on October 30, 2024, and will be exchanged by AIC for the rest of the 66 and 2/3% plus one share of GMCAC's outstanding capital stock.

On 16 December 2022, AIC completed the acquisition of the 33 and 1/3% minus 1 share stake in GMCAC, and the Company and GAIBV issued the Exchangeable Notes.

As a result of the disposition of GMCAC shares, Megawide's investment in GMCAC ceases to be controlling interest. However, Megawide maintains that it has significant influence over GMCAC. Accordingly, the retained investment shall be accounted for as an investment in associate.

(xv) On July 27, 2023, Megawide acquired the outstanding shares of PH1 representing 100% ownership from Citicore Holdings Investment, making it a wholly owned subsidiary of Megawide.

As of the date of this Prospectus, there are no (i) bankruptcy, receivership, or similar proceedings, and (ii) material reclassifications, merger, consolidation or purchase or sale of a significant amount of assets.

## SUBSIDIARIES & AFFILIATES

As of December 31, 2023, effective ownership percentage of Megawide on each subsidiary/affiliate is as follows:

	Place of Incorporation	2023	2022	2021
<b>Subsidiaries:</b>				
PH1 World Developers, Inc.	Pasay City, Metro Manila, Philippines	100%	-	-
PH1 World Landscapes Inc.	Mandaluyong City, Metro Manila, Philippines	100%	-	-
Famtech Properties, Inc.	Pasay City, Metro Manila, Philippines	49%	-	-
Megawatt Power, Inc. (formerly, Megawatt Clean Energy, Inc.)	Makati City, Metro Manila, Philippines	70%	70%	70%
Megawide Land, Inc.	Mandaluyong City, Metro Manila, Philippines	100%	100%	100%
Megawide Construction (BVI) Corporation	British Virgin Islands	100%	100%	100%
Megawide Construction DMCC	Dubai, United Arab Emirates	100%	100%	100%
Megawide Infrastructure DMCC	Dubai, United Arab Emirates	100%	100%	100%
MWM Terminals, Inc.	Mandaluyong City, Metro Manila, Philippines	100%	100%	100%
Megawide Terminals, Inc.	Mandaluyong City, Metro Manila, Philippines	100%	100%	100%
Megawide International Limited	British Virgin Islands	100%	100%	100%
Megawide Construction (Singapore) Pte. Ltd.	Singapore, Singapore	100%	100%	100%
Cebu2World Development, Inc.	Pasay City, Metro Manila, Philippines	100%	100%	100%
Wide-Horizons, Inc.	Pasay City, Metro Manila, Philippines	100%	100%	100%
Tiger Legend Holdings Limited	British Virgin Islands	100%	100%	100%
Megawide OneMobility Corporation	Mandaluyong City, Metro Manila, Philippines	80%	80%	-
Tunnel Prefab Corporation	Pasay City, Metro Manila, Philippines	90%	90%	-
<b>Accounted for as Asset Acquisition –</b>				
Altria East Land, Inc.	Mandaluyong City, Metro Manila, Philippines	100%	100%	100%

<b>Associates:</b>				
GMR Megawide Cebu Airport Corporation*		33%	33%	60%

\*No longer subsidiaries of the Group in 2023 and 2022

### ***PH1 World Developers, Inc.***

On July 12, 2023, the Parent Company and Citicore executed a Share Purchase Agreement (SPA) for the Parent Company to acquire 100% of the outstanding capital stock of PH1 from Citicore. The fulfilment of the conditions precedent under the SPA such as the transfer of 579,457,844 common shares from Citicore to the Parent Company, and the payment by the Parent Company to Citicore for the purchase price of P5,200.0 million were fulfilled on July 27, 2023 that resulted in the closing of the transaction.

PH1 is a stock corporation organized under the laws of the Philippines. The Company was registered with the SEC on February 6, 2009 primarily to engage in the business of buying, selling, leasing, developing and managing real estate properties. The registered office address of PH1 which is also its principal place of business, is located at No. 20 N. Domingo Street, Brgy. Valencia, Quezon City.

PH1 has a wholly owned subsidiary, PH1-WL. PH1-WL, which was registered on September 16, 2022, is engaged in real estate business. Its registered office is located at 20 N. Domingo Street, Brgy. Valencia, Quezon City, Second District, National Capital Region (NCR) 1112.

PH1 also has a 49% ownership in Famtech, a company incorporated in the Philippines and was established to engage in real estate development. Famtech is consolidated in the Group's financial statements as the management considers that the Group has de facto control over Famtech even though it effectively holds less than 50% ownership interest. The registered office of Famtech is located at 5<sup>th</sup> Floor Pro-Friends Center, 55 Tinio Street, Brgy. Additional Hills, Mandaluyong City.

### ***Megawatt Power, Inc. (formerly, Megawatt Clean Energy, Inc.)***

Megawatt Power, Inc. (MPI), formerly, Megawatt Clean Energy, Inc., was incorporated in 2014 to engage in the development of clean or renewable energy sources for power generation. Its registered address, which is also its principal place of business, is located at 20 N. Domingo St. Brgy. Valencia, Quezon City. As of December 31, 2023, MPI has not yet started operations.

### ***Megawide Land, Inc.***

MLI was incorporated in 2016 primarily to engage in real estate and related business. MLI's registered address, which is also its principal place of business, is located at 20 N. Domingo St. Brgy. Valencia, Quezon City. MLI has not commenced its operations as of December 31, 2023.

### ***Megawide Construction (BVI) Corporation***

On June 20, 2017, the Parent Company acquired 100% ownership interest in MCBVI, an entity incorporated in the territory of British Virgin Islands to primarily engage in buying and holding shares of other companies. MCBVI's registered address, which is also its principal place of business, is Marcy Building, 2<sup>nd</sup> floor, Purcell Estate, Road Town Tortola, British Virgin Islands. In 2018, MCBVI commenced business operations.

MCBVI has wholly owned subsidiaries, DMCC and MW Infrastructure. DMCC, which was registered on December 10, 2017, is involved in infrastructure works. Its registered office is located at Unit 4401-05, Mazaya Business Avenue BB2, Jumeriah Lake Towers, Dubai UAE. 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. DMCC and MW have not commenced operations as of December 31, 2023.

### ***MWM Terminals, Inc.***

MWMTI is a joint venture arrangement formed on February 10, 2015 by the Parent Company and MTI, both exercising joint control to direct the relevant activities of MWMTI. The joint venture undertakes the development and implementation of the Parañaque Integrated Terminal Exchange (PITX) Project granted by the Philippine Government to MWMTI under a Build-Operate-Transfer Agreement (BOT Agreement) through the DOTr. In November 2018, MWMTI commenced commercial operations.

#### ***Megawide Terminals, Inc.***

On August 9, 2018, the Parent Company acquired 344.5 million shares or 100% ownership interest in MTI from existing shareholders of MTI for P344.1 million. MTI owns 49% interest over MWMTI.

MTI 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. MTI's registered address and principal place of business is at 20 N. Domingo St. Brgy. Valencia, Quezon City.

#### ***Megawide International Limited***

MIL, whose registered office is at Marcy Building, 2<sup>nd</sup> Floor, Purcell Estate, P.O. Box 2416, Road Town Tortola, British Virgin Islands, was incorporated on July 26, 2019. MIL has a 100% owned subsidiary, MC-SG, which was registered on March 1, 2019 as a general building engineering design and consultancy services. Its registered office is located at 8 Cross St. #24-03/04 Manulife Tower Singapore. MIL has not commenced operations as of December 31, 2023.

#### ***Cebu2World Development, Inc.***

CDI, 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 to deal, engage, or otherwise acquire an interest in land or real estate business, without engaging in real estate investment trust.

#### ***Wide-Horizons, Inc.***

WHI, whose registered office is at 20 N. Domingo Street, Brgy. Valencia, Quezon City., was incorporated on November 16, 2020 to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description. As of December 31, 2023, WHI has not yet started commercial operations.

#### ***Tiger Legend Holdings Limited***

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 located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands. TLH has not commenced operations as of December 31, 2023.

#### ***Megawide OneMobility Corporation***

MOMC, whose registered address is at 20 N. Domingo Street, Brgy. Valencia, Quezon City, was incorporated in the Philippines and registered with SEC on March 11, 2015 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.

In 2022, the Parent Company subscribed to primary shares of MOMC equivalent to 80% ownership interest for a total consideration of P2.4 million. As of the acquisition date, MOMC has net liabilities of P13.8 million. MOMC has not yet started commercial operations as of December 31, 2023.

#### ***Tunnel Prefab Corporation***

TPC, whose registered office is at No. 4 Velasquez Street, Sitio Bangiad, Barangay San Juan, 1920, Taytay, Rizal,

was incorporated on August 31, 2022 to engage in the business of producing, manufacturing, fabricating, construction, procuring, furnishing, purchasing and/or selling precast concrete materials, items, and systems, formworks materials and systems, construction equipment, and other construction and building supplies for tunnels, highways, horizontal and vertical developments, infrastructure works, and any other construction projects. TPC has not yet started commercial operations as of December 31, 2023.

#### ***Altria East Land, Inc.***

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.

The Parent Company's acquisition of Altria is accounted for as an asset acquisition since it does not constitute an acquisition of business.

#### **Associates**

##### ***Megawide World Citi Consortium, Inc.***

MWCCI was incorporated in the Philippines on January 16, 2014 and is primarily established to undertake and implement the construction of a 700-bed capacity super-specialty tertiary orthopedic hospital (New Hospital Facility), under the Modernization of the Philippine Orthopedic Center (MPOC) Project. MWCCI's registered office, which is also its principal place of business, is at 20 N. Domingo Street, 1112 Valencia, Quezon City.

Significant assets of MWCCI pertain to its receivables from the Department of Health (DOH) from the Build-Operate-Transfer Agreement. MWCCI has undertaken measures to recover compensation costs from DOH. However, based on management's assessment as of December 31, 2022, there is no reasonable expectation of recovery of costs incurred relative to the MPOC Project. Accordingly, the Group has wrote off its investment in MWCCI in 2022.

The Group's investments in MWCCI are accounted for as investments in associates despite the percentage of the Parent Company's ownership interest over these entities.

##### ***Citicore Megawide Consortium, Inc.***

CMCI was incorporated in the Philippines on October 15, 2012 and is primarily engaged in general construction business. CMCI's registered address, which is also its principal place of business, is located at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

The Group's investments in CMCI are accounted for as investments in associates despite the percentage of the Parent Company's ownership interest over these entities.

##### ***GMR Megawide Cebu Airport Corporation***

GMCAC was incorporated in the Philippines and registered in the SEC in 2024. GMCAC's primary purpose is to construct, develop, operate and maintain the Mactan Cebu International Airport (MCIA), including the commercial assets thereof and all allied businesses for the operation and maintenance of said airport facility (MCIA Project). GMCAC started commercial operations on November 1, 2014.

GMACAC was established for the purpose of implementing the provisions of the Concession Agreement that was signed on April 22, 2014 between the Parent Company and GMR Infrastructure Limited (GIL) or GMR, and the Department of Transportation and Communications (currently, the Philippine Department of Transportation or DOTr) and Mactan-Cebu International Airport Authority (MCIAA) (collectively, the Grantors).

GIL is an entity duly organized and registered in India. DOTr and MCIAA are the agencies of the Philippine Government vested with the power and authority to develop dependable and coordinated transportation systems and to principally undertake the economical, efficient, and effective control, management, and

supervision of the MCIA Project. GMCAC's registered address, which is also its principal place of business, is located at Mactan-Cebu International Airport Passenger Terminal Building, Airport Terminal, Lapu-Lapu City.

In 2022, the Parent Company sold a portion of its ownership interest in GMCAC that resulted in the loss of the Group's controlling interest in GMCAC. After the sale transaction, Group's ownership interest in GMCAC was reduced to 33.3% as of December 31, 2022. The remaining ownership interest in GMCAC is classified and presented as Non-current Asset Classified as Held for Sale in the consolidated statements of financial position.

#### ***Evolution Data Centres Philippines, Inc.***

EDC, whose registered office is at Unit 53J, Shang Salcedo Place, H.V. dela Costa corner Tordesillas Sts., Salcedo Village, Makati, was incorporated on December 9, 2021 to perform and provide computer programming and consultancy services and engage in the creation and development of technological services. As of December 31, 2023, the Parent Company has 49% ownership interest in EDC. EDC has not yet started commercial operations as of December 31, 2023.

#### **Joint Operations**

##### ***Megawide GISPL Construction Joint Venture***

MGCV is an unincorporated joint venture formed in 2014 by the Parent Company and GMR Infrastructure (Singapore) PTE Limited – Philippines Branch (GISPL) each owning 50% interest and exercising joint control. MGCV was established to provide construction of works for the renovation and expansion of the MCIA Project and other airport related construction projects of the Group. MGCV began to operate in 2015.

##### ***Megawide GMR Construction Joint Venture, Inc.***

MGCVI is an incorporated joint arrangement formed in January 2018 by the Parent Company owning 50% interest and GISPL with 45% interest and GMR Holdings Overseas (Singapore) PTE Limited owning the remaining 5%. The Parent Company and GISPL both exercising joint control. MGCVI was established to provide general construction business including construction, improvement and repair of Clark Airport project. MGCVI began to operate in 2018.

##### ***HDEC- Megawide-Dongah JV***

HMDJV is an unincorporated joint venture formed on October 27, 2020, by the Parent Company owning 35% and Hyundai Engineering & Construction Co., Ltd. and Dong-ah Geological Engineering Company Ltd. Owning 57.5%, 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. HMDJV began to operate in 2021.

##### ***Tokyu-Tobishima-Megawide Joint Venture***

TTM-JV is an unincorporated joint venture formed on May 31, 2022, by the Company owning 30% and Tokyu Construction Co., Ltd. and Tobishima Corporation owning 40%, and 30% interest, respectively, and exercising joint control over the assets and liabilities of the arrangement. TTM-JV was established to provide construction works construction works of the Two Underground Stations (Ortigas North and Ortigas South) and Tunnels of Metro Manila Subway Project. TTM-JV began to operate in 2023.

#### **Joint Ventures**

##### ***Mactan Travel Retail Group Corp.***

MTRGC was incorporated and registered 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 2018.

##### ***Select Service Partners Philippines Corp.***

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 2018.

#### **Parent Company and Other Affiliates**

##### ***Citicore Holdings Investment Inc.***

Citicore was incorporated on December 03, 2011 and operates primarily as a holding company, with ownership interests in Megawide at thirty-five and 41/100 percent (35.41%), MWCCI at thirty nine percent (39%), PH1 World Developers, Inc. at one hundred percent (100%), and CMCI at ninety percent (90%).

##### ***Megacore Holdings, Inc.***

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 twenty-nine and 93/100 percent (29.93%) ownership interest in Megawide.

##### ***Future State Myspace, Inc.***

FSMI was incorporated on January 27, 2012 to primarily engage in purchasing, acquiring, leasing and selling properties. FSMI is thirty-six percent (36%) owned by Mr. Edgar B. Saavedra, and has one hundred percent (100%) ownership interest over IRMO, Inc.

##### ***Citicore Power Inc.***

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.

#### **BUSINESS SEGMENTS**

Megawide and its subsidiaries, affiliates, and operating businesses are recognized and managed separately according to the nature of the services provided, with a segment representing the Company's strategic business unit. The following are the Company's business segments:

##### *Continuing Operations*

1. **Construction Operations** – principally refers to construction activities, such as construction works of residential, mix-used building, commercial, and infrastructure establishments, sale of construction materials, and rental of construction equipment.
2. **Landport Operations** – mainly relate to cost related to operation and maintenance of PITx as offset by the income stream from the lease of its concessionaire and commercial/office towers.
3. **Real Estate Development** – primarily involves buying, selling, leasing, developing, and managing real estate properties including but not limited to condominiums, house and lot, and commercial units, under the brand PH1 World Developers, Inc.

##### *Discontinued Operations*

4. **Airport Operations** – mainly relates to the business of building, rehabilitating, renovating, constructing, developing, operating, and maintaining MCIA, including its commercial assets and all allied businesses for the operation and maintenance of said airport facility.
5. **Airport Merchandising** – mainly includes sale of food and non-food items in the premises of MCIA.

The other aspects of the Company's business are the operations and financial control areas. These segments are also the basis of the Company in reporting to its executive committees to assist in its strategic decision-making activities. The transactions between segments are conducted at estimated market rates and on an arm's length basis.

The revenues and expenses that are directly attributable to a business segment, along with the relevant portions of the Company's revenues and expenses that can be allocated to such business segment, are accordingly reflected as revenues and expenses of that business segment.

As of December 31, 2023, construction remained as the most significant revenue contributor at 97%, followed Landport operations real estate revenues with 2% and 1% revenue contributions, respectively. Additional significant information relating to each business segment are discussed below:

### ***Construction Segment***

#### 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:

1. 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
2. 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:

1. size of the over-all development blueprint of the project and its implementation timetable on phases;
2. complexities and limitations of the structural design of the high-rise building project;
3. project location, accessibility of heavy construction equipment, and proximity to clusters of on-going project sites;
4. logistics difficulties and limitations;
5. procurement of necessary permits; and
6. 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 upon receipt of the following:

1. issuance of the Notice to Proceed;
2. execution of the Construction Agreement/Contract;
3. release of the building permit;
4. completion of the construction drawings; or
5. full release of the downpayment.

Moreover, the Company prepares a project execution plan (PEP) per project. PEP is the governing document that establishes the means to execute, monitor and control projects. The plan serves as the main communication vehicle to ensure that everyone is aware and knowledgeable of project objectives and how they will be accomplished.

PEP is prepared after the project has secured a Contract Agreement or Notice of Award, whichever is applicable. It is outlined based on the following:

1. Construction Methodology – this includes the methods to be used and followed on the ff:
  - Actual site condition
  - Temporary facility plan
  - Traffic Management plan
  - Constructability Method
    - Structural elements
    - Architectural elements
  - Construction sequence
  - Zoning
  - Cycle sequence
  - Soil protection
  - Dewatering system
  - Formworks system
  - Fall Protection
  - Construction Vertical Equipment plan
  - Material Data List
2. Project Schedule Preparation  
The activity is to develop the program/ schedule in terms of the execution of the works of the project. Based on the Project Schedule documents which is part of Bid Documents, the latter should be further detailed out to be able to plan the execution effectively.
3. Project Quality Plan  
The activity is to develop the Project Quality Plan for the project, where the Contractor and the CM/Client should closely collaborate in coming up a Quality Standards, Policies & Procedures particularly work inspection process flow, material inspection process flow, punchlist and hand-over process, sequence and inspection of works, structural inspection test plan, among others.
4. Project HSSE Plan  
The activity is the development of the Project Health, Safety, Environment & Security standards & protocols in collaboration with CM/Client . It also includes the compliances of the following government agencies such as DOLE-OHS, DENR-EMB, DOH, PNP-SOSIA, and ISO wherein the Project Head & Project HSSE Head should be coordinating (if required) on every agency at this point.
5. Project Procurement Plan  
The activity is to develop all the procurement tools & documents needed for the entire projects. Base on the Budget (BCB) done in the bid preparations, the project head should prepare all proposed vendors (subcons & suppliers); develop the items into Packages to be procured with responsibility matrix; develop the approval matrix of Materials & Services that needs to be coordinated to Client, then present to top management as part of the PEP in the PPR mtg.
6. Project HR Plan (PHP) Preparation  
The PHP includes all resource plans that will help project execute the People Management Framework, especially on the identification of the manpower required to execute the project including manpower loading schedule. It also identifies the job description and deliverables for each position including the performance management system.
7. Project Risk Register

This includes the (1) identification of project risks, including potential threats and opportunities, (2) Risk assessment, analysis, and prioritization; and (3) Risk response strategies and contingency plans to mitigate or exploit identified risks.

8. Project Stakeholder Register

This includes the (1) identification of key stakeholders that may impact and/or influence the project; and (2) Engagement plan strategies to manage the key stakeholders.

9. Project Financial Plan (PFP) Preparation

This activity covers the set-up of Project Accounting Policies and Procedures manual, Financial Reporting templates and set up of financial system (ie. SAP or any other system). It also includes Projected P&L and Cash Flow report based on the duration of the project.

10. Project Warehouse Plan

This plan includes (1) Developing a Drawing of Site Devt Plan showing location for Warehouse, Warehouse layout drawing, Storage areas for space-consuming materials like Rebar, Precast and FW yard, Receiving and Unloading Areas, Dispatching Areas, Owner Supplied Storage Area, Subcon Materials; (2) Developing warehouse shelving and/or racking design to utilize space, increase storage capacity and improve inventory management. This shall also allow efficiency and minimize traffic on the flow of goods in the warehouse; (3) Defining all Equipment and Tools needed for handling and moving inventory inside and outside the warehouse, including the use of forklifts, hand trucks, and other equipment, from receiving, storing, dispatching and counting of inventories.

Warehouse planning outlines the steps and guidelines for organizing, storing, and managing inventory in a warehouse. The main goal of this policy is to ensure efficient, safe, secured and cost-effective warehouse operations.

11. Project Communication Plan

This defines the communication protocol should be defined which include the different required Meetings which shall include the attendees, schedule in calendar and the agendas.

## Procurement

Procurement process shall ensure that goods, works, and services acquired by Megawide are obtained in a timely manner, at the most competitive price and are of the required quality and quantity. This includes:

1. Request For Quotation (RFQ) Preparation and Solicitation

The preparation of the RFQ documents should include the ff:

- ~ Drawing Plans
- ~ Material Specifications
- ~ BoQ (Qty, Items & right format)
- ~ Letter of Invitations (with proper instructions and process described)

2. Submission & Opening of Bids of Vendors\*

Note that this is only applicable for Competitive Bidding Process only, which should be defined in the Work Package. The latter is suggested for big ticket items & highly specialized trade ie Curtain Walls, Electrical Work, Plumbing & Fire Pro Works.

3. Evaluation of Bids

This activity includes technical, financial and commercial evaluation of bids.

4. Negotiation and Award

This includes back and forth negotiation with the potential vendors until all the terms are agreed and ready for award.

For all vendors, Megawide also performs Vendor Accreditation Process to assess the technical and financial capabilities of the vendors.

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 insurance policies and coverages. 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:

1. Megawide submits a Notice of Turn-Over and Completion to the project owner;
2. Megawide and the project owner conduct a joint inspection and punch listing;
3. should there be no pending items for completion, the project owner issues a Certificate of Completion; and
4. 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.

#### Terms Granted to Customers

Bids for construction projects typically include the 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:

1. a downpayment of fifteen percent (15%) to twenty percent (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;
2. monthly progress billing (or interim billings). Progress billings are subject to pro-rata recoupment of downpayments, and retention monies equivalent to ten percent (10%) of the billed amount, to be reduced to five percent (5%) upon fifty percent (50%) completion of the project; and
3. release of the ten percent (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 the Company's credit risk policy, which requires the evaluation of the creditworthiness of the customer.

#### Completed Projects

The notable projects that the Company has completed are:

1. **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.
2. **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.
3. **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.
4. **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.
5. **Urban Deca Homes Manila** – is a 13-Building Medium rise affordable housing project located at a 8.47-hectare complex in Tondo, Manila. The project has a total of 13,212 residential units catering growing families who want to stay near their current family homes and for those working in trade and commerce since it is situated near the port and business area of Manila.
6. **Hampton O and P** – Developed by Dynamic Realty Resources Corporation, Hampton O and P is a 12-storey residential building inside the Hampton Gardens residential complex at C. Raymundo, Maybunga, Pasig City. It has a total lot area of 1,400 square meters and a gross floor area of 26,045.64 square meters.
7. **Albany Luxury Suites** – A residential project of Megaworld Corporation, located at Mckinley West, Fort Bonifacio, Taguig City, with total floor area of 41,847.48 square meters for 2 buildings, which are 15-storeys each.
8. **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.
9. **The Hive C&D, and Amenities** – is a 12-storey low density condominium with only 856 units in total, having only 18 condo units per floor, made of concrete glass and steel, boasts of a myriad of building amenities and features for the family looking to upgrade their current living spaces. Master-planned for space and landscaping, it is strategically located at the heart of Taytay Rizal.
10. **Clark Global City Phase 1 Project** – A modern, state-of-the-art, master planned mixed-use commercial and business center of excellence project by Global Gateway Corporation located at the Freeport Zone, Mabalacat, Pampanga. It covers an area of 177 hectares. Its future development includes mixed-use buildings, a hospital, a hotel, and a casino.

#### On-Going Projects

The following are the on-going projects of Megawide as of December 31, 2023:

1. **Urban Deca Ortigas** – A residential complex composed of 24 clusters of 13-storey buildings located at Ortigas Extension, Pasig City. This project is a continuation of previously completed building 1-6. This ongoing project is comprised of the construction of buildings 7&8, and buildings 10&11.
2. **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.
3. **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. This project is set to be completed in the second quarter of 2024.
4. **Proposed 4-Storey Economic Residential Condominium (Plumera)** – 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.
5. **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.
6. **The CornerHouse 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.
7. **Urban Deca 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.
8. **Aglipay Sewage Treatment Plant** – an 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.
9. **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.
10. **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. Set to be completed in 2024.
11. **Suncity A** – 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.
12. **Suncity B** – A 5-star hotel and casino project with Suntrust Home Developers Inc, a subsidiary of Suncity Group Holdings Limited. The said project 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).
13. **Ascott DD Meridian Park Manila** – A new addition to the Meridian Park of Double Dragon Properties Corp. which is a luxury residence developed in partnership with Ascott Singapore. It is composed of a 10-storey building with one (1) basement and gross floor area of 49,541.67 square meters. It is located in a 5,657 - square meter lot in DD Meridian Park, Bay Area corner Macapagal Avenue, EDSA Extension, Pasay City.
14. **Double Dragon Meridian Tower** - is the last phase of construction at DoubleDragon Meridian park at Pasay City, it is a 12-Storey mixed use building with 1 basement and a total of 39,409.38 m<sup>2</sup>, 112 parking lots, 1 PWD slot, 24 motorcycle slots and 1 loading. Lot area of 3,795.07 m<sup>2</sup> and with a building footprint of 3,139.13 m<sup>2</sup>. The total height of the building is 49.78 m and has a total depth of -4.70 m.

15. **Hotel 101** – Hotel 101, strategically located in Lot 3, Bridgetowne, Eulogio Rodriguez, Jr., Ave., Brgy. Ugong Norte, District 3, Quezon City, stands as a distinguished commercial establishment. Located on a 2,547 square meter prime titled commercial lot in the prestigious Bridgetowne District, this 24-story structure with Roof deck and Helipad showcases the hotel's facilities, including a gym, outdoor infinity pool, all-day dining, business center, and function rooms, all designed to meet the discerning needs of its valued guests. The construction of Hotel101-Libis Bridgetowne includes Site Works, Structural Works, Architectural Works, and MEPF Works. With 702 hotel units, 13 commercial units, and 283 parking slots, Hotel 101 exudes sophistication in every aspect of its design and functionality. As part of the esteemed Bridgetowne integrated township by Robinsons Land Corp., Hotel 101 promises to deliver top-notch facilities and services in the heart of the bustling metropolitan area.
16. **Landers Aseana** – is a single storey Commercial Building with 1 basement with a total CFA of 18,710.91 m<sup>2</sup>, 296 parking slots. Lot area of 15,064 m<sup>2</sup>. The total height of meter of 11.40 m. It has a total depth of -2.7m from NGL. Located at J.W. Diokno Blvd. Cor. Bradco Avenue Aseana City Parañaque City and has a development timetable of 12 months.
17. **One Lancaster Park** – is a foundational development in Imus, Cavite that will provide the future residents a sophisticated lifestyle that everyone deserves while living in a sub-urban province. The entire development, which comprises of 9 mid-rise towers and amenities within the 6.3-hectare land area, aims to bring forth a peaceful and convenient lifestyle.
18. **Clark Global City Myung Dang**– is a 177-hectare master-planned, mixed-use real estate investment opportunity allowing select investors to participate in the growth of a world-class city development within the Clark Freeport Zone.
19. **Modan Lofts Ortigas Hills (MLOH)** - Three (3) tower development with twenty-one (21) and twenty-two (22) storey with roof deck, a separate carpark building, amenity area and two (2) level retail at the entrance of the development area with an estimated construction floor area of 33,728.32sqm, located at Ortigas Extension Avenue, Barangay San Isidro Taytay Rizal, Philippines.
20. **Lumbangan Solar Power** – is a 125MWp solar PV power Project and currently owned by Citicore Solar Batangas 1, located at Lumbangan Tuy, Province of Batangas Philippines. The Area is about 106 Hectares. The solar PV Power s expected to start its operation by 2024
21. **CP-104 Manila Subway** – is the first ever subway project in Metro Manila that will connect North Caloocan or Meycauayan in Bulacan and Dasmariñas in Cavite through the National Capital Region. This is a project proposed by the Department of Transportation or DOTr. PHASE 1 the Contract Package 104, Two underground Station (Ortigas Station & Shaw Boulevard Station) and Tunnels (3.4km).
22. **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.

#### 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. This is primarily due to the Company's 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. In line with this, the major customers listed below accounts for 67% of the total order book of the Company.

#### **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.

#### **Travellers International Hotel Group, Inc.**

Travellers International Hotel Group, Inc. (the "Company") is a developer of integrated resorts in the Philippines. The Company was awarded one of the first licenses issued by the Philippine Amusement and Gaming Corporation ("PAGCOR") in June 2008 to construct and operate integrated leisure and gaming facilities to an international standard with the goal of enhancing tourism in the Philippines.

#### **Megaworld Corporation (Megaworld)**

Megaworld is one of the country's leading real estate developers, top BPO office developer, and one of the biggest landlords 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, and mixed-use developments such as Eastwood City in Libis, Quezon City; Newport City in Pasay City; McKinley Hill, Forbes Town Center, McKinley West, and Uptown Bonifacio, all in Fort Bonifacio; Woodside City in Pasig City; Iloilo Business Park in Mandurriao, Iloilo City; the Mactan Newtown in Lapu-Lapu City, Cebu; and the Davao Park District in Davao City.

#### **8990 Holdings, Inc. (8990)**

8990 is the largest mass housing developer in the Philippines in terms of units licensed under Batasang Pambansa (B.P.) Blg. 220 from 2011 to 2013, according to 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.

#### **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 one million (1,000,000) square meters of leasable space by 2020 primarily through the rollout of one hundred (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 two (2) major commercial office projects, DD Meridian Park and Jollibee Tower, both of which are located in prime properties in Metro Manila.

#### **PH1 World Developers**

PH1 World Developers is the real estate arm of Megawide that aims to disrupt property development conventions through innovation and engineering technology. PH1 aims to deliver extraordinary projects to every homeowner that will give them the experience of extra space, extra value, and extra convenience. PH1 is responsible for projects like The Hive, My Enso Lofts, MLOH, and One Lancaster Park.

#### Competitors in the Industry

EEL Corporation (EEL) and D.M. Consunji, Inc. (DMCI) are the publicly-listed companies among Megawide's major competitors. Both have on-going residential condominium projects in Metro Manila. DMCI dominates domestic infrastructure, while EEL 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, such as Makati Development Corp., DATEM, Inc., Frey-Fil Corporation, and Pre-cast Products Phils, Inc. among others.

Management of the Company estimates that it accounts for 28% of the revenues generated by the major construction industry players - both listed and non-listed - over the last three years.

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 EEI’s and DMCI’s.

In the property development space, competitors include the likes of Avida Land, Alveo Land, DMCI Homes, Filinvest Land, Robinson’s Land, among others.

Competitive Strengths

Megawide believes that its principal strengths are the following:

**1. Value Engineering Through Modern and Advanced Building Technologies**

- 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 Formworks in its on-going projects, purchased from German company, MEVA Schalungs-Systeme Gmbh. 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. Megawide’s Formwork are one hundred percent (100%) wood-free, all plastic facing. These are nailable like plywood but are able to 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 Formworks in its existing projects:
  - Slab Formworks
  - Wall Formworks
  - Column Formworks
  - Circular Formworks
  - Climbing Formworks
- Megawide also uses a Pre-Cast Concrete System purchased from Finnish company, Elematic. The European Pre-Cast Concrete System which Megawide employs in its current projects, has the inherent advantages of:
  - reducing cost;
  - shortening the construction period;
  - improving quality;
  - increasing project volume; and
  - being environmentally friendly.
- The following table is a summary of the advantages of Megawide’s High Technology Building Systems over traditional construction methods:

	<b>Traditional Construction</b>	<b>Megawide</b>	<b>Advantages</b>
Formworks	Plywood	Plastic Face Formworks	<ul style="list-style-type: none"> <li>• No swelling and shrinking</li> <li>• Stable flexural rigidity</li> <li>• Free from rippling and warping</li> <li>• Quality in concrete pouring</li> <li>• Fast cycle, simple assembly, early stripping, less manual labor employed</li> <li>• Even surfaces</li> <li>• Zero discoloration</li> </ul>

			<ul style="list-style-type: none"> <li>• Fast on-site cleaning</li> <li>• Zero waste</li> <li>• Reusable</li> </ul>
	Coco Lumber	Aluminum and Steel Scaffoldings	<ul style="list-style-type: none"> <li>• More stable and robust</li> <li>• Longer lifespan</li> <li>• Easy assembly lock and formwork clamp</li> </ul>
Pre-Cast Concrete	Concrete Hollow Blocks	Pre-Cast Walls	<ul style="list-style-type: none"> <li>• Precise, smooth and even curing, high quality, energy saving and ecological</li> </ul>
	Traditional Concrete Beams, Columns, Slabs	Pre-cast Beams, Columns, Slabs, Toilets, Parapets, Wheel Guards	<ul style="list-style-type: none"> <li>• Savings in steel and partition wall materials, extra-long spans for design flexibility, accurate dimensions and strand locations for less work-on site</li> </ul>

- Megawide’s sixteen (16)-hectare industrial complex in Taytay houses its eight (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, improve the overall quality of the work, and increase project volume.
- The Megawide corporate building 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 United States and is used around the world.

**2. Business Synergies from Vertical Integrations**

Megawide’s unique business model puts it in a league of its own, clearly differentiating it from among its peers. It is positioned as a construction company that has a manufacturing component through the use of a state-of-the-art pre-cast production facility and wide downstream integration such as a modern concrete batching plant, advanced formworks, and has its own fleet of vertical, earth-moving and construction equipment. Moreover, to ensure a sustainable business growth and to 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 horizon. 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. The synergies in these vertical integrations will result to seamless operating efficiencies, optimal use of resources, and financial strength.

**3. 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. It has a proven track record of efficient operations, having successfully completed numerous low-rise to high-rise condominiums and industrial buildings.

**4. 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.

5. **Financial Strength and Ability to Raise Financing at Competitive Costs**

Megawide has a strong balance sheet that can support fund raising for its projects at very competitive costs.

6. **AAAA and Large B Contractor's License**

Megawide has an AAAA Contractor's License from the Philippine Contractors Association Board (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 a 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.

7. **Young, Modern, and Branded Fleet of Building Equipment**

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.

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 locks in major materials such as steel and concrete for the entire project. All purchases are done centrally, at Megawide's head office procurement department, 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.

Real Estate

The real estate segment is forwardly integrated with Megawide, being its parent company and sole general contractor. Moreover, the real estate segment engages outside services for property management, janitorial, security, professional and consultancy, and utility services such as internet and power. The selection of these services considers its track-record on quality, pricing, technical expertise, and efficiency.

### Quality Control and Assurance

Megawide's quality of work are 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.

### Intellectual Property

Megawide has been issued Certificates of Registration for the following trademarks by the Intellectual Property Office (IPO):

1. for its typeface – dated May 9, 2019 and expiring on May 9, 2029;

**MEGAWIDE**

2. for its logo – dated October 13, 2019 and expiring on October 13, 2029;



3. for its logo with typeface – dated October 13, 2019 and expiring on October 13, 2029; and

 **MEGAWIDE**

4. for its tagline "**Engineering A First-World Philippines**" – dated February 15, 2020 and expiring on February 15, 2030.
5. For its trademark "**Megawide Construction Corporation**" – dated October 31, 2022 and expiring on October 31, 2032.
6. For its trademark "**Megawide Corporation**" – dated October 31, 2022 and expiring on October 31, 2032.

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

### 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. The Company spent P33,780,530.00 in 2023 (2022: P2,624,723.00, 2021: P44,878,083.00) in relation to its business related research and development activities.

### Government Approvals 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. The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. Nonetheless, on an annual basis, operating expenses incurred by the Company to comply with environmental laws are not significant or material relative to the total revenue of the Company. The Company spent P82,500 in 2023 (2022: 15,000.00, 2021: Nil) for environmental related compliance costs.

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.

Employees

As of December 31, 2023, Megawide’s manpower complement is as follows:

<b>Division</b>	<b>Regular</b>	<b>Project Based*</b>	<b>Expatriates</b>	<b>Total</b>
Operations	975	1,943	2	2,920
Head Office	466	53	4	523
<b>Total</b>	<b>1,441</b>	<b>1,996</b>	<b>6</b>	<b>3,443</b>

*\*Includes fixed-term employees*

Megawide’s manpower complement is expected to be approximately at the same level in the next 12 months.

The relationship and cooperation between the management and staff remain strong and expected to be maintained in the future. There has not been any incidence of work stoppages. Megawide complies with the minimum wage and employment benefits standards pursuant to Philippine labor laws. It 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.

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.

Mr. Edgar B. Saavedra, *Chairman of the Board, CEO, and President*, and the other executives are the key decision makers of the Company. In relation to this, 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.

**Airport Operation Segment**

MCIA, the gateway to the Visayas and Southern Philippines, is the second (2<sup>nd</sup>) largest airport facility in the country with a consistently growing number of passengers annually. Under the CA with DOTr, GMCAC has delivered its second (2<sup>nd</sup>) terminal and rehabilitated the existing terminal to reduce congestion as well as meet the growing passenger traffic into Cebu. GMCAC has taken this capital extensive project to provide a world-class terminal airport with a welcoming ambiance and warm hospitality that is distinctly Filipino.

MCIA is no longer just a secondary airport. It is a viable choice that connects Cebu to the rest of the Philippines and to the world.

GMCAC envisions MCI A to become the friendliest gateway destination, treating passengers as guests the moment they set foot in the airport. GMCAC's brand image is firmly tied to Cebu's global reputation as a warm and friendly resort destination.

### Terminal 1

Upon turnover of MCI A's operations and management to GMCAC on November 01, 2014, which then has a combined rated capacity of four million five hundred thousand (4,500,000) passengers annually for both the domestic and international segments, the airport team has fast-tracked in-terminal developments to reduce congestion, improve ambiance, and enhance customer service.

To reduce congestion, GMCAC embarked on the installation of a passenger reconciliation system to immediately scan boarding passes, a first in any Philippines airport; installed self-service check-in kiosks; expandable check-in counters; new baggage handling system; installed four (4) x-ray machines at the final security check; new immigration counters; and swing gates or alternate gates for international or domestic boarding areas. These initiatives enabled Terminal 1 to accommodate as much as ten million (10,000,000) passengers annually prior to the construction of Terminal 2.

To improve the terminal's ambiance, there are now more retail and dining options from international and local brands; new seats were installed to offer comfort; and washrooms were expanded and refurbished to mirror those found in hotels.

To enhance customer service, there is now a premium lounge at the international departures; about one hundred (100) new flight information display monitors; more automated teller machines (ATMs); mobile charging stations; a water refilling station inside the boarding gates; fun and exciting in-terminal activities (like Sinulog, Valentine's Day, Summer Festival, Halloween, and Christmas); and the Cebu Connect Transfer Facility Desk, a transfer and early check-in facility that allows passengers with connecting flights to easily drop their baggage for check-in and have their boarding passes printed out. The said desk can process connecting passengers even as early as twelve (12) hours prior their onward connecting flight. Upon securing their boarding passes, they can leave the terminal and enjoy a short visit to nearby sites or taste the famous Cebu lechon.

The Company completed the renovation of Terminal 1 and the operations of the refurbished areas commenced on August 28, 2019, with the official inauguration held on January 2020. The gross retail 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.

### Terminal 2

The new world-class Passenger Terminal Building or MCI A Terminal 2, specifically for the International Segment, opened in 2018, designed to accommodate higher passenger traffic, and drive a more robust tourism and business environment for the region. Terminal 2 will increase MCI A's combined annual rated passenger capacity to twelve million seven hundred thousand (12,700,000). The new terminal, spanning sixty-five thousand five hundred (65,500) square meters, will not only lessen congestion but will also offer an exciting and wide-ranging retail environment.

Hong Kong-based Integrated Design Associates (IDA), which has previously worked on projects at Beijing Capital, Delhi-Indira Gandhi, and Hong Kong airports, forms part of MCI A Terminal 2's design team. IDA worked in tandem with Budji Layug, Royal Pineda, and Kenneth Cobunpue – on the design, look and feel of the terminal's interior. Envisioned with a unique design that demonstrates the warmth and friendliness of the local culture, it is set to transform the local airport into a world-class facility and resort gateway that will welcome guests from almost anywhere in the world and the Philippines.

The most recognizable element of the terminal is the dynamic elegance of the external structure, featuring an array of glulam arches to serve as roof curvatures, which also define its geometry and modularity. The arches span every thirty (30) meters allowing Terminal 2 to be as column free as possible while the internal spaces are enclosed by a light and transparent glazed façade. Overall, the timber arches have become the main attraction and element in the creation of a dramatic interior, with sleek geometries and dynamic perspectives, symbolizing the waves of the beaches around Mactan and Cebu Islands.

A two (2)-level forecourt segregates both the arrivals and departures area that is fully integrated with the landside development. There are currently forty-eight (48) check-in counters expandable to seventy-two (72) as the need arises. It has provisions for seven (7) passenger boarding bridges, which can be expanded to twelve (12), serving both wide and narrow body aircrafts. It is also equipped with twelve (12) escalators and fifteen (15) elevators to facilitate smooth movement of passengers, especially for persons with disabilities.

A car parking facility will be constructed that can accommodate five hundred fifty (550) cars and expandable to seven hundred fifty (750) cars as necessary. There will also be an array of food and retail choices, including a future hotel, MICE, and strip mall development.

**Route Development**

In recent years, active route development enabled GMCAC to attract new destinations and partner airlines that helped boost passenger throughput in the airport. Moving forward, new routes connecting Cebu to Europe, Australia, and other Southeast Asian countries will be worked out to further expand connectivity. Discussions and meetings with airport operators in Sweden, Australia, and Japan were held to market Cebu to showcase MCIA as an ideal gateway to the Philippines as well as Cebu as a preferred tourist destination.

As GMCAC continues to improve the connectivity of MCIA as an alternative gateway into the Philippines, we have added new international flights to Fuzhou via Xiamen Airlines, Chengdu via PAL, Chongqing via Sichuan Airlines, Kunming via Lucky Air, Kuala Lumpur via Air Asia, Shanghai via China Eastern and Juneyao Airlines and Xi’an via Okay Airways. Beijing and Bangkok flights via Philippine Airlines (PAL) have also commenced. GMCAC has also added seven (7) destinations to China which are directly accessible to and from MCIA. Even during the pandemic, Turkish Airlines and Emirates started their maiden flights that will provide the gateway to Europe and Middle East.

In 2019, MCIA has twenty four (24) international routes and thirty three (33) domestic routes via PAL, Air Asia, Cebu Pacific and Air Juan. GMCAC has increased MCIA’s partner airline operators from eleven (11) at the time of GMCAC’s take over in November 2014, to twenty-six (26) operators in 2019. Passenger volume reached twelve million seven hundred thousand (12,700,000) in 2019 comprising of eight million four hundred thousand (8,400,000) domestic passengers and four million three hundred thousand (4,300,000) international passengers. However, in 2020, due to travel restrictions, active flight routes and their weekly frequency have been limited. By the end of 2021, routes were lived to twelve (12). The passenger volume fell to a fraction of 2019 levels as the COVID-19 pandemic dampened travel and tourism. As of the end of 2021, MCIA has eight (8) international routes through Cathay Pacific, Emirates, Jeju Air, Jin Air, Tiger Airways and Qatar Airways, and nineteen (19) domestic routes via PAL, PAL Express, Air Asia, Cebu Pacific, CebGo and AirSwift. The following are the international and domestic routes available at MCIA:

International Route Map		
Routes		Weekly Frequency
DXB	Dubai	4
DOH	Doha	11
HKG	Hong Kong	4
ICN	Incheon	1
LAX	Los Angeles (inbound only)	2
NRT	Narita	1
SFO	San Francisco (inbound only)	1
SIN	Singapore	4

Domestic Route Map					
Routes		Weekly Frequency	Routes		Weekly Frequency
BCD	Bacolod	1	ENI	El Nido	2
BXU	Butuan	7	GES	General Santos	2
USU	Busuanga	4	ILO	Iloilo	1
CGY	Cagayan De Oro	7	MNL	Manila	70

CGM	Camiguin	2		OZC	Ozamis	5
MPH	Caticlan	5		PAG	Pagadian	6
CEB	Cebu	8		IAO	Siargao	7
CRK	Clark	3		TAC	Tacloban	7
DPL	Dipolog	3		ZAM	Zamboanga	1
DVO	Davao	6				

The airport segment remains positive that pre-pandemic levels will be restored as soon as travel restrictions are lifted.

#### Revenues, Services, and Rates

1. **Aeronautical revenue** – Aeronautical revenue is comprised of passenger service charges, tacking fees, parking fees, and lighting fees. Aeronautical revenues are recognized as revenue when the related airport services have been rendered, the rates for such fees are currently provided under Administrative Order (A.O.) No. 2, Series of 2011 and A.O. No. 3, as amended, series of 2018, issued by the Mactan Cebu International Airport Authority (MCIA Authority).
2. **Concession revenue** – Concession revenue is generated through terminal concessionaires, tenants, or airport service providers who pay monthly fees for using or accessing airport facilities to offer their goods and services to the general public and air traveling community. Payments are based on negotiated agreements with these parties, or are based on either a minimum monthly guarantee or on gross receipts. Concession revenue is recorded as it is earned. Some tenant agreements require self-reporting of concession operations and/or sales. The timing of concessionaire reporting and when revenue earned is recorded will determine when accruals are required for each tenant.
3. **Rental revenue** – Rental revenue is comprised of rental of check-in counter charged to airline companies and space rental charged to tenants. Rental from check-in counters is recognized when the related service has been rendered. Space rental is recognized on a straight-line basis over the lease term. Contingent revenue is recognized in the period in which the contingent event occurs.
4. **Commercial revenue** – Commercial revenue is comprised of advertising charges, car parking, and car rental revenues. Car parking revenue comprises time-based charges from the operation of car parking services. Car rental revenue comprises concession charges from car rental companies. Revenue is recognized when the related services are provided.

MCIA Authority controls the rates of fees, charges, and regulations on the usage or enjoyment of MCIA facilities, services, or properties outside of the project land as well as the activity within the airport, such as passenger service charges, parking fees, lightning charges, tacking fees, and miscellaneous fees and charges. It issued A.O. No. 3 in 2018 to provide guidance on the revised approved rates of fees. All other fees and charges not mentioned in the said A.O. but are within the project land shall be determined by GMCAC including the setting of regulations and any increase and/or amendments thereon.

#### Customers

Airport segment’s largest revenue stream comes from passenger service charges or terminal fees which is now fully integrated (since September 2019) in the airfare. It also derives income from airline companies and concessionaires within the airport. The following are among the significant customers of GMCAC:

##### 1. **Cebu Pacific Air**

Cebu Pacific Air entered the aviation industry in March 1996 and pioneered the “low fare, great value” strategy. They have since then flown over one hundred fifty million (150,000,000) passengers and counting. It is the largest carrier in the Philippine air transport industry, offering low cost-services to more destinations and routes with higher flight frequency in the Philippines than any other airlines. It currently offers flights to thirty-seven (37) local and twenty-six (26) international destinations, spanning Asia, Australia, the Middle East, and USA.

2. **Philippine Airlines Inc. (PAL)**

Headquartered at the PNB Financial Center in Pasay City, the PAL was founded in 1941 and is the first and oldest commercial airline in Asia. PAL serves thirty-one (31) destinations in the Philippines and fifty-four (54) overseas destinations in Southeast Asia, East Asia, Middle East, Oceania, North America, and Europe. PAL operates a mixed fleet of airbus and Boeing aircrafts.

3. **Air Asia-Zest Airways, Inc.**

Zest Airways, Inc. operated as Air Asia Zest (formerly Asian Spirit and Zest Air), was a low-cost airline based at the Ninoy Aquino International Airport in Pasay City, Philippines. It operated and scheduled domestic and international tourist services, mainly feeder services linking Manila and Cebu with twenty-four (24) domestic destinations in support of the trunk route operations of other airlines.

4. **Jin Air Co., Ltd. (Jin Air)**

Jin Air is a South Korean low-cost airline and is the only widebody LCC operator in Korea. It began operations in July 2008 with routes to regional destinations in South Korea. In 2017, it was the third (3<sup>rd</sup>) and last company to join the Korea Exchange by way of IPO. It operates flights to six (6) domestic cities and twenty-six (26) international destinations.

5. **Jeju Air Co., Ltd. (Jeju Air)**

Jeju Air, named after the Jeju Island, is the first and largest South Korean low-cost airline. It offers domestic services between several cities in South Korea, as well as between Seoul and international destinations including Japan, China, Russia, the Mariana Islands, and various Southeast Asian countries. It is also a founding member of Value Alliance.

6. **SSP-Mactan Cebu Corporation**

Select Service Partner (SSP), a renowned UK Food Traveler expert with businesses in over thirty (30) countries in the last fifty-seven (57) years, made its way into Philippines under a joint partnership with a local company. With over fifty (50) years' experience in the travel market, SSP has a presence in over thirty (30) countries and have over four hundred fifty (450) brands in its portfolio. It has the capability to deliver world-class food and beverage outlet programs based on the highest levels of customer service, quality of food, and environment.

SSP was named as master concessionaire at MCIA in 2018, with the group unveiling plans to launch twenty-seven (27) food and beverage units at the airport. The first (1<sup>st</sup>) phase of its plans began last July, which saw the opening of seven (7) outlets – The Coffee Bean & Tea Leaf, Ritazza, Burger King, Bon Chon, Cabin Bar, Camden Food Co., and Nippon Ramen.

7. **Duty Free Philippines Corp. (DFPC)**

In 2009, DFP was reorganized into DFPC with the signing of the Tourism Act of 2009 (R.A. No. 9593). As a government corporation, DFPC is tasked to operate the duty-and tax-free merchandising system in the Philippines to augment the service facilities for tourists and to generate foreign exchange and revenue for the government as mandated by Executive Order (E.O.) No. 46.

All customers (airlines, ground handlers, concessionaires, bank, etc.) are given a credit term of thirty (30) days from the date of the receipt of billings.

Suppliers

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 Twenty Thousand Pesos (₱20,000.00) or more shall require a minimum of three (3) comparative quotes (not older than six [6] months). The 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 thirty (30) days. In unavoidable cases where vendors would require a downpayment, a maximum forty percent (40%) downpayment is allowed. A security bond is required for downpayments above ten percent (10%).

### ***Terminal Operations Segment***

Dubbed as the Philippines' "first landport", PITx is a four and 5/10 (4.5) hectare development, which houses the transport terminal, commercial spaces, and office buildings under a single roof. With a rated capacity of one hundred thousand (100,000) passengers daily, PITx offers seamless connections to and from the Southwest portion of Metro Manila, via multiple modes of transportation, from provincial to in-city buses, taxis, jeepneys and UV Express shuttles.

PITx is a flagship project under the government's Build, Build, Build infrastructure program with the following competitive strengths:

#### **1. State-of-the-Art Facilities**

PITx has the look and feel of an airport, but instead of planes, the terminal is designed as a land transport, for buses, jeepneys, and UV express shuttles. The terminal houses an information center, bus ticketing counters, and bus boarding gates. At the counters, commuters can easily choose their preferred bus trips and seats from the terminal to any point in Metro Manila, Cavite, and Batangas. QR code-capable turnstiles are also installed at the boarding gate.

The terminal also includes an all-gender restroom and pay loungers that have shower rooms. There is also a breastfeeding station for mothers to use. For those who want moment of silences to pray, a prayer room is located at the third floor.

#### **2. Safe, Convenient, and Secure**

MWMTI aims to provide safe, secure, and convenient travel to the passengers of PITx. Its operations are twenty (24)/seven (7), with closed-circuit television cameras (CCTV) all-around, and free wi-fi at every floor. The CCTVs and sensors are also installed at the bus bays to monitor whether the trips are on schedule or not.

It is through continuous partnerships with various entities (government and non-government) that MWMTI is able to provide in PITx more services to the public, including satellite offices of a government agencies.

#### **3. Availability of Different Modes of Transport**

PITx's bus stands have ten (10) gates and fifty-nine (59) bays. Aside from the bus bays taking center stage, the terminal also has loading and unloading bays for UV Express shuttles, and public utility jeepney bays. Moreover, premium point-to-point bus operations, such as UBE Express, are offering rides from PITx to the Ninoy Aquino International Airport terminals. At the fourth (4<sup>th</sup>) floor of the terminal, there are eight hundred fifty-two (852) parking spaces for different vehicles and motorists. It also has the capacity to implement the proposed link to the LRT Line 1 Cavite extension and spur line of the Metro Manila Subway Line 9.

#### **4. A Solution to Decongesting Metro Manila**

The operations of PITx is designed to provide an efficient public transportation system and help decongest Metro Manila traffic in the long-run. Initially, the provisional and in-city transfers stationed in the terminal will limit the entry of buses from the Southwest into Metro Manila. In addition, the PITx mobile app, which

currently provides daily trip schedules and initially offers advanced ticket reservations, enables the PITx team to gather and analyze critical data to better understand commuter behavior, which can be utilized for future PITx-like developments in other locations.

## 5. Retail and Commercial Areas

PITx has retail, commercial, and office spaces within its terminal area. On top of the terminal area sits four (4), five (5)-storey towers, with a leasable area of nineteen thousand two hundred twenty-six (19,226) square meters each. Within the terminal, retail spaces are available to offer services such as food, medicine, and other grocery items for travelling passengers. Meanwhile, the commercial/office towers will augment passenger volume and increase foot traffic to provide additional business to the retail tenants.

### Customers

MWMTI operates the terminal without generating any revenue. Instead, the main source of revenue will come from leasing the retail/commercial and office spaces in the terminal, as discussed below:

1. **Contracts of Lease for Office Spaces** – MWMTI has existing contracts with companies which are primarily engaged in Philippine Offshore Gaming Operations (POGO). The contracts are for a period of five (5) years with an annual escalation rate of five percent (5%) on the monthly rent. The contracts require the payment of four (4) to six (6) months security deposit and three (3) months advance rent.
2. **Contracts of Lease for Retail/Commercial Spaces** – MWMTI has existing contracts with various tenants/concessionaires for a period of one (1) to eight (8) years. The monthly rent of some contracts are based on the monthly income of their business while others pay a fixed rate. All contracts have a provision on the payment of security deposit and advance rent. Examples of MWMTI’s tenants are: Alfamart, Miniso, Bench, Jollibee, Chowking, McDonalds, Mang Inasal, Yellow Cab, and Wendy’s.

Credit terms granted to customers are for a period of thirty (30) days from receipt of the billing. MWMTI also required post-dated checks to manage its credit risk exposures.

### Competitors

MWMTI has no direct competitors since PITx is the first of its kind landport in the Philippines. Moreover, its business model is not similar to a mall or other transport terminals. However, there are nearby mall operators with mini-transport terminals such as Ayala Malls Manila Bay and SM Mall of Asia.

### Employees

As of December 31, 2022, the manpower complement of MWMTI is as follows:

Division	Headcount
Administrative	21
Managerial	15
Technical	29
Total	65

Suppliers

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.

In 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.

**Real Estate Operations**

*Description of Business*

PH1 World Developers, Inc. (PH1) is the property development arm of Megawide that aims to disrupt the local real estate landscape and conventions, through innovation and engineering technology.

PH1 has three existing projects: The Hive, My Enso Lofts, and Modan Lofts Ortigas Hills and currently holds 48% share of Famtech Properties Inc. (a joint venture with Property Company of Friends, Inc.), which successfully launched a vertical condominium project in Cavite, One Lancaster Park.

In addition to this, the company has a 100% stake in PH1 World Landscapes. Inc., which focuses on horizontal projects offering green features and sustainable living. As of date, it has launched its maiden project called Northscapes San Jose Del Monte Bulacan.

Competitors

PH1 has numerous competitors, among these are SM Prime Holdings, Inc., Ayala Land, Megaworld Corporation, DMCI Homes, Federal Land, Robinsons Land Corporation, and Century Properties.

The principal areas of competition are product differentiation, pricing, and quality. PH1 believes, however, that it has a competitive advantage given its disruptive mindset, innovative offerings, and strong and experience contractor-parent Megawide to delivering high quality products.

Customers

PH1 customers consist primarily of the end-user market, who intend to purchase properties for their own use. These include first-time homebuyers looking for a place to settle down, families seeking a larger space to accommodate their needs, and individuals looking to upgrade their living conditions.

Additionally, PH1 also has a wide investor-type customer base, who view real estate as an investment opportunity. These individuals acquire properties, with the intention of generating rental income and/or capital appreciation.

Suppliers

The real estate segment is forwardly integrated with Megawide, being its parent company and sole general contractor. Moreover, the real estate segment engages outside services for property management, janitorial, security, professional and consultancy, and utility services such as internet and power. The selection of these services considers its track-record on quality, pricing, technical expertise, and efficiency.

Employees

As of December 31, 2023, the manpower complement of PH1 is as follows:

Department	Headcount
Account Management	23
Business Development	3

Design & Construction	15
Finance & Accounting	7
HR, Admin. & IT	7
Marketing	6
Office Of The President	4
Project Development	4
Sales	15
<b>Total</b>	<b>84</b>

### Purchased Properties

Megawide owns a ten thousand two hundred ninety-four (10,294)-square meter 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 Twenty-One Million Pesos (₱21,000,000.00). 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 twenty-one thousand eighty-two (21,082) square meters for One Hundred Four Million Pesos (₱104,000,000.00). 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 eight thousand five hundred five (8,505) square meters for Fifty Million Pesos (₱50,000,000.00). Additionally, a four thousand twenty-two (4,022) square meter lot adjacent to the stockyard of Megawide in Taytay was purchased for Nine Million Pesos (₱9,000,000.00).

In 2013, Megawide made additional land acquisitions totaling Sixty-Seven Million Pesos (₱67,000,000.00) in Taytay, Rizal, in relation to its pre-cast plant expansion. The property is free of any mortgages, liens, or encumbrances.

In 2015, Megawide also acquired an additional lot adjacent to the pre-cast plant in 2014 with an area of twenty-three thousand six hundred eighty-six (23,686) square meters for One Hundred Forty-Eight Million Pesos (₱148,000,000.00), and another lot with an area of sixteen thousand seventeen (16,017) square meters near the pre-cast plant for Seventeen Million Pesos (₱17,000,000.00) in 2015. Megawide also purchased parcels of land adjacent to its Taytay complex amounting to Eighty-Two Million Pesos (₱82,000,000.00) and One Hundred Fifty-Six Million Pesos (₱156,000,000.00) 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.

The table below sets forth the location and the condition of the other principal properties of the Company. Also provided are the annotations reflected on the titles covering each property.

<b>Transfer Certificate of Title No. (TCT No.)</b>	<b>Location of the Property</b>	<b>Area (sq. m.)</b>	<b>Annotations</b>
004-201910559	Quezon City	1,430	Restriction: The land herein to be used only for residential, commercial or educational purpose.
004-201910560	Quezon City	63	None.
068-2013001891	San Juan, Taytay, Rizal	178	None.
068-2022002191	San Juan, Taytay, Rizal	9,288	Entry No. 202202354 – Liabilities under Section 4 Rule 74 dated December 09, 2021. Note that the Company is in the process of filing a Petition for Cancellation of Creditor's

			Lien Under Section 4, Rule 74 of the Rules of Court, as the two-year period to file a claim against the estate has already lapsed.
068-2013004632	San Juan, Taytay, Rizal	1,152	None.
068-2013004633	San Juan, Taytay, Rizal	839	None.
068-2013005319	San Juan, Taytay, Rizal	853	Restrictions: 1. That the buyer shall pay for any filing or any improvements on the land which may be required by the government or other competent authority; 2. The buyer hereby agrees that the representatives of the seller shall have the right to enter the property at any time for the purpose of inspection, measurement, relocation, survey, laying of monuments or of necessary lines for water, gas, electric power, telephone and other public services; to undertake works of whatever nature for the general interest of the subdivision, and enforce the rules and regulations of the seller; 3. The lot shall be used for industrial purposes only.
068-2013005320	San Juan, Taytay, Rizal	1,184	Restrictions: 1. That the buyer shall pay for any filing or any improvements on the land which may be required by the government or other competent authority; 2. The buyer hereby agrees that the representatives of the seller shall have the right to enter the property at any time for the purpose of inspection, measurement, relocation, survey, laying of monuments or of necessary lines for water, gas, electric power, telephone and other public services; to undertake works of whatever nature for the general interest of the subdivision, and enforce the rules and regulations of the seller; and 3. The lot shall be used for industrial purposes only.
068-2013005690	San Juan, Taytay, Rizal	1,202	Restrictions: 1. That the buyer shall pay for any filing or any improvements on the land which may be required by the government or other competent authority; 2. The buyer hereby agrees that the representatives of the seller shall have the right to enter the property at any time for the purpose of inspection,

			measurement, relocation, survey, laying of monuments or of necessary lines for water, gas, electric power, telephone and other public services; to undertake works of whatever nature for the general interest of the subdivision, and enforce the rules and regulations of the seller; and 3. The lot shall be used for industrial purposes only.
068-2014005840	San Juan, Taytay, Rizal	1,554	Entry No. 2014000567 – Notice of Adverse Claim: Executed by Spouses Tan dated January 2, 2014.
068-2012007158	San Juan, Taytay, Rizal	4,167	None.

As of the date of this Prospectus, except as disclosed above, there were no mortgages, liens or other encumbrances attached to such owned properties or any limitations on our ownership or usage of such properties.

To cater to its growing order book Megawide continues to invest on new construction equipment, which includes tower cranes, earth moving equipment, formworks, and pre-cast equipment and Transportation equipment, which includes service vehicles, truck mixers, light and medium duty trucks, and tractor trucks over the years.

Also, the Group purchased the following properties and equipment in relation to its airport and terminal segments:

*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 sq. m.
T1 Airport infrastructure	MCIA	2019	9,772 sq. m.

*Terminal segment*

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

Megawide has a capital commitment to utilize the proceeds from the issuance of its preferred shares amounting to One Billion Four Hundred Twenty-Seven Million Seven Hundred Eighty-Nine Thousand Two Hundred Thirty-Eight Pesos (₱1,427,789,238.36) for various PPP projects and capacity expansion.

Leased Properties

Megawide also leases the properties needed for its operations, such as those covered by the following lease agreements, as of April 29, 2024:

Date	Title of Document	Parties	Particulars (i.e., Rent)
23 January 2024	Contract of Lease	<p><i>Lessor:</i> L.V.N. Pictures, Inc.</p> <p><i>Lessee:</i> Megawide Construction Corporation</p>	<p><i>Rental Fee:</i> Three Hundred Ninety-Nine Thousand Three Hundred Pesos (PHP399,300.00) per month, inclusive of VAT and net of withholding tax</p>

			<p><i>Subject Property:</i> 2,000 Square Meters in Lot 8, Barangay Kaunlaran, Cubao, Quezon City</p> <p><i>Lease Period:</i> One (1) year beginning on 01 December 2023 to 03 November 2024</p>
03 October 2022	Contract of Lease	<p><i>Lessor:</i> Robinsons Land Corporation</p> <p><i>Lessee:</i> Megawide Construction Corporation</p>	<p><i>Rental Fee:</i></p> <p>Year 1 (26 September 2022 – 25 September 2023) Fixed Rent per Square Meter: Two Hundred Pesos (PHP200.00), Fixed Rent per Month: One Million Seven Hundred Fifty-Three Thousand Six Hundred Pesos (PHP1,753,600.00)</p> <p>Year 2 (26 September 2023 – 25 September 2024) Fixed Rent per Square Meter: Two Hundred Pesos (PHP200.00), Fixed Rent per Month: One Million Seven Hundred Fifty-Three Thousand Six Hundred Pesos (PHP1,753,600.00)</p> <p><i>Subject Property:</i> 8,768 Square Meters in J. Vargas Avenue, Pasig City</p> <p><i>Lease Period:</i> Two (2) years beginning on 26 September 2022 to 25 September 2024</p>
03 August 2023	Contract of Lease	<p><i>Lessor:</i> Unli Rise Holdings Corporation</p> <p><i>Lessee:</i> Megawide Construction Corporation</p>	<p><i>Rental Fee:</i> Thirty-Six Pesos (PHP36.00) per Square Meter or a total of One Million One Hundred Ninety-Seven Thousand Three Hundred Sixty Pesos (PHP1,197,360.00), inclusive of VAT.</p> <p><i>Subject Property:</i> 33,260 Square Meters along Pulilan Bypass Road, Barangay Sta. Peregrina, Municipality of Pulilan, Bulacan</p> <p><i>Lease Period:</i> One (1) year beginning 03 August 2023</p>
09 June 2023; renewed on 16 April 2024	Contract of Lease	<p><i>Lessor:</i> Juliana Del Rosario Santos</p> <p><i>Lessee:</i> Megawide Construction Corporation</p>	<p><i>Rental Fee:</i> Twelve Thousand Pesos (PHP12,000.00) per month</p> <p><i>Subject Property:</i> Unit F and H, Santos Apartments, Resurreccion Compound, Gregoria Heights, San Isidro, Municipality of Taytay, Rizal</p>

			<p><i>Lease Period:</i> 01 May 2024 to 31 July 2024</p>
06 May 2022	Contract of Lease Renewal	<p><i>Lessor:</i> Retailscapes, Inc.</p> <p><i>Lessee:</i> Megawide Construction Corporation</p>	<p><i>Rental Fee:</i></p> <p>For 10<sup>th</sup> Floor – Five Hundred Eighty Pesos (PHP580.00) per Square Meter, per month (01 May 2022 – 30 April 2023)</p> <p>Six Hundred Nine Pesos (PHP609.00) per Square Meter, per month (01 May 2023 – 30 April 2024)</p> <p>Six Hundred Forty Pesos (PHP640.00) per Square Meter, per month (01 May 2024 – 30 April 2025)</p> <p>For 11<sup>th</sup> Floor, Unit A – Seven Hundred Seventy-Two Pesos (PHP772.00) per Square Meter, per month (01 May 2022 – 30 April 2024)</p> <p>Eight Hundred Eleven Pesos (PHP811.00) per Square Meter, per month (01 May 2024 – 30 April 2025)</p> <p><i>Subject Property:</i> 10<sup>th</sup> Floor (1,974 Square Meters) and 11<sup>th</sup> Floor, Unit A (480 Square Meters) of Santolan Town Plaza, San Juan City</p> <p><i>Lease Period:</i> 01 May 2022 to 30 April 2025</p>
21 February 2022	Addendum to the Contract of Lease	<p><i>Lessor:</i> Retailscapes, Inc.</p> <p><i>Lessee:</i> Megawide Construction Corporation</p>	<p><i>Rental Fee:</i></p> <p>Seven Hundred Seventy-Two Pesos (PHP772.00) per Square Meter, per month (01 December 2021 – 30 November 2022)</p> <p>Eight Hundred Eleven Pesos (PHP811.00) per Square Meter, per month (01 December 2022 – 30 November 2023)</p> <p>Eight Hundred Fifty-Two Pesos (PHP852.00) per Square Meter, per month (01 December 2023 – 30 November 2024)</p>

			<i>Subject Property:</i> 11 <sup>th</sup> Floor, Unit B (857.74 Square Meters) of Santolan Town Plaza, San Juan City  <i>Lease Period:</i> 01 December 2021 to 30 November 2024
01 January 2021  <i>Note: Date of Effectivity of Lease</i>	Contract of Lease	<i>Lessor:</i> Prime Source Distributors (PSD) Corporation  <i>Lessee:</i> HDEC-Megawide-DongAh Joint Venture	<i>Rental Fee:</i> Twenty-Five Pesos (PHP25.00) per Square Meter, per month; exclusive of applicable taxes  <i>Subject Property:</i> 180,637 Square Meters in Municipality of Apalit, Pampanga  <i>Lease Period:</i> 01 January 2021 to 31 December 2024

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 vehicles for periods of three (3) to five (5) years.

#### Legal Proceedings

The following are the material cases Megawide, its subsidiaries and/or affiliates are involved in as of April 29, 2024:

##### 1. **ACI, Inc. v. Megawide Construction Corporation**

Megawide Construction Corporation ("Company") filed a complaint against ACI Inc. ("ACI") with the Construction Industry Arbitration Commission ("CIAC") on 10 January 2023 ("Complaint"). The Complaint, docketed as CIAC Case No. 02-2023, involved a contract entered into between ACI and the Company for the design and construction of the Araneta Cyberpark Tower 2. The Company's aggregate claim against ACI amounts to Three Hundred Thirty-Nine Million Six Hundred Fifty-Two Thousand Eight Hundred Sixteen Pesos and 73/100 (₱339,652,816.73).

In response, ACI filed a permissive counterclaim related to another contract executed by the Company and ACI relating to the general construction of Gateway Mall 2/Ibis Hotel, valued at Four Billion Two Hundred Fifty Million Pesos (₱4,250,000,000.00). ACI's counterclaim amounts to a total of One Billion Five Hundred Twenty-Seven Million Two Hundred Seventy-Nine Thousand Two Hundred Forty-One Pesos (₱1,527,279,241.00).

On 11 January 2024, the Company received a decision dated 11 January 2024 rendered by CIAC where the dispositive portion reads ("Final Award"):

"WHEREFORE, Respondent ACI is hereby ordered to pay to Claimant Megawide the total amount of ONE HUNDRED EIGHTY MILLION TWO HUNDRED FORTY FOUR THOUSAND FORTY THREE PESOS AND FIFTY CENTAVOS (₱180,244,043.50) with six percent (6%) interest per annum from the date of this Final Award until fully paid."

On 4 March 2024, the Company received a copy of the Petition for Review on Certiorari filed by ACI with the Supreme Court, seeking to reverse the Final Award.

On 27 March 2024, ACI posted a bond equivalent to the Final Award to stay its execution pending review. On 28 April 2024, CIAC confirmed the bond's sufficiency and ordered the stay of execution of the Final Award pending Supreme Court's review.

To date, the Company is waiting for the Supreme Court's decision whether to grant or deny the Petition for Review filed by ACI.

## **2. Megawide Construction Corporation v. Department of Education**

On 4 March 2024, Megawide Construction Corporation (MCC) filed a Complaint against the Department of Education ("DepEd") with the Construction Industry Arbitration Commission ("CIAC") for the payment of sum of money with damages amounting to Three Hundred Thirty-Four Million One Hundred Eighty-Nine Thousand Two Hundred Sixty-Four Pesos and 21/100 (Php334,189,264.21). The claim arose from the non-payment of variation orders by DepEd involving the construction of classrooms.

MCC, through counsel, received on 22 May 2024 DepEd's Answer dated 13 May 2024.

## **3. MC Montgear Electromech Corp. (Montgear) v. 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 Sixty Two Thousand Twelve and 65/100 Pesos (₱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 (₱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.

Based on RTC's Decision dated August 12, 2022, the claims of both Montgear and Megawide were denied. Montgear filed a Motion for Reconsideration, which was also denied.

## **4. Megawide v. 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.

On June 7, 2022, the parties have reached a mutually beneficial agreement and entered into a settlement agreement. In said agreement, the parties have agreed to mutually release and discharge each other from any and all potential legal claims involving the Contract Agreement dated February 28, 2018.

## **5. Asiatech Development and Builders Corp. (Asiatech) v. 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. The case was dismissed by virtue of PCAB Board Resolution dated November 29, 2022, a copy of which was received by Megawide on January 20, 2023.

## **6. People of the Philippines v. 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:

1. Atty. Steve Dicdican, General Manager of Mactan-Cebu International Airport Authority (“MCIAA”);
2. Manuel Louie Ferrer, President of GMR Megawide Cebu Airport Corporation (“GMCAC”);
3. Edgar Saavedra, Director of GMCAC;
4. Oliver Tan, Director of GMCAC;
5. Jez Dela Cruz, Director of GMACAC;
6. Srinivas Bommidala, Chairman of GMACAC;
7. P. Sripathy, Director of GMCAC;
8. Vivek Singhai, Director of GMCAC;
9. Andrew Acquaah-Harrison, Chief Executive Advisor of GMCAC;
10. Ravi Bhatnagar, Chief Finance Advisor of GMCAC;
11. Ravishankar Saravu, Chief Commercial Adviser of GMCAC;
12. Michael Lenane, Chief Operations Officer of GMCAC;
13. Sudarshan MD, Deputy Chief Commercial Adviser of GMCAC;
14. Kumar Gauray, Manager of ORAT;
15. Magesh Nambiar, Deputy Human Resources Head of GMCAC;
16. Rajesh Madan, Head of Finance of GMCAC; and
17. Other John and/or Jane Does

(the “Respondents”).

This case stemmed from a complaint filed by a certain Atty. Larry Iguidez, Jr. (the “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 8 October 2021, found probable cause for the violation of Section 2-A of the Anti-Dummy Law. The Ferrer, Saavedra, Tan, and Dela Cruz (“Megawide Respondents”) filed a Petition for Review with the Secretary of Justice was filed on 26 November 2021, and is still pending.

On 23 November 2021, the DOJ filed an Information with the Regional Trial Court of Lapu-Lapu Branch 68 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 25 November 2021, and the Megawide Respondents and Respondent Acquaah Harrison posted bail the following day, or on 26 November 2021.

The arraignment of the Respondents was conducted last 28 March 2022, wherein Respondents pleaded “not guilty” to the charges against them. Notwithstanding this, the Megawide Respondents filed on 24 March 2022 a Motion to Quash the Information on the ground that the Information fails to state and offense, in view of the 21 March 2022 signing of the Amended Public Service Act which effectively removes airports from the enumeration and definition of public utilities. The hearing for the Motion to Quash is set on 25 April 2022. The court issued a decision dated June 14, 2022, granting the Motion to Quash and dismissed the case.

The Public Prosecutor filed an Omnibus Motion (for Inhibition with Motion for Reconsideration to the Order dated June 14, 2022) dated July 4, 2022. On October 25, 2022, the court issued a Certificate of Finality, certifying that an Order dated September 27, 2022, was issued by the Court denying the Omnibus Motion dated July 4, 2022, and declaring the case dismissed with finality.

**7. NBI, represented by Palmer U. Mallari v. Steve Dicdican, et. Al.**

This is a complaint for violations of Sections 3 (e) and 3(j) of Republic Act No. 3019, otherwise known as the “Anti-Graft and Corrupt Practices Act” against Ferrer, et. Al. Among others. This case concerns the same factual backdrop as NPS Docket No. XVI-INV-20-K-00362, or the supposed violation of the Anti-Dummy Law in relation

to GMR Megawide Cebu Airport Corporation (GMCAC)'s operation and management of Mactan Cebu International Airport (MCIA).

On November 5, 2021, Ferrer et. al. received a copy of the Ombudsman's Joint Resolution dated July 20, 2021 indicting them for violation of RA 3019. On November 9, 2021, Ferrer, et. al. filed a Motion for Partial Reconsideration and/or Reinvestigation. On April 25, 2022, Ferrer et. al. filed a Motion to Dismiss on the ground of lack of probable cause, thereby seeking the reversal and setting aside of the Joint Resolution.

On April 30, 2022, the Office of the Ombudsman through a Joint Order denied the Motion for Partial Reconsideration and/or Reinvestigation. Thus, a Petition for Certiorari under Rule 65 of the Rules of Court with respective applications for the issuance of temporary restraining order and/or writ of preliminary injunction was filed before the Supreme Court.

On December 6, 2023, the Supreme Court granted the Petition for Certiorari. Thus, the Joint Resolution and Joint Order were reversed and set aside. Accordingly, the criminal complaint for violation of Section 3(e) of RA 3019 against the Company's directors and officers was dismissed.

8. **Manuel Louie B. Ferrer, Edgar B. Saavedra, Oliver Y. Tan, and Jez Dela Cruz v. Office of the Ombudsman and NBI**

This case is an appeal to the decision of the Ombudsman indicting Ferrer et. Al. For violation of Section 3(e) of Republic Act No. 3019 or the Anti-Graft and Corrupt Practices Act. Ferrer et. Al. Filed a Petition for Certiorari under Rule 65 of the Rules of Court before the Supreme Court mainly alleging that the Ombudsman gravely abused its discretion in finding probable cause against them.

On December 6, 2023, the Supreme Court granted the Petition for Certiorari. Thus, the Joint Resolution and Joint Order were reversed and set aside. Accordingly, the criminal complaint for violation of Section 3(e) of RA 3019 against the petitioners was dismissed.

9. **People of the Philippines v. Steve Y. Dicedican, Manuel Louie Ferrer, Edgar Saavedra, Oliver Tan, and Jez Dela Cruz, et. al.**

A complaint for violation of the Anti-Dummy Law was filed before the Department of Justice ("DOJ"), which indicted the accused persons by filing an Information before the Regional Trial Court of Cebu. Aggrieved, the accused persons filed a Petition for Review before the DOJ.

Accused persons filed a Motion to Quash Information before RTC Cebu on the ground that the Information no longer constitute an offense in view of the enactment of Republic Act No. 11659 which excluded airport operations from the definition of public utilities, making GMCAC no longer a public utility subject to limitations provided by the constitution and law as to nationality requirement. RTC Cebu granted the quashal and ordered that the case be dismissed.

On August 6, 2022, the DOJ issued a Resolution granting Ferrer et. al.'s Petition for Review, thus, directing the withdrawal of the Information. The decision of RTC Cebu attained finality as evidenced by the Certificate of Finality dated October 25, 2022.

Accused persons filed an Omnibus Motion dated October 25, 2023, praying for the withholding of the issuance of warrants of arrest against Ferrer, et. al., quashal of the Information on the ground that the facts charged do not constitute an offense, and the dismissal of the case for lack of jurisdiction and probable cause.

In an Order dated November 7, 2023, the court dismissed the case for lack of jurisdiction.

10. **Coffral Formworks & Scaffolds, Inc. ("Coffral") v. Megawide Construction Corporation ("Megawide")**

This is an administrative case filed by Petitioner with the Philippine Contractors Accreditation Board ("PCAB") for violation of Section 28, par (f) of RA. 4566.

On 25 January 2024, a second clarificatory hearing was held. Due to Complainant Coffral's failure to file a Reply to the Verified Answer served by Respondent Megawide on 31 August 2023, PCAB gave the former until 08 February 2024 to file the same. Complainant Coffral did not file a Reply on 08 February 2024. .

On 20 February 2024, Respondent filed a Motion to Resolve with the PCAB praying to consider the case submitted for Decision and to rightfully issue a Decision dismissing the Complaint filed by Coffral dated 29 March 2023 for utter lack of merit.

**11. Carbonhanong Alyansa alang sa Reporma ug Bahandianong Ogma sa mga Nanginabuhi ("CARBON"), et al. v. Megawide Construction Corporation, et al.**

This is a complaint filed before the Regional Trial Court of Cebu City seeking to nullify the Joint Venture Agreement ("JVA") signed by the City of Cebu and Megawide Construction Corporation (the "Company") on 11 January 2021 for the redevelopment of the Carbon Market Complex in Cebu City, as well as the documents and actions executed in relation to the execution and implementation of the JVA. The Plaintiffs submit that the JVA violate various laws and pray for ancillary remedies including a Temporary Restraining Order ("TRO").

On 20 February 2023, proceedings for the prayer for TRO and/or Writ of Preliminary Injunction and Mandamus ensued. As of date, the presentation of evidence for the plaintiffs and public defendants had already been completed. Defendant Megawide is set to present its evidence on 21 June 2024.

**12. Tomas R. Osmena v. Megawide Construction Corporation, et al.**

This is an action for judicial review under Rule 65 of the Revised Rules of Court filed before the Regional Trial Court of Cebu City. The petitioner is suing in his capacity as a citizen, taxpayer, and a former mayor of the City of Cebu. According to the petitioner, the actions of the public respondents constitute grave abuse of discretion amounting to lack of jurisdiction.

The petitioner further alleges that the act of the execution of the JVA amounted to a violation of the Constitutional provisions, laws, rules and regulations such as the due process and equal protection clause of the Constitution, Civil Code provisions on usufruct, Magna Carta for the Poor; Philippine Competition Law; the BOT Law and other implementing rules regulating Unsolicited Proposals and Joint Ventures, the Local Government Code, and other local ordinances of the City of Cebu.

On the other hand, respondent Megawide asserts that the petition should be denied for non-compliance with the requirements 26 under Rule 65 of the Revised Rules of Court. Further, the JVA is valid and constitutional as it does not violate procedural due process and substantive due process nor any other law and local ordinance. It likewise raises the defense that petitioner committed forum shopping considering the pendency of Civil Case No. R-CEB-21-04849-CV (CARBON et. al. v. Megawide Construction Corporation, et. al.) pending before RTC Br. 16, Cebu City. Lastly, respondent Megawide asserts that there is no sufficient ground for the issuance of a Temporary Restraining Order, Writ of Preliminary Injunction, or Mandamus

On 15 June 2023, petitioner filed an Amended Petition dated 14 June 2023. In its Order dated 04 December 2023, the court directed the respondents to submit their respective comments to the Amended Petition. Consequently, on 25 January 2024, defendant Megawide filed a Comment of even date to the Amended Petition. Consequently, RTC Br. 58 issued an Order dated 23 February 2024 directing all parties to submit a Memorandum 27 regarding the application for a Preliminary Injunction within ten (10) days from 23 February 2024 and a Memorandum for the whole case within thirty (30) days from 23 February 2024; and thereafter, all parties are given fifteen (15) days to file a Reply Memorandum, if necessary. In line with this, the parties have filed their respective Memorandum regarding the application for a Preliminary Injunction and are waiting for its resolution.

## GOVERNMENT APPROVAL AND PERMITS

The Company has obtained and will obtain all such necessary and desirable government permits, consents, and authorizations that may be required for the conduct and continuance of its business. The Company and its subsidiaries intend to continue to comply, in all material respects, with applicable regulations and law which govern its various businesses.

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

No	Issuing Agency	Permits/ Clearance	Date of Issuance	Expiration Date	Status/ Remarks
<b>MEGAWIDE CONSTRUCTION CORPORATION</b>					
1.	Business Permit and Licensing Office	Business Permit	03/19/2024	03/19/2025	Renewed
2.	Local Government Unit	Community Tax Certificate	03/07/2024	03/07/2025	Renewed
3.	Department of the Building Official	Building Permit 1 <sup>st</sup> – 6 <sup>th</sup> floor	09/01/2009	N/A	
4.	Department of the Building Official	Building Permit 7 <sup>th</sup> – 10 <sup>th</sup> floor	04/02/2014	N/A	
5.	Philippine Contractors Accreditation Board	Contractor's License	07/01/2023	10/18/2025	Renewed
6.	Department of the Building Official	Certificate of Operation of Existing Machinery	09/11/2023	09/11/2024	Renewed
7.	Department of the Building Official	Certificate of Operation: Elevator	09/11/2023	09/11/2024	Renewed
8.	Department of the Building Official	Certificate of Annual Electrical Inspection	09/11/2023	09/11/2024	Renewed
9.	Department of the Building Official	Certificate of Operation: Internal Combustion Engine	09/11/2023	09/11/2024	Renewed
10.	Barangay Hall of Valencia	Barangay Clearance	01/12/2024	12/31/2024	Renewed
11.	Philippine Health Insurance Corporation	Certificate of Registration	05/22/2019	N/A	
12.	Pag-Ibig Fund (Home Development Mutual Fund)	Clearance Certificate	07/07/2022	07/07/2023	Renewed
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.	Department of Environment and Natural Resources	Environmental Compliance Certificate	08/20/2009 03/21/2012	N/A	
20.	Securities and Exchange Commission	Certificate of Good Standing	08/02/2022	N/A	
<b>ALTRIA EAST LAND, INC.</b>					
1.	Local Government Unit	Community Tax Certificate	01/19/2024	01/19/2025	Renewed
2.	Barangay Hall of San Juan	Barangay Clearance	01/19/2024	12/31/2024	Renewed
3.	Municipal Health Office	Sanitary Permit	01/19/2024	12/31/2024	Renewed
4.	Business Permit and Licensing Office	Business Permit	01/19/2024	12/31/2024	Renewed
5.	Securities and Exchange Commission	Certificate of Incorporation	04/16/2010	N/A	
<b>MEGAWATT POWER, INC. (PREVIOUSLY KNOWN AS MEGAWATT CLEAN ENERGY, INC.)</b>					
1.	Business Permit and Licensing Office	Business Permit	01/19/2024	12/31/2024	Renewed
2.	Barangay Hall of Little Baguio	Barangay Business Clearance	01/23/2024	12/31/2024	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	

<b>MEGAWIDE TERMINALS, INC. (PREVIOUSLY KNOWN AS WM PROPERTY MANAGEMENT, INC.)</b>					
1.	Business Permit and Licensing Office	Business Permit	03/20/2024	03/20/2025	Renewed
2.	Local Government Unit	Community Tax Certificate	02/27/2024	02/27/2025	Renewed
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	
<b>MEGAWIDE LAND, INC.</b>					
1.	Business Permit and Licensing Office	Business Permit	03/20/2024	03/20/2025	Renewed
2.	Local Government Unit	Community Tax Certificate	02/27/2024	02/27/2025	Renewed
3.	Office of the City Health Office	Sanitary Permit	N/A	N/A	N/A
4.	City Environment and Natural Resources Office	Environmental Permit to Operate			Ongoing process of renewal. The Estimated release date is on or before June 30, 2024.
5.	Barangay City Hall of Valencia	Barangay Clearance	01/07/2024	01/31/2025	Renewed
6.	Securities and Exchange Commission	Certificate of Incorporation	10/28/2016	N/A	
<b>MWM TERMINALS, INC.</b>					
1.	Business Permit and Licensing Office	Business Permit	01/19/2024	12/31/2024	Renewed
2.	Local Government Unit	Community Tax Certificate	01/19/2024	12/31/2024	Renewed
3.	Barangay Hall of Tambo	Barangay Clearance on Business	01/19/2024	12/31/2024	Renewed
4.	Office of the City Health Office	Sanitary Permit to Operate	01/19/2024	12/31/2024	Renewed

5.	Bureau of Fire Protection	Fire Safety Inspection Certificate	07/31/2023	07/31/2024	Renewed
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.	Office of the Building Official	Earthquake Recording Instrument Installation	03/25/2024	N/A	
13.	Department of Environment and National Resources	Environmental Compliance Certificate	04/27/2016	N/A	
14.	City Planning and Development Coordinator's Office	Locational Clearance	09/05/2016	N/A	
15.	Securities and Exchange Commission	Amendment of Articles of Incorporation	12/29/2020	N/A	
16.	Securities and Exchange Commission	Amendment of Articles of Incorporation	04/10/2018	N/A	
17.	Securities and Exchange Commission	Certificate of Approval of Increase of Capital Stock	05/04/2016	N/A	
18.	Securities and Exchange Commission	Certificate of Incorporation	02/03/2015	N/A	
<b>CEBU2WORLD DEVELOPMENT, INC.</b>					
1.	Business Permit and Licensing Office	Business Permit	02/08/2024	12/31/2024	Renewed
2.	Bureau of Internal Revenue	Certificate of Registration	11/03/2020	N/A	
3.	Securities and Exchange Commission	Amended Articles of Incorporation	03/04/2022	N/A	
4.	Securities and Exchange Commission	Certificate of Registration	11/03/2020	N/A	

5.	Pag-Ibig Fund (Home Development Mutual Fund)	Certificate of Registration	05/26/2022	N/A	
6.	Philippine Health Insurance Corporation	Certificate of Registration	02/11/2022	N/A	
7.	Social Security System	Employer Registration	01/28/2022	N/A	
8.	Treasurer's Office	Community Tax Certificate	01/31/24	12/31/2024	Renewed
<b>WIDE-HORIZONS, INC.</b>					
1.	Securities and Exchange Commission	Certificate of Incorporation	11/16/2020	N/A	
<b>TUNNEL PREFAB CORPORATION</b>					
1.	Securities and Exchange Commission	Certificate of Incorporation	08/31/2022	N/A	

## 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, outperform and outshine its competitors. Thus, Megawide is in full compliance with the rules and regulations of the SEC, the 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:

1. 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. Board Risk Oversight Committee; and
  - v. Governance, Nomination, and Compensation Committee.

The charters and compositions of the foregoing Board Committees are in accordance with the Manual.

2. As of December 2023, Megawide has elected two (2) Independent Directors to ensure that the Board will protect, not only the interests of the Company, but its shareholders as well.
3. 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, Quality, Environment, Safety, and Health (QESH) Policy, 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.
4. 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. In the same year, Megawide released its New Manual on Corporate Governance effective April 3, 2019.

5. Megawide also conducted Advanced Corporate Governance Trainings with the assistance of the Institute of Corporate Directors in 2019, 2020, 2021, and 2022, which were attended by the Company's Directors and key officers.
6. The Board revised the Company's vision, mission, and values, which it launched in 2019.
7. To reinforce the Megawide's adherence to good corporate governance, and in compliance with its Manual and SEC M.C. No. 04, Series of 2019
8. The Company received the 2019 ASEAN Asset Class PLCs (Philippines) award in relation to its 2019 ASEAN Corporate Governance Scorecard (ACGS), 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.
9. Meanwhile, for the 2021 ACGS, Megawide received a Double Golden Arrow Award for its performance. The said award is given to publicly listed companies with a score of ninety (90) to ninety-nine (99) points.
10. Additionally, for 2020, Megawide amended its governance structure and created several management committees, including their charters and procedures, for the proper management and control of the Company. Similarly, Megawide established the governance structures of its subsidiaries, such as MWMTI, Cebu2World, and Wide-Horizons. Moreover, Megawide implemented an Enterprise Risk Management Framework and a Risk-Based Internal Audit approach. Megawide subsequently adopted an Enterprise Risk Management Manual to implement its Enterprise Risk Management Framework.
11. On November 17, 2020, the Company conducted a seminar on the Data Privacy Act and its implementing rules and regulations, to remind its employees of their obligations and responsibilities therein.
12. Pursuant to its annual compliance procedures, the Company, in 2020, required its employees to complete the Conflict of Interest Disclosure Form to ensure that all conflicts of interest are disclosed, and every year thereafter.
13. The results of the annual Board self-evaluation for 2020 was discussed and deliberated during the Governance, Nominations, and Compensation Committee held last March 04, 2021. The said results shall remain confidential. By company policy, this exercise is conducted on an annual basis.
14. Megawide is committed to complying with Republic Act No. 10173 or the Data Privacy Act, its Implementing Rules and Regulations, and other related government issuances (the "Data Protection Laws"). As such, Megawide continues to regard data privacy seriously by conducting orientation for new hires on the Data Protection Laws to guarantee employee awareness. During the said orientation, the Legal Department informs the new employees of their rights and obligations under the Data Protection Laws, including the data privacy measures being implemented by Megawide.
15. The Company also adheres 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](http://www.megawide.com.ph)).

A full discussion on the corporate governance practices of Megawide are also provided and explained in its Integrated Annual Corporate Governance Report (I-ACGR).

**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. 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 YEAR ENDED DECEMBER 31, 2023 COMPARED TO YEAR ENDED DECEMBER 31, 2022**

Results of Operations

Amounts in ₱ thousands	December 31		Horizontal Analysis		Vertical Analysis	
	2023	2022	Amount	%	2023 %	2022 %
<b>REVENUES</b>						
Construction operation revenues	18,141,512	14,583,322	3,558,190	24%	97%	98%
Landport operations revenues	347,752	258,329	89,423	35%	2%	2%
Real estate revenues	148,891	-	148,891	NA	1%	0%
	<b>18,638,156</b>	<b>14,841,651</b>	<b>3,796,505</b>	<b>26%</b>	<b>100%</b>	<b>100%</b>
<b>DIRECT COSTS</b>						
Costs of construction operations	16,025,104	12,557,582	3,467,522	28%	86%	85%
Costs of landport operations	360,846	364,306	(3,460)	-1%	2%	2%
Costs of real estate operations	72,152	-	72,152	NA	0%	0%
	<b>16,458,102</b>	<b>12,921,888</b>	<b>3,536,214</b>	<b>27%</b>	<b>88%</b>	<b>87%</b>
<b>GROSS PROFIT</b>	<b>2,180,054</b>	<b>1,919,763</b>	<b>260,291</b>	<b>14%</b>	<b>12%</b>	<b>13%</b>
<b>INCOME AND EXPENSES</b>						
Finance costs	(2,061,753)	(1,657,070)	(404,683)	24%	-11%	-11%
Other operating expenses	(1,302,452)	(1,193,636)	(108,816)	9%	-7%	-8%
Finance income	1,047,013	526,022	520,991	99%	6%	4%
Impairment losses on receivables and contract assets	(35,269)	(1,722,577)	1,687,308	-98%	0%	-12%
Others – net	499,183	(433,681)	932,864	-215%	3%	-3%
	<b>(1,853,279)</b>	<b>(4,480,942)</b>	<b>2,627,663</b>	<b>-59%</b>	<b>-10%</b>	<b>-30%</b>
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>326,775</b>	<b>(2,561,179)</b>	<b>2,887,954</b>	<b>-113%</b>	<b>2%</b>	<b>-17%</b>
<b>TAX INCOME (EXPENSE)</b>	<b>(57,618)</b>	<b>689,157</b>	<b>(746,775)</b>	<b>-108%</b>	<b>0%</b>	<b>5%</b>
<b>NET PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>269,157</b>	<b>(1,872,022)</b>	<b>2,141,179</b>	<b>-114%</b>	<b>1%</b>	<b>-13%</b>
<b>NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>4,704,768</b>	<b>(4,704,768)</b>	<b>-100%</b>	<b>0%</b>	<b>32%</b>
<b>NET INCOME (LOSS)</b>	<b>269,157</b>	<b>2,832,746</b>	<b>(2,563,589)</b>	<b>-90%</b>	<b>1%</b>	<b>19%</b>
<b>Net Profit Attributable To:</b>						
Shareholders of the Parent Company	283,490	3,577,706	(3,294,216)	-92%	2%	24%
Non-controlling interests	(14,333)	(744,960)	730,627	-98%	0%	-5%
<b>Earnings per Share:</b>	<b>-₱0.06</b>	<b>₱1.54</b>				

## Results of Continuing Operations

Review of results for the year ended December 31, 2023 as compared with the results for the year ended December 31, 2022.

### **Revenues increased by 26% or ₱3.8 billion**

Consolidated revenues for the year amounted to ₱18.6 billion, 26% or ₱3.8 billion higher than last year. The improvement was across all segments, driven primarily by construction operations and contribution from real estate operations.

Construction revenues amounted to ₱18.1 billion – 24% more than 2022 – and contributed 97% to total consolidated revenues. The segment benefitted from steady completion of existing projects, particularly Suncity's Westside City Resorts Complex and the Malolos Clark Railway Project Phase 1. New projects secured during the year included Hotel 101 in Libis and Lumbangan Solar Power Plant, bringing the order book to ₱43.1 billion as of end of the year.

Landport operations meanwhile delivered higher revenue of ₱347.8 million from office towers and commercial spaces, 35% more than the previous year, and contributed close to 2% to the total consolidated revenues due to increasing foot traffic.

### **Direct Costs increased by 27% or ₱3.5 billion**

Consolidated direct costs amounted to ₱16.5 billion, 27% higher and consistent with the growth in revenues. Cost of construction comprised bulk with landport related costs slightly lower, as a result of cost management amid a challenging office leasing environment. Cost of real estate operations amounted to ₱72.2 million and was mainly attributed to land and development cost associated with new project launches.

### **Gross Profit increased by 14% or ₱260.0 million**

Consolidated gross profit reached to ₱2.2 billion, translating to a consolidated gross profit margin of 12%. The construction business contributed ₱2.1 billion while real estate development chipped in ₱76.7 million – more than offsetting the ₱13.1 million loss incurred by landport operations.

### **Other Operating Expenses increased by 9% or ₱108.9 million**

Other Operating Expenses during the year amounted to ₱1.3 billion. The increase of ₱108.9 million is mainly due to increase in fixed costs in support of the Company growth plans for various infrastructure and development projects that it will be undertaking such as the execution of ₱18.0 billion CP104 of the Metro Manila Subway System Project, awarded to the Company, together with its Japanese consortium partners.

### **Impairment Losses decreased by 98% or ₱1.7 billion**

Impairment losses was down to ₱35.3 million from previous year's ₱1.7 billion, coming from discontinued projects arising from the pandemic. The Parent Company provided provisions and write-off on certain projects under contract asset during 2022, largely affected by the COVID-19 pandemic, which were not present in 2023.

### **Finance Costs increased by 24% or ₱404.7 million**

Finance costs amounted to ₱2.1 billion, higher by ₱404.7 million, attributed to a higher loan balance from newly drawn working lines and an elevated interest rate scenario throughout 2023.

### **Finance Income increased by 99% or ₱521.0 million**

Finance income by amounted to ₱1.1 billion and was ₱521.0 million more than the previous year. The improvement was attributed to more efficient treasury management via money market placements, taking advantage of attractive yields driven by higher interest rates.

***Others – net increased by 215% or ₱932.9 million***

Others – net amounted to ₱499.2 million income and reversed the loss from the previous year, which was attributed to impairment losses on non-financial assets related to certain deferred fulfilment costs related to specific construction contracts and investments in associates that were affected by changes in the political and economic landscape in 2022.

***Tax Expense increased by 108% or ₱746.8 million***

Consolidated profit before tax amounted to ₱326.8 million, reversing the pre-tax loss in 2022, which resulted in a tax expense of ₱57.6 million.

***Consolidated Net Income amounted to ₱269.2 million***

Consolidated net income from continuing operations amounted to ₱269.2 million in 2023, compared with a net loss of ₱1.9 billion in 2022. The performance was driven by recovery in construction operations and initial contribution from real estate operations, coupled with liability and treasury management, delivering a net interest income for the year.

## Financial Condition

Amounts in ₪ thousands	December 31		Horizontal Analysis		Vertical Analysis	
	2023	2022	Amount	%	2023 %	2022 %
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	4,878,885	15,758,197	(10,879,312)	-69%	7%	24%
Trade and other receivables – net	19,155,919	18,361,000	794,919	4%	29%	28%
Construction materials	2,279,339	2,126,166	153,173	7%	3%	3%
Real estate inventories	3,872,922	-	3,872,922	NA	6%	0%
Contract assets	5,640,189	5,106,308	533,881	10%	9%	8%
Other current assets	11,413,433	9,563,285	1,850,148	19%	17%	14%
	47,240,687	50,914,956	(3,674,269)	-7%	71%	77%
Non-current asset classified as held for sale	2,879,770	2,879,770	-	0%	4%	4%
<b>Total Current Assets</b>	<b>50,120,457</b>	<b>53,794,726</b>	<b>(3,674,269)</b>	<b>-7%</b>	<b>76%</b>	<b>81%</b>
<b>NON-CURRENT ASSETS</b>						
Financial assets as fair value through other comprehensive income	3,544	3,544	-	0%	0%	0%
Investments in associates	257,239	231,296	25,943	11%	0%	0%
Property, plant, and equipment -net	6,277,620	6,734,023	(456,403)	-7%	9%	10%
Investment properties	4,818,852	4,699,071	119,781	3%	7%	7%
Goodwill	3,797,070	-	3,797,070	NA	6%	0%
Deferred tax assets – net	697,716	689,305	8,411	1%	1%	1%
Other non-current assets	354,643	300,790	53,853	18%	1%	0%
<b>Total Non-current Assets</b>	<b>16,206,684</b>	<b>12,658,030</b>	<b>3,548,654</b>	<b>28%</b>	<b>24%</b>	<b>19%</b>
<b>TOTAL ASSETS</b>	<b>66,327,140</b>	<b>66,452,756</b>	<b>(125,616)</b>	<b>0%</b>	<b>100%</b>	<b>100%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Interest-bearing loans and borrowings	21,043,828	14,707,802	6,336,026	43%	32%	22%
Trade and other payables	4,653,529	5,332,738	(679,209)	-13%	7%	8%
Contract liabilities	4,901,661	3,590,333	1,311,328	37%	7%	5%
Exchangeable notes	7,763,200	-	7,763,200	NA	12%	0%
Other current liabilities	357,162	306,529	50,633	17%	1%	0%
<b>Total Current Liabilities</b>	<b>38,719,379</b>	<b>23,937,401</b>	<b>14,781,978</b>	<b>62%</b>	<b>58%</b>	<b>36%</b>
<b>NON-CURRENT LIABILITIES</b>						
Interest-bearing loans and borrowings	9,558,176	13,071,220	(3,513,044)	-27%	14%	20%
Contract liabilities	373,703	1,405,179	(1,031,476)	-73%	1%	2%
Post-employment defined benefit obligation	249,417	237,401	12,016	5%	0%	0%
Exchangeable notes	-	7,763,200	(7,763,200)	-100%	0%	12%
Other non-current liabilities	493,691	371,474	122,217	33%	1%	1%
<b>Total Non-current Liabilities</b>	<b>10,674,987</b>	<b>22,848,474</b>	<b>(12,173,487)</b>	<b>-53%</b>	<b>16%</b>	<b>34%</b>
<b>Total Liabilities</b>	<b>49,394,367</b>	<b>46,785,875</b>	<b>2,608,492</b>	<b>6%</b>	<b>74%</b>	<b>70%</b>
<b>EQUITY</b>						
Equity attributable to shareholders of the Parent						
Capital stock	2,545,302	2,528,052	17,250	1%	4%	4%
Additional paid-in capital	18,460,790	16,987,856	1,472,934	9%	28%	26%
Deposit for future stock subscription	-	2,250	(2,250)	-100%	0%	0%
Treasury shares	(11,237,704)	(8,615,691)	(2,622,013)	30%	-17%	-13%
Revaluation reserves – net	175,787	149,759	26,028	17%	0%	0%
Retained earnings	6,471,908	8,612,106	(2,140,198)	-25%	10%	13%
<b>Total equity attributable to shareholders of the Parent Company</b>	<b>16,416,083</b>	<b>19,664,332</b>	<b>(3,248,249)</b>	<b>-17%</b>	<b>25%</b>	<b>30%</b>
Non-controlling interests	516,691	2,549	514,142	20170%	1%	0%
<b>Total Equity</b>	<b>16,932,774</b>	<b>19,666,881</b>	<b>(2,734,107)</b>	<b>-14%</b>	<b>26%</b>	<b>30%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>66,327,140</b>	<b>66,452,756</b>	<b>(125,616)</b>	<b>0%</b>	<b>100%</b>	<b>100%</b>

**Review of financial conditions as of December 31, 2023 as compared with financial conditions as of December 31, 2022**

**ASSETS**

**Current Assets decreased by 7% or by ₱3.7 billion**

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

**Cash and Cash Equivalents decreased by 69% or ₱10.9 billion**

The decrease in cash and cash equivalents was mainly due to the retirement of preferred shares, acquisition of PH1 World Developers, as well as payment of interest cost and dividends and other working capital requirements.

**Trade and Other Receivables increased by 4% or by ₱794.9 million**

The increase in contract receivables was 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.

**Construction Materials increased by 7% or ₱153.2 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.

**Real estate inventories amounted to ₱3.9 billion**

Real estate inventories pertain to cost incurred relating to the Group's development and construction of its residential condominium projects. On July 12, 2023, the Group executed a Share Purchase Agreement to acquire 100% of the outstanding capital stock of PH1 from Citicore for a total cash consideration of ₱5.2 billion. As a result of the acquisition of PH1, the acquisition date fair value of the real estate inventories amounting to ₱3.3 billion was recognized.

**Contract assets increased by 10% or ₱533.9 million**

The increase in contract assets was 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. The acquisition date fair value of the contract assets amounting to ₱113 million was recognized following the acquisition of PH1.

**Other Current Assets increased by 19% or by ₱1.9 billion**

The increase was mainly due to advances made to its suppliers and subcontractors for its new projects to lock in prices for steel required for the structural construction and increase in prepaid taxes related to the excess of creditable withholding tax payments over the current tax due.

**Non-Current Asset Held for Sale remains at ₱2.9 billion**

Total noncurrent assets held for sale pertains to the fair value of investment in GMCAC representing the Company's remaining 33 & 1/3% plus 1 share.

**Non-Current Assets amounted to ₱16.2 billion**

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

**Financial Assets at Fair Value Through Other Comprehensive Income (FVTOC) remains at ₱3.5 million**

FVTOC which represents shares of stocks held to unconsolidated entity and golf shares with no published market value references remains at ₱3.5 million for both periods.

**Investments in Associates and Joint Ventures increased by 11% or by ₱25.9 million**

The increase was due to additional investment in data center business which is offset by share in the net losses taken up on the Group's investment in various joint ventures and associates.

**Property, Plant and Equipment decreased by 7% or by ₱456.4 million**

The Group recognized depreciation charges on property, plant and equipment amounting to ₱1.2 billion and procured certain pre-cast equipment to expand capacity of Pre-Cast and Construction Solutions and service units as well as various specialized equipment to support specification requirement of the ongoing projects.

**Investment Properties increased by 3% or by ₱119.8 million**

The increase was related to the additions in the landport property amounting to ₱25.8 million representing additional improvements in the commercial and parking area. The increase is also related to the additional land development cost amounting to ₱217.2 million. This was reduced by depreciation charges for the period amounting to ₱123 million.

**Goodwill amounted to ₱3.8 billion**

On July 12, 2023, the Parent Company executed a Share Purchase Agreement to acquire 100% of the outstanding capital stock of PH1 from Citicore for a total cash consideration of ₱5.2 billion. As a result of the acquisition, the Parent Company obtained controlling interest over PH1. The transaction resulted to a goodwill from acquisition as the consideration paid is higher than the fair value of net identifiable assets acquired.

**Deferred tax assets increased by ₱8.4 million**

The increase was mainly due to temporary difference arising from net operating loss carry over (NOLCO).

**Other Non-Current Assets increased by 18% or ₱53.9 million**

The increase was mainly due to the deposits for condominium units which represent initial downpayments made for the purchase of condominium units.

**Determination of Control, Joint Control and Significant Influence**

Management considers that the Group has control over Famtech despite owning 48% of its outstanding capital stock as the Group directs the overall business operations of Famtech through its Vice Chairman who is also the President of the Parent Company.

Further, the Management of the Company also consider the following factors in assessing control over Famtech.

1. Based on the agreement, the Company shall have the following functions and responsibilities:
  - i. incorporates the joint venture company with an initial authorized capital stock of PHP 1 million.
  - ii. enter into a development agreement with the joint venture
  - iii. provide overall development management and oversight for project. Shall have the sole authority and discretion to select, and engage contractors and suppliers for the project.
  - iv. shall take the lead in the technical, engineering and architectural aspects of each subsequent phase.
2. The President and Treasurer/CFO of PH1 also holds the same position in Famtech.

**LIABILITIES AND EQUITY**

**Current Liabilities increased by 62% or ₱14.8 billion**

The following discussion provides a detailed analysis of the decrease in current liabilities:

**Interest-Bearing Loans and Borrowings-Current increased by 43% or by ₱6.3 billion**

The increase was due to availments made to support the working capital requirements of the Group and reclassification of the noncurrent portion of corporate notes to current portion based on schedule payments within one year horizon. The increase was offset by the repayments of short-term loans and lease liabilities during the period.

**Trade and Other Payables decreased by 13% or by ₱679.2 million**

The decrease was mainly due to volume and timing of purchases and payments to suppliers and subcontractors.

**Contract liabilities – current increased by 37% or ₱1.3 billion**

The increase was related to downpayment from newly awarded projects such as Hotel 101 and Lumbangan Solar Power Plant. The increase is also due to the effect of consolidation of PH1. The acquisition date fair value of the contract liabilities amounting to ₱281 million was recognized during the period.

**Exchangeable notes remains at ₱7.8 billion**

In 2022, the Parent Company issued Exchangeable notes in favor of AIC. The notes will mature on October 30, 2024 (exercise date) and are expected to be exchanged by AIC for the rest of the 33% plus 1 share of GMCAC's outstanding capital stock currently held by the Parent Company.

**Other Current Liabilities increased by 17% or by ₱50.6 million**

The increase of ₱50.6 million was mainly due to the increase in tax liabilities of the Group including deferred revenue which represents advance payments from customers and concessionaires that are subject to refund or future billing applications within 12 months from the end of the reporting period.

**Non-Current Liabilities decreased by 53% or ₱12.2 billion**

The following discussion provides a detailed analysis of the increase in non-current liabilities:

**Loans and Borrowings-Non-Current decreased by 27% or ₱3.5 billion**

Noncurrent portion of finance lease payables and corporate note were reclassified to current loans based on scheduled payments within one year horizon. Meanwhile, the decrease was offset by the effect of consolidation of PH1.

**Contract liabilities – non current decreased by 73% or ₱1.0 billion**

The decrease was mainly related to reclassification to current portion of customer advances upon recoupment based on construction schedule.

**Post employment defined benefit obligation increased by 5% or by ₱12.0 million**

The post-employment defined benefit obligation increased due to experience adjustments and changes in financial assumptions.

**Other non-current liabilities increased by 33% or ₱122.2 million**

The increase was mainly related to deposits and advances received from tenants to be applied on future rentals due on the lease of the Group's investment properties.

**Equity attributable to Parent decreased by 17% or by ₱3.3 billion**

The decrease in equity was due to the declaration of cash dividends amounting to ₱2.4 billion to preferred and common stock shareholders, retirement of preferred shares series 2A amounting to ₱2.6 million. The decrease was offset by the issuance of preferred shares series 5 amounting to ₱1.5 million net income amounting to ₱286 million.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS AS OF AND FOR THE FULL YEAR ENDED DECEMBER 31, 2022 COMPARED TO FULL YEAR ENDED DECEMBER 31, 2021**

**Results of Operations**

Amounts in ₱ thousands	December 31		Horizontal Analysis		Vertical Analysis	
	2022	2021	Amount	%	2022 %	2021 %
<b>REVENUES</b>						
Construction operation revenues	14,583,322	14,329,464	253,858	2%	98%	95%
Landport operations revenues	258,329	715,039	(456,710)	-64%	2%	5%
	14,841,651	15,044,503	(202,852)	-1%	100%	100%
<b>DIRECT COSTS</b>						
Costs of construction operations	12,557,582	12,130,698	426,884	4%	85%	81%
Costs of landport operations	364,306	369,474	(5,168)	-1%	2%	2%
	12,921,888	12,500,172	421,716	3%	87%	83%
<b>GROSS PROFIT</b>	1,919,763	2,544,331	(624,568)	-25%	13%	17%
<b>INCOME AND EXPENSES</b>						
Finance costs	(1,657,070)	(1,515,277)	(141,793)	9%	-11%	-10%
Other operating expenses	(1,193,636)	(1,132,228)	(61,408)	5%	-8%	-8%
Finance income	526,022	472,499	53,523	11%	4%	3%
Impairment losses on receivables and contract assets	(1,722,577)	(213,282)	(1,509,295)	708%	-12%	-1%
Others – net	(433,681)	415,160	(848,841)	-204%	-3%	3%
	(4,480,942)	(1,973,128)	(2,507,814)	127%	-30%	-13%
<b>PROFIT (LOSS) BEFORE TAX</b>	(2,561,179)	571,204	(3,132,383)	-548%	-17%	4%
<b>TAX INCOME (EXPENSE)</b>	689,157	(92,508)	781,665	-845%	5%	-1%
<b>NET PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>(1,872,022)</b>	<b>478,696</b>	<b>(2,350,718)</b>	<b>-491%</b>	<b>-13%</b>	<b>3%</b>
<b>NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS</b>	<b>4,704,768</b>	<b>(1,371,851)</b>	<b>6,076,619</b>	<b>-443%</b>	<b>32%</b>	<b>-9%</b>
<b>NET INCOME (LOSS)</b>	<b>2,832,746</b>	<b>(893,155)</b>	<b>3,725,901</b>	<b>-417%</b>	<b>19%</b>	<b>-6%</b>
<b>Net Profit</b>						
<b>Attributable To:</b>						
Shareholders of the Parent Company	3,577,706	(342,985)	3,920,691	-1143%	24%	-2%
Non-controlling interests	(744,960)	(550,170)	(194,790)	35%	-5%	-4%
<b>Earnings per Share:</b>	₱1.54	<b>-₱0.42</b>				

Results of Continuing Operations

Review of results for the year ended December 31, 2022 as compared with the results for the year ended December 31, 2021.

**Revenues decreased by 1% or ₱202.9 million**

Consolidated revenues for 2023 amounted to ₱14.8 billion, 1% or ₱202.9 million lower than last year. The decrease was due to slowdown of construction operations and lower occupancy rate in the landport segment.

Construction revenues amounted to ₱14.6 billion and contributed 98% to the consolidated revenues. The segment experienced slowdown of operations as certain contracts were under renegotiation due to the impact of rising raw material prices and interest rates. Despite this, the Company maintains a healthy orderbook as it

continued to secure new contracts from Suntrust Home Developers' Suncity West Side City project, Landers Aseana, Hampton O&P, and the DOTr's Malolos Clark Railway Phase 1 Project – a joint venture project with Hyundai Engineering & Construction Co., Ltd., and Dong-ah Geological Engineering Company Ltd.

Landport operations meanwhile delivered revenues of ₱258.3 million from office towers and commercial spaces and contributed 2% to the total consolidated revenues. The clamp down on Philippine Offshore Gaming Operators (POGO) continue to put pressure on office vacancy and lease rates, affecting tenancy at PITX and translated to lower revenues from the same period last year.

PITX however continued to serve as a transportation convergence point to serve commuters to and from different places of work.

***Direct Costs increased by 3% or ₱421.7 million***

Direct costs amounted to ₱12.9 billion and were higher by 3% or ₱421.7 million. The movement was mainly related to rising prices of raw materials, services, and higher labor costs, along with higher fixed costs and depreciation expenses.

***Gross Profit decreased by 25% or ₱624.6 million***

Consolidated gross profit amounted to ₱1.9 billion in 2022, translating to a consolidated gross profit margin of 13%. The construction business contributed ₱2.0 billion or 106% of the Group's gross profit. Terminal operations contributed -₱106 million or -6% to the total gross profit.

***Other Operating Expenses increased by 5% or ₱61.4 million***

Other Operating Expenses amounted to ₱1.2 billion. The increase of ₱61.4 million was mainly due to various professional fees and registration fees incurred for its bond and preferred shares issuances.

***Impairment Losses increased by 708% or ₱1.5 billion***

Impairment Losses amounted to ₱1.7 billion as of the end of 2022. The Parent Company provided provisions and write-off on certain projects under contract asset during 2022. Despite several attempts to renegotiate contracts which were affected by COVID, it became apparent to management in 2022 that claims from these projects can no longer be collected and decided to terminate the project to manage the financial impact to the Group.

***Finance Costs increased by 9% or ₱141.8 million***

Finance costs amounted to ₱1.6 billion. The increase of ₱141.8 million is mainly due to interest expense from bonds payable amounting to ₱118 million.

***Finance Income increased by 11% or ₱53.5 million***

Finance income amounted to ₱526.0 million. The increase of ₱53.5 million is mainly due to interest income from advances to related parties. This relates to the financing provided for the Group's business expansion and diversification program.

***Others - net decreased by 204% or ₱848.8 million***

Others – net amounted to ₱433.7 million. The decrease in other income (charges) is mainly due to Impairment losses on non-financial assets amounting to ₱916 million. This relates to certain deferred fulfilment costs related to specific construction contracts and investments in associates that have doubtful recoverability based on changes in political and economic conditions in 2022.

***Tax Expense decreased by 845% or ₱781.7 million***

The Group realized a tax income amounting to ₱689.2 million mainly relating to temporary difference arising from net operating loss carry over (NOLCO) and impairment losses on contract assets.

***Results of Discontinued Operations***

The airport business remains optimistic of a turnaround as vaccination has contained the virus, encouraging global and local air travel. Revenue during the period amounted to ₱1.7 billion. Passenger volume more than doubled from last year's pandemic level, although still fell short of pre-pandemic levels, with domestic passenger volume, which comprised 90% of traffic, rising to 4.9 million from last year's 1.2 million and international

passenger volume soaring to 666 thousand from previous year's 164 thousand. Airport merchandising segment, which is ancillary to airport operations, likewise experienced a 532% improvement in sales to ₱148 million from ₱23 million last year.

The direct cost of airport operations increased by 131% to ₱509 million. The movement of direct cost was consistent with the revenue performance of the airport segment, taking into consideration fixed costs and depreciation expenses, despite reduced passenger volumes. The airport segments gross profit increased by 323% to ₱606 million.

Operating expenses increased from last year's ₱437 million to this year's ₱1.9 billion mainly due to repair cost incurred to restore the facility after the typhoon Odette in December 2022. The impact was offset by recovery from insurance claims of ₱1.0 billion and the recognition of gain on deconsolidation of subsidiaries amounting to ₱6.6 billion.

***Consolidated Net Income Increased by 417% or ₱3.7 billion***

Consolidated net income from continuing and discontinued operations amounted to ₱2.8 billion compared with the consolidated net loss of ₱893.2 million in 2021. This was mainly due to recognized gain on deconsolidation of a subsidiary amounting to ₱6.6 billion, though offset by impairment losses on financial and nonfinancial assets amounting to ₱1.7 billion and ₱916 million, respectively.

## Financial Condition

Amounts in ₪ thousands	December 31		Horizontal Analysis		Vertical Analysis	
	2022	2021	Amount	%	2022 %	2021 %
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	15,758,197	5,846,088	9,912,109	170%	24%	7%
Trade and other receivables – net	18,361,000	16,970,555	1,390,445	8%	28%	20%
Construction materials	2,126,166	2,045,159	81,007	4%	3%	2%
Real estate inventories	-	-	-	NA	0%	0%
Contract assets	5,106,308	4,777,705	328,603	7%	8%	6%
Other current assets	9,563,285	10,132,960	(569,675)	-6%	14%	12%
	50,914,956	39,772,467	11,142,489	28%	77%	47%
Non-current asset classified as held for sale	2,879,770	-	2,879,770	NA	4%	0%
<b>Total Current Assets</b>	<b>53,794,726</b>	<b>39,772,467</b>	<b>14,022,259</b>	<b>35%</b>	<b>81%</b>	<b>47%</b>
<b>NON-CURRENT ASSETS</b>						
Financial assets as fair value through other comprehensive income	3,544	3,544	-	0%	0%	0%
Investments in associates	231,296	861,513	(630,217)	-73%	0%	1%
Concession assets	-	30,503,823	-	0%	0%	0%
Property, plant, and equipment -net	6,734,023	7,166,867	(432,844)	-6%	10%	8%
Investment properties	4,699,071	4,493,344	205,727	5%	7%	5%
Deferred tax assets – net	689,305	24,595	664,710	2703%	1%	0%
Other non-current assets	300,790	2,350,475	(2,049,685)	-87%	0%	3%
Total Non-current Assets	12,658,030	45,404,161	(32,746,131)	-72%	19%	53%
<b>TOTAL ASSETS</b>	<b>66,452,756</b>	<b>85,176,628</b>	<b>(18,723,872)</b>	<b>-22%</b>	<b>100%</b>	<b>100%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Interest-bearing loans and borrowings	14,707,802	14,780,086	(72,284)	0%	22%	17%
Trade and other payables	5,332,738	8,616,715	(3,283,977)	-38%	8%	10%
Contract liabilities	3,590,333	3,703,189	(112,856)	-3%	5%	4%
Exchangeable notes	-	-	-	NA	0%	0%
Other current liabilities	306,528	265,859	40,669	15%	0%	0%
Total Current Liabilities	23,937,401	27,365,849	(3,428,448)	-13%	36%	32%
<b>NON-CURRENT LIABILITIES</b>						
Interest-bearing loans and borrowings	13,071,220	34,721,410	(21,650,190)	-62%	20%	41%
Contract liabilities	1,405,179	2,056,202	(651,023)	-32%	2%	2%
Post-employment defined benefit obligation	237,401	300,125	(62,724)	-21%	0%	0%
Exchangeable notes	7,763,200	-	7,763,200	NA	12%	0%
Deferred tax liabilities – net	-	872,561	(872,561)	-100%	0%	1%
Other non-current liabilities	371,474	659,573	(288,099)	-44%	1%	1%
Total Non-current Liabilities	22,848,474	38,609,871	(15,761,397)	-41%	34%	45%
Total Liabilities	46,785,875	65,975,720	(19,189,845)	-29%	70%	77%
<b>EQUITY</b>						
Equity attributable to shareholders of the Parent						
Capital stock	2,528,052	2,528,052	-	0%	4%	3%
Additional paid-in capital	16,987,856	16,987,856	-	0%	26%	20%
Deposit for future stock subscription	2,250	-	2,250	NA	0%	0%
Treasury shares	(8,615,691)	(8,615,691)	-	0%	-13%	-10%
Revaluation reserves – net	149,759	71,537	78,222	109%	0%	0%
Retained earnings	8,612,106	5,555,677	3,056,429	55%	13%	7%
Total equity attributable to shareholders of the Parent Company	19,664,332	16,527,431	3,136,901	19%	30%	19%
Non-controlling interests	2,549	2,673,476	(2,670,927)	-100%	0%	3%
Total Equity	19,666,881	19,200,908	465,973	2%	30%	23%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>66,452,756</b>	<b>85,176,628</b>	<b>(18,723,872)</b>	<b>-22%</b>	<b>100%</b>	<b>100%</b>

**Review of financial conditions as of December 31, 2022 as compared with financial conditions as of December 31, 2021**

**ASSETS**

**Current Assets increased by 35% or by ₱14.0 billion**

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

**Cash and Cash Equivalents increased by 170% or ₱9.9 billion**

The increase in cash and cash equivalents was due to the proceeds from sale of investment in airport segment amounting to ₱7.2 billion.

**Trade and Other Receivables increased by 8% or by ₱1.4 billion**

The increase in contract receivables was related to milestone payments of contractual agreements 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. Balance of trade and other receivables of airport segment amounting to ₱968.4 million was derecognized upon disposal.

**Inventory of Construction Materials increased by 4% or ₱81.0 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 7% or ₱328.6 million**

The increase in contract assets was 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 decreased by 6% or by ₱569.7 million**

In 2022, the Group has written-off related deferred fulfilment costs amounting to ₱328.6 million. The decrease is partially offset by the advances made by the Parent to its suppliers and subcontractors for its new projects to lock in prices for steel required for structural development. The related input VAT also increased as a result of payments made to subcontractors. Balance of other current asset of airport segment amounting to ₱1.2 billion was derecognized upon disposal.

**Non-Current Asset Held for Sale increased by 100% or ₱2.9 billion**

Total noncurrent assets held for sale pertains to the total assets of airport segment amounting to ₱2.9 billion. The increase is mainly due to deconsolidation in 2022 and reclassification of fair-value of GMCAC assets to this account.

**Non-Current Assets amounted to ₱12.7 billion**

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

**Financial Assets at Fair Value Through Other Comprehensive Income (FVTOC) remains at ₱3.5 million**

FVTOC which represents shares of stocks held to unconsolidated entity and golf shares with no published market value references remains at ₱3.5 million for both periods.

**Investments in Associates and Joint Ventures decreased by 73% or by ₱630.2 million**

The decrease was a result of share in the net losses taken up on the Group's investment in various joint ventures and associates and the write-off of investment in 2022.

**Property, Plant and Equipment decreased by 6% or by ₱432.8 million**

The Group recognized depreciation charges on property, plant and equipment amounting to ₱1.3 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 5% or by ₱205.7 million**

The increase was mainly related to the additions in the landport property amounting to ₱327 million representing additional improvements in the commercial and parking area. This was reduced by depreciation charges for the period amounting to ₱121 million, respectively.

**Deferred tax assets increased by 2,703% or by ₱664.7 million**

The increase was mainly due to temporary difference arising from net operating loss carry over (NOLCO).

**Other Non-Current Assets decreased by 87% or ₱2.0 billion**

Balance of other non-current asset of airport segment amounting to ₱1.8 billion was derecognized upon disposal. Whereas the decrease of ₱0.3 million was mainly due to decrease in the deferred input VAT balance of the Group.

## LIABILITIES AND EQUITY

**Current Liabilities decreased by 13% or ₱3.4 billion**

The following discussion provides a detailed analysis of the decrease in current liabilities:

**Interest-Bearing Loans and Borrowings-Current decreased by ₱72.3 million**

The decrease was due to repayments of short-term loans and lease liabilities. This was offset additional borrowings made to support the working capital requirements of the Group.

**Trade and Other Payables decreased by 38% or by ₱3.3 billion**

The decrease was due to progress billings on work in progress contracts. The balance of trade and other payables of airport segment amounting to ₱2.3 billion was derecognized upon disposal.

**Contract liabilities – current decreased by 3% or ₱112.9 million**

The decrease was mainly related to recoupment of downpayments from client.

**Other Current Liabilities decreased by 15% or by ₱40.7 million**

The balance of other current liabilities of airport segment amounting to ₱94 million was derecognized upon disposal. While increase of ₱63 million is due to the increase in tax liabilities of the Group such as withholding taxes and output VAT.

**Non-Current Liabilities decreased by 41% or ₱15.8 billion**

The following discussion provides a detailed analysis of the increase in non-current liabilities:

**Loans and Borrowings-Non-Current decreased by 62% or ₱21.7 billion**

The balance of non-current portion of the interest-bearing loans of borrowings of the airport segment amounting to ₱25.8 billion was derecognized upon disposal. Noncurrent portion of finance lease payables and corporate notes were reclassified to current loans based on scheduled payments within one year horizon. Meanwhile, the decrease was offset by the bonds raised in August 2022 amounting to ₱4.0 billion.

**Exchangeable notes increased by ₱7.8 billion**

In 2022, the Parent Company issued Exchangeable notes in favor of AIC. The notes will mature on October 30, 2024 (exercise date) and are expected to be exchanged by AIC for the rest of the 33% plus 1 share of GMCAC's outstanding capital stock currently held by the Parent Company.

**Contract liabilities – non current decreased by 32% or ₱651.0 million**

The decrease was mainly related to reclassification to current portion of customer advances upon recoupment based on construction schedule.

**Post employment defined benefit obligation decreased by 21% or by ₱62.7 million**

The post-employment defined benefit obligation decreased due to experience adjustments and changes in demographic assumptions.

***Deferred tax liabilities decreased by 100% or by ₱872.6 million***

The balance of deferred tax liabilities of the airport segment amounting to ₱972 million was derecognized upon disposal.

***Other non-current liabilities decreased by 44% or ₱288.1 million***

The balance of other non-current liabilities of the airport segment amounting to ₱132 million was derecognized upon disposal as a result of the sale and deconsolidation of GMCAC. Landport also recognized reversal of deposit and advances from tenants during the year.

***Equity attributable to Parent increased by 19% or by ₱3.1 billion***

The increase in equity was mainly due to total comprehensive income amounting to ₱3.6 billion, dividend payments of ₱490 million to preferred stock shareholders, deposits for future stock subscription of ₱2 million, and increase in other reserves amounting to ₱15 million.

**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	Amount	%	2021 %	2020 %
<b>REVENUES</b>						
Construction operation revenues	14,329,464	10,842,200	3,487,264	32%	92%	84%
Landport operations revenues	715,039	902,414	(187,375)	-21%	5%	7%
Airport operations revenues	576,043	1,108,668	(532,625)	-48%	4%	9%
Trading operations revenues	23,426	69,945	(46,519)	-67%	0%	1%
	<b>15,643,971</b>	<b>12,923,227</b>	<b>2,720,745</b>	<b>21%</b>	<b>100%</b>	<b>100%</b>
<b>DIRECT COSTS</b>						
Costs of construction operations	12,130,698	9,393,547	2,737,151	29%	78%	73%
Costs of airport operations	388,165	634,707	(246,543)	-39%	2%	5%
Costs of landport operations	369,474	355,896	13,578	4%	2%	3%
Costs of trading operations	15,969	20,960	(4,991)	-24%	0%	0%
	<b>12,904,305</b>	<b>10,405,110</b>	<b>2,499,195</b>	<b>24%</b>	<b>82%</b>	<b>81%</b>
<b>GROSS PROFIT</b>	<b>2,739,666</b>	<b>2,518,117</b>	<b>221,549</b>	<b>9%</b>	<b>18%</b>	<b>19%</b>
<b>OTHER OPERATING EXPENSES</b>						
General and administrative	1,578,016	1,508,418	69,598	5%	10%	12%
Impairment losses on receivables	204,980	27,289	177,691	651%	1%	0%
	<b>1,782,996</b>	<b>1,535,707</b>	<b>247,289</b>	<b>16%</b>	<b>11%</b>	<b>12%</b>
<b>OPERATING PROFIT</b>	<b>956,670</b>	<b>982,410</b>	<b>(25,740)</b>	<b>-3%</b>	<b>6%</b>	<b>8%</b>
<b>OTHER INCOME (EXPENSES)</b>						
Finance costs	(2,809,511)	(2,506,745)	(302,766)	12%	-18%	-19%
Finance income	482,014	694,777	(212,763)	-31%	3%	5%
Others – net	647,046	219,749	427,296	194%	4%	2%
	<b>(1,680,452)</b>	<b>(1,592,219)</b>	<b>(88,233)</b>	<b>6%</b>	<b>-11%</b>	<b>-12%</b>
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(723,782)</b>	<b>(609,809)</b>	<b>(113,973)</b>	<b>19%</b>	<b>-5%</b>	<b>-5%</b>
<b>TAX INCOME (EXPENSE)</b>	<b>(169,373)</b>	<b>(264,787)</b>	<b>95,414</b>	<b>-36%</b>	<b>-1%</b>	<b>-2%</b>
<b>NET PROFIT (LOSS)</b>	<b>(893,154)</b>	<b>(874,596)</b>	<b>(18,559)</b>	<b>2%</b>	<b>-6%</b>	<b>-7%</b>
<b>Net Profit Attributable To:</b>						
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%
<b>Earnings per Share:</b>	<b>-₱0.42</b>	<b>-₱0.33</b>				

Results of Continuing Operations

Review of results for the year ended December 31, 2021 as compared with the results for the year ended December 31, 2020.

**Revenues increased by 21% or ₱2.7 billion**

Consolidated revenues for the year amounted to ₱15.6 billion, 21% or ₱2.7 billion higher from last year. The construction segment revenue amounted to ₱14.3 billion, 32% or ₱3.5 billion above from year ago levels and

contributed 91% 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 ₱576.0 million, 48% or ₱532.6 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 ₱715.0 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 ₱187.4 million lower revenue 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 ₱2.5 billion**

Direct costs amounted to ₱12.9 billion and were higher by 24% or ₱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 ₱221.5 million**

Consolidated gross profit amounted to ₱2.7 billion in 2021, translating to a consolidated gross profit margin of 18%. The construction business contributed ₱2.2 billion or 80% of the Group's gross profit. Terminal operations contributed ₱327 million or 12% while airport operations and merchandising segment accounted for ₱207 million or 8% to the total gross profit.

**Other Operating Expenses increased by 16% or ₱247.3 million**

Net Other Operating Expenses amounted to ₱1.8 billion. The increase of ₱247.3 million is mainly related to impairment losses recognized on receivables amounting to ₱204 million.

**Other Income (Charges) increased by 6% or ₱88.2 million**

Other charges - net, which consists of finance cost, finance income and other income (expenses) amounted to ₱1.7 billion, 6% lower from year-ago levels. The reduction is due mainly to the recognition of gain on loan modification amounting to ₱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 36% or ₱95.4 million**

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 ₱19 million**

Consolidated net loss amounted to ₱893 million compared to consolidated net loss of ₱875 million in 2020. Marginal improvement is related to improvement in construction operations which posted a profit of ₱401 million compared with last year's loss of ₱497 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 ₱ thousands	December 31		Horizontal Analysis		Vertical Analysis	
	2021	2020	Amount	%	2021 %	2020 %
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	5,846,088	7,226,150	(1,380,062)	-19%	7%	9%
Trade and other receivables – net	16,970,555	15,299,050	1,671,505	11%	20%	19%
Construction materials	2,045,159	1,719,043	326,116	19%	2%	2%
Contract assets	4,777,705	4,231,600	546,105	13%	6%	5%
Other current assets	10,132,960	7,956,744	2,176,216	27%	12%	10%
<b>Total Current Assets</b>	<b>39,772,467</b>	<b>36,432,587</b>	<b>3,339,880</b>	<b>9%</b>	<b>47%</b>	<b>45%</b>
<b>NON-CURRENT ASSETS</b>						
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%	0%	0%
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	2,350,475	2,421,845	(71,370)	-3%	3%	3%
<b>Total Non-current Assets</b>	<b>45,404,161</b>	<b>44,911,182</b>	<b>492,979</b>	<b>1%</b>	<b>53%</b>	<b>55%</b>
<b>TOTAL ASSETS</b>	<b>85,176,628</b>	<b>81,343,769</b>	<b>3,832,859</b>	<b>5%</b>	<b>100%</b>	<b>100%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Interest-bearing loans and borrowings	14,780,086	13,130,458	1,649,628	13%	17%	16%
Trade and other payables	8,616,715	8,291,951	324,764	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%
<b>Total Current Liabilities</b>	<b>27,365,849</b>	<b>23,755,843</b>	<b>3,610,006</b>	<b>15%</b>	<b>32%</b>	<b>29%</b>
<b>NON-CURRENT LIABILITIES</b>						
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%
<b>Total Non-current Liabilities</b>	<b>38,609,871</b>	<b>37,065,458</b>	<b>1,544,413</b>	<b>4%</b>	<b>45%</b>	<b>46%</b>
<b>Total Liabilities</b>	<b>65,975,720</b>	<b>60,821,301</b>	<b>5,154,419</b>	<b>8%</b>	<b>77%</b>	<b>75%</b>
<b>EQUITY</b>						
Equity attributable to shareholders of the Parent						
Capital stock	2,528,052	2,846,427	(318,375)	-11%	3%	3%
Additional paid-in capital	16,987,856	12,697,712	4,290,144	34%	20%	16%
Treasury shares	(8,615,691)	(4,615,691)	(4,000,000)	87%	-10%	-6%
Revaluation reserves – net	71,537	(31,426)	102,963	-328%	0%	0%
Retained earnings	5,555,677	6,404,292	(848,615)	-13%	7%	8%
<b>Total equity attributable to shareholders of the Parent Company</b>	<b>16,527,431</b>	<b>17,301,314</b>	<b>(773,883)</b>	<b>-4%</b>	<b>19%</b>	<b>21%</b>
Non-controlling interests	2,673,476	3,221,154	(547,678)	-17%	3%	4%
<b>Total Equity</b>	<b>19,200,908</b>	<b>20,522,468</b>	<b>(1,321,560)</b>	<b>-6%</b>	<b>23%</b>	<b>25%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>85,176,628</b>	<b>81,343,769</b>	<b>3,832,859</b>	<b>5%</b>	<b>100%</b>	<b>100%</b>

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

### ASSETS

**Current Assets increased by 9% or by ₱3.4 billion**

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

**Cash and Cash Equivalents decreased by 19% or ₱1.4 billion**

The decrease in cash and cash equivalents was due to payment of ₱2.6 billion finance cost, ₱595 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 ₱1.7 billion**

The increase in contract receivables by ₱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 ₱444 million while retention receivable increased by ₱76 million. Receivable from airport operations increased by ₱129 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 ₱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 ₱326.1 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 ₱546.1 million**

The increase in contract assets was 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 ₱2.2 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 ₱163 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 ₱493.0 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 ₱67.7 million**

The decrease was 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 ₱575.1 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 ₱50 million.

**Property, Plant and Equipment decreased by 1% or by ₱73.0 million**

The Group recognized depreciation charges on property, plant and equipment amounting to ₱1.5 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 ₱115.0 million**

The increase was mainly related to the additions in the landport property amounting to ₱230 million representing additional improvements in the commercial and parking area. This was reduced by depreciation charges for the period amounting to ₱86 million.

***Deferred tax assets increased by 156% or ₱15.0 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 ₱71.4 million***

The decrease in Other Non-Current Assets was mainly due to decrease of ₱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 ₱107 million as well as higher refundable deposits under MWM amounting to ₱51 million.

**LIABILITIES AND EQUITY**

***Current Liabilities increased by 15% or ₱3.6 billion***

The following discussion provides a detailed analysis of the decrease in current liabilities:

***Interest-Bearing Loans and Borrowings-Current increased by 13% or ₱1.7 billion***

The increase was 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 ₱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 ₱324.8 million***

The increase was mainly due to the additional infusion of the minority shareholder to the airport operations to comply with the restated OLSA amounting to ₱308 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 ₱1.6 billion***

The increase was mainly related to reclassification from noncurrent portion as accomplishments is 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 ₱47.7 million***

The increase was due to the increase in tax liabilities of the Group such as withholding taxes and output VAT.

***Non-Current Liabilities increased by 4% or ₱1.5 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 ₱1.9 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 ₱2.1 billion. Meanwhile, current portion of finance lease payables amounting to ₱91 million were reclassified to current loans based on scheduled payments within one year horizon.

***Contract liabilities – non current decreased by 17% or ₱422.5 million***

The increase was 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 ₱43.3 million***

The post-employment defined benefit obligation decreased due to experience adjustments and changes in demographic assumptions.

***Deferred tax liabilities increased by 9% or by ₱70.7 million***

The decrease in deferred tax liabilities was mainly due to construction segment which had a net deferred tax asset position of ₱10 million at the end of the year compared to last year deferred tax liability position amounting to ₱26 million. Other decrease is arising from the adjustment of tax rate from 30% to 25%.

***Other non-current liabilities increased by 1% or ₱8.0 million***

The increase was 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 ₱773.9 million***

The decrease in equity was mainly due to dividend payments of ₱506 million to preferred stock shareholders and ₱342 million net loss attributable to Parent for the year.

## MATERIAL EVENTS AND UNCERTAINTIES

There are no other material changes in Megawide's financial position by five percent (5%) or more and no condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change the reported financial information and condition of Megawide.

Other than the impact of COVID-19 on the business which is disclosed in the consolidated audited 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 a capital commitment to utilize the proceeds from the issuance of its preferred shares amounting to One Billion Four Hundred Twenty-Seven Million Seven Hundred Eighty-Nine Thousand Two Hundred Thirty-Eight Pesos (₱1,427,789,238.36) for various PPP projects and capacity expansion. 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.

## LIQUIDITY AND CAPITAL RESOURCES

As regards internal and external sources of liquidity, the Company's funding is sourced from internally generated cash flows, and 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.

### Cash Flows

The following table sets forth information from Megawide's statements of cash flows for the period indicated:

(Amounts in ₱ Millions)	For the years ended December 31		
	2023	2022	2021
Cash Flow			
Net cash provided by operating activities	(1,863)	(2,907)	1,356
Net cash used in investing activities	(5,873)	5,128	(1,837)
Net cash provided by financing activities	(3,287)	7,946	(887)

### Key Performance Indicators (KPIs)

Megawide's KPIs are as follows:

Amounts in ₱ Billion, except Ratios and Earnings per Share	2023	2022	2021
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Construction Order Backlog	<b>₱43.07</b>	<b>₱50.85</b>	<b>₱60.01</b>
Current Ratio <sup>2</sup>	<b>1.29</b>	2.25	1.45
Net Debt to Equity Ratio <sup>3</sup>	<b>1.52</b>	0.61	2.27
Book Value Per Share <sup>4</sup>	<b>3.32</b>	5.67	2.13
Earnings per Share <sup>5</sup>	<b>(0.06)</b>	1.54	(0.42)
Return on Assets <sup>6</sup>	<b>0.00</b>	0.04	(0.01)
Return on Equity <sup>7</sup>	<b>0.01</b>	0.10	(0.04)
Gross Profit Margin <sup>8</sup>	<b>0.12</b>	0.13	0.17

The KPIs were chosen to provide management with a measure of Megawide’s sustainability on revenue growth (Construction Orders Backlog) financial strength (Current Ratio and Debt to Equity Ratio), and profitability (Earnings per Share, Return on Assets, Return on Equity, Gross Profit Margin).

Construction Orders Backlog corresponds to the value of any unfinished project phases. This provides a basis for near-term future sources of production and revenues for Megawide. Construction Order Backlog tends to increase when booked construction contracts or orders increase. A larger Construction Order Backlog is indicative of higher profits in the future.

The Parent Company is required to maintain a maximum Debt to Equity (DE) ratio of 2.33 and minimum Debt Service Cover Ratio (DSCR) of 1.10. The Parent Company has been compliant to these ratios in the last three fiscal years. In 2023, the Parent Company’s DE ratio was 1.61 (2022: 1.25, 2021: 1.59) and DSCR was 1.35 (2022 1.51, 2021 3.14).

#### Risk Management Objectives and Policies

Megawide is exposed to a variety of financial risks in relation to its financial instruments. Its risk management is coordinated with the Board of Directors and focuses on actively securing Megawide’s short-to-medium term cash flows by minimizing the exposure to financial markets.

Megawide does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which it is exposed to are market risk, credit risk and liquidity risk. The detailed discussion of the impact of these risks are discussed in the consolidated audited financial statements.

The Company considers the following as its top five Key Performance Indicators:

Key Performance Indicator	Analysis as of December 31, 2023
Current Ratio	Lower on account of reclassification of Exchangeable Bonds to current in 2023
Net Debt-to-Equity	Higher due to timing difference in the level of cash in 2022 due to closure of AIC deal in December 16, 2022.
Earnings Per Share	Lower in 2023 due to one time gain in 2022 on account of AIC deal.
Return on Equity	Lower in 2023 due to one time gain in 2022 on account of AIC deal.
Gross Profit Margin	Lower on account of management strategy to focus on big ticket projects with lower % margin but higher return in terms of absolute amount.  Lower occupancy in Landport also contributed in the lower margin in 2023.

<sup>2</sup> Current Assets/Current Liabilities

<sup>3</sup> Interest bearing loans and borrowings less cash and cash equivalents and financial assets valued through profit or loss/Total Equity

<sup>4</sup> Total Equity/Issued and Outstanding Shares

<sup>5</sup> Net Profit/Issued and Outstanding Shares

<sup>6</sup> Net Profit/Average Assets

<sup>7</sup> Net Profit/Average Equity

<sup>8</sup> Gross Profit/Revenue

## DIRECTORS, EXECUTIVE OFFICERS AND KEY PERSONS

### Directors and Executive Officers

As of May 31 2024, Megawide is governed by a Board of six (6) directors, composed of the following:

1. Mr. Edgar B. Saavedra, *Chairman of the Board, CEO, and President*;
2. Mr. Manuel Louie B. Ferrer, *Vice-Chairman of the Board, Executive Director for Infrastructure Development*;
3. Mr. Oliver Y. Tan, *Director*;
4. Mr. Ramon H. Diaz, *Director*;
5. Former Chief Justice Hilario G. Davide, Jr., *Independent Director*; and
6. Mr. Celso P. Vivas, *Independent Director*.

Moreover, Megawide's management team is also headed by Mr. Edgar B. Saavedra, a licensed civil engineer, who has been practicing for over twenty (20) years.

The 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 or, in case the same falls on a legal holiday, on the day following.

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 1 voting share of Megawide.

Pursuant to SEC Memorandum Circular (M.C.) No. 19, Series of 2016, the Company adopted its New Manual on Corporate Governance (Manual). In accordance with Section VI (5) (b) of the Manual, the Board shall have at least three (3) independent directors, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher. At present, two (2) members of the Board are independent directors. Nonetheless, the Amended By-Laws of Megawide provides that Megawide is required to only have at least two (2) independent directors or at least 20% of its board size, whichever is lesser, but in no case less than two (2).

### **Board of Directors**

The following provides the information on each Member of Megawide's Board of Directors, as of May 31, 2024, including their current directorships and positions in other companies, previous business experience, and educational background:

i. **MR. EDGAR B. SAAVEDRA**

Age: 49

Citizenship: Filipino

Positions in Megawide: *Chairman of the Board, CEO, and President*

Term of Office: Yearly

Director since 28 July 2004

#### Current Directorships and Positions Held in Other Companies

Mr. Saavedra is currently the Chairman and President of Citicore Holdings Investment Inc. and Megawide Land, Inc. He is also the Chairman of Altria East Land Inc., MWM Terminals, Inc., Cebu2World Development, Inc., Citicore Power Inc., Citicore Energy REIT Corp., Citicore-Megawide Consortium, Inc., and Citicore Renewable Energy Corporation. He also serves as Director of GMR Megawide Cebu Airport Corporation. In addition, he serves as the Chairman of PH1 World Developers, Inc. Further, he is a Trustee 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: 48

Citizenship: Filipino

Positions in Megawide: *Vice-Chairman of the Board and Executive Director for Infrastructure Development*

Term of Office: Yearly

Director since 17 September 2017

Current Directorships and Positions Held in Other Companies

Mr. Ferrer is the Chairman of the Board of Trustees of Megawide Corporate Foundation, Inc. Also, he serves as a Director and the President of Altria East Land Inc. and Megawide Terminals, Inc. He is also a Director of GMR Megawide Cebu Airport Corporation, Cebu2World Development, Inc., Citicore Holdings Investment Inc., MWM Terminals, Inc., Citicore Energy REIT Corp., and Megawide Land, Inc. He also serves as a Director and 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: 46

Citizenship: Filipino

Position in Megawide: *Director*

Term of Office: Yearly

Director since 16 September 2016

Current Directorships and Positions Held in Other Companies

Mr. Tan serves as Director and President of Citicore Power Inc., Citicore Energy REIT Corp., Citicore Renewable Energy Corporation, and Citicore-Megawide Consortium, Inc. Further, he is a Director and the Vice President of Citicore Holdings Investment Inc. He also serves as Director and Treasurer of Megawide Land, 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: 65

Citizenship: Filipino

Positions in Megawide: *Director*

Term of Office: Yearly

Director since 29 June 2024

Current Directorships and Positions Held in Other Companies

Mr. Diaz is a Director of Altria East Land Inc., Citicore Holdings Investment Inc., Citicore Power Inc., MWM Terminals, Inc. Megawide One Mobility Corporation (formerly "Citicore Infrastructure Holdings, Inc."), Citicore-Megawide Consortium, Inc., and Citicore Renewable Energy Corporation. Also, he serves as Director and Treasurer of 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.

*\* Retired as Group Chief Financial Officer on January 16, 2024*

v. **RET. CHIEF JUSTICE HILARIO G. DAVIDE, JR.**

Age: 88

Citizenship: Filipino

Positions in Megawide: *Independent Director*

Term of Office: Yearly

Independent Director since 16 September 2016

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 Chairman of KOMPASS Credit and Financing Corporation. Further, he serves as 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 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. Before serving as Chief Justice, he was appointed as Chairman of the Commission on Elections (COMELEC) and Chairman of the Presidential Fact-Finding Commission tasked to investigate various coup attempts against the government. 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 March 2010. He was an educator, legislator, and presidential adviser before his appointment as the country's top diplomat to the UN. Further, he was a Delegate to the 1971 Constitutional Convention. He was likewise a 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: 77

Citizenship: Filipino

Position in Megawide: *Independent Director*

Term of Office: Yearly

Independent Director since 2 July 2018

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. Mr. Vivas is also the 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).

***Executive Officers Who Are Not Directors***

The following provides the information on the officers of Megawide, as of May 31, 2024, including their current positions in other companies, previous business experience, and educational background:

i. **MR. JEZ G. DELA CRUZ\***

Age: 39

Citizenship: Filipino

Positions in the Company: *Group Chief Financial Officer*

Term of Office: Yearly

Current Positions Held in Other Companies

Mr. Dela Cruz is a Director and Treasurer of Citicore Energy REIT Corporation. He is likewise a Director of Citicore Power Inc. and GMR-Megawide Cebu Airport Corporation.

Previous Business Experience and Educational Background

Mr. Dela Cruz was an Assistant Vice President and Head of Corporate Finance and Planning of Megawide before his role as Group Chief Financial Officer. Prior to joining Megawide, he spent his career as a banker for BPI Capital Corporation as well as Citibank N.A. Corporate and Investment Banking Group, and former Financial Planning Manager for San Miguel Beer's international business. Mr. Dela Cruz carries an MBA degree from the Asian Institute of Management and is a Certified Management Accountant (CMA). He holds undergraduate degree from St Francis College.

*\* Appointed on January 16, 2024*

ii. **MR. RAYMUND JAY S. GOMEZ**

Age: 52

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. Altria East Land Inc., Megawide Terminals, Inc, Cebu2World Development, Inc., Megawide OneMobility Corporation, Citicore-Megawide Consortium, Inc. and Megawide Land, Inc. He also serves as the 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.

iii. **MS. MARIA BELINDA B. MORALES**

Age: 65

Citizenship: Filipino

Positions in the Company: *Chief Human Resources Officer*

Term of Office: Yearly

Current Positions Held in Other Companies

Ms. Morales serves as Director of MWM Terminals, Inc., Megawide OneMobility Corporation, 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.

iv. **MR. CHRISTOPHER A. NADAYAG**

Age: 40

Citizenship: Filipino

Positions in the Company: *Treasurer*

Term of Office: Yearly

Current Positions Held in Other Companies

Mr. Nadayag is also the Treasurer of Megawide OneMobility Corporation, PH1 World Developers, Inc., MWM Terminals, Inc., and Citicore Holdings Investment Inc. He also serves as Director and Treasurer of Citicore-Megawide Consortium, Inc. and Altria East Land, 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.

v. **MS. ZHEENA A. OCAMPO**

Age: 31

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.

vi. **MR. MARTIN MIGUEL FLORES**

Age: 40

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: 50

Citizenship: Filipino

Positions in the Company: *Chief Investor Relations Officer*

Term of Office: Yearly

Current Positions Held in Other Companies

Ms. Cosico is the Chief Investor Relations and Corporate Communications Officer of Citicore Renewable Energy Corporation. She also serves as Director of Cebu2World Development Inc. and Megawide OneMobility Corporation. She is a Director and President of Citicore Property Managers, Inc. She acts as Director and Treasurer of Citicore Fund 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.

*\* Tenure ended on May 2, 2024*

viii. **MR. ROLANDO S. BONDOY\***

Age: 53

Citizenship: Filipino

Positions in the Company: Head of Investor Relations

Term of Office: Yearly

Current Positions Held in Other Companies

Mr. Bondoy does not hold any position in other companies.

Previous Business Experience and Educational Background

Mr. Bondoy, prior to his appointment, held the position of Assistant Vice President of Investor Relations of Megawide.

He also previously worked as Head of the Investor Relations and Corporate Governance Division at Philex Mining Corp., Investor Relations Manager at Ayala Land, Inc., and an Investor Relations Officer at PXP Energy Corp.

*\* Appointed as Head of Investor Relations on May 2, 2024*

ix. **ATTY. TEODULO ANTONIO G. SAN JUAN, JR.\***

Age: 56

Citizenship: Filipino

Positions in the Company: *Corporate Secretary, Assistant Compliance Officer, Corporate Information Officer*

Term of Office: Yearly

Current Positions Held in Other Companies

Mr. San Juan is currently a Partner at Gulapa & Lim. He is a faculty member of the University of the Philippines College of Law where he is a Senior Lecturer and the De La Salle University Tanada-Diokno College of Law where he is an Instructor. Mr. San Juan currently serves as a Legal Consultant to the Secretary of Energy and Independent Director of VFund Management, Inc. Mr. San Juan also currently serves as the Corporate Secretary of Altria East Land Inc., Cebu2World Development, Inc., Citicore-Megawide Consortium, Inc., Megawide Corporate Foundation, Inc., Megawide Land, Inc., MWM Terminals, Inc., and Wide-Horizons Inc.

Previous Business Experience and Educational Background

Mr. San Juan joined Megawide in 2023. He was Legal Counsel to the Secretary of Energy, from 2022 to 2023. Mr. San Juan was admitted to the Philippine Bar in 1997 (Ranked 7<sup>th</sup>).

*\*Appointed on July 12, 2023*

x. **ATTY. MARIA ISABELLE J. POBLETE\***

Age: 31

Citizenship: Filipino

Positions in the Company: *Assistant Corporate Secretary*

Term of Office: Yearly

Current Positions Held in Other Companies

Atty. Albaña is a Senior Associate at Gulapa & Lim.

Previous Business Experience and Educational Background

Atty. Poblete joined Megawide as Assistant Corporate Secretary in January 16, 2024. She obtained her Bachelor of Laws degree from Ateneo de Manila University in 2019, where she ranked 3<sup>rd</sup> and an awardee of a Deans Medal for Best Thesis. She was admitted to the Philippine Bar in 2020.

*\*Appointed on January 16, 2024, effective January 16, 2024*

Attendance of Directors to Board and Committee Meetings

The tables below set forth the attendance of Megawide’s Directors to Board and Board Committee meetings held from January 01, 2023 to December 31, 2023:

**Board Meetings**

The Board held five (5) regular meetings and sixteen (16) special meetings, with the following attendance record:

<b>Name</b>	<b>Position</b>	<b>No. of Meetings</b>	<b>No. of Meetings Attended</b>
Edgar B. Saavedra	<i>Chairman of the Board, CEO, and President</i>	21	21
Manuel Louie B. Ferrer	<i>Vice-Chairman of the Board and Executive, Director, Infrastructure Development</i>	21	21
Oliver Y. Tan	<i>Director</i>	21	21
Ramon H. Diaz	<i>Executive Director and Group Chief Financial Officer</i>	21	21
Hilario G. Davide, Jr.	<i>Independent Director</i>	21	21
Celso P. Vivas	<i>Independent Director</i>	21	21
Lilia B. De Lima*	<i>Independent Director</i>	9	9

\*Tenure ended May 12, 2023

**Finance Committee Meetings**

The Finance Committee held one (1) regular meeting with the following attendance record:

<b>Name</b>	<b>Position</b>	<b>No. of Meetings</b>	<b>No. of Meetings Attended</b>
Ramon H. Diaz	<i>Chairman</i>	1	1
Oliver Y. Tan	<i>Vice-Chairman</i>	1	1
Hilario G. Davide, Jr.	<i>Member</i>	1	1
Celso P. Vivas	<i>Member</i>	1	1
Lilia B. De Lima*	<i>Member</i>	1	1

\*Tenure ended May 12, 2023

**Audit and Compliance Committee Meetings**

The Audit and Compliance Committee held five (5) regular meetings with the following attendance record:

<b>Name</b>	<b>Position</b>	<b>No. of Meetings</b>	<b>No. of Meetings Attended</b>
Celso P. Vivas	<i>Chairman</i>	5	5
Hilario G. Davide, Jr.	<i>Vice-Chairman</i>	5	5
Oliver Y. Tan	<i>Member</i>	5	5

**Executive Committee Meetings**

The Executive Committee held one (1) regular meeting with the following attendance record:

<b>Name</b>	<b>Position</b>	<b>No. of Meetings</b>	<b>No. of Meetings Attended</b>
Edgar B. Saavedra	<i>Chairman</i>	1	1
Manuel Louie B. Ferrer	<i>Vice-Chairman</i>	1	1
Oliver Y. Tan	<i>Member</i>	1	1

Ramon H. Diaz	Member	1	1
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Significant Employees

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 of its performance.

Family Relationships

None of the directors are related to each other.

Involvement in Certain Legal Proceedings

In the past five (5) years until the present, 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.

Executive Compensation

**SUMMARY COMPENSATION TABLE**  
**Annual Compensation**  
**(In Php Millions)**

Name and Position	Fiscal Year	Annual Salary	Bonus	Other Compensation
<b>Edgar B. Saavedra</b> Chairman, CEO, and President				
<b>Manuel Louie B. Ferrer</b> Chief Corporate Affairs and Branding Officer				
<b>Maria Belinda Morales</b>				

Chief Human Resources Officer  <b>Ramon Diaz</b> Chief Financial Officer  <b>Jaime Raphael Feliciano</b> Chief Business Development Officer				
CEO & Aggregate compensation paid to all other officers and directors as a group unnamed	2023	212.47	-	8.58
	2022	200.05	23.61	8.34
	2021	177.63	20.49	7.24

## **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 ten percent (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 Twenty Thousand Pesos (₱20,000.00) Director's per diem, per Board meeting, and a Thirty Thousand Pesos (₱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 Forty-Four Thousand Pesos (₱44,000.00) for Executive Directors, Sixty-Two Thousand Pesos (₱62,000.00) for Non-Executive Directors, and Fifty-Eight Thousand Pesos (₱58,000.00) for Independent Directors. The total per diem paid to Directors for the year ending December 31, 2023 was Three Million One Hundred Fifty Six Thousand (₱3,156,000.00).

### 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. The Company further adopted an Employee Stock Ownership Plan for its employees, which will serve as a performance incentive initiative under the Company's performance management system where shares of the Company may be awarded to eligible and qualified Company employees. For this purpose, the Company approved the allotment of up to 10,000,000 shares of stock for the implementation of the Employee Stock Ownership Plan.

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 one (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

As of April 30, 2024 there are **Two Billion Three Hundred Ninety-nine Million Four Hundred Twenty-six Thousand and One Hundred Twenty-seven (2,399,426,127)** common shares registered in the names of the following:

	Stockholder	Number of Common Shares Held	Percentage of Total Shares
1.	PCD Nominee Corporation (Filipino)	1,607,398,631	66.99%
2.	Citicore Holdings Investment, Inc.	712,925,501	29.71%
3.	PCD Nominee Corporation (Non-Filipino)	31,337,207	1.31%
4.	Suyen Corporation	22,900,000	0.95%
5.	Aeternum Holdings, Inc.	21,389,904	0.89%
6.	Ellie Chan	1,666,901	0.07%
7.	Carousel Holdings, Inc.	500,000	0.02%
8.	Carousel Holdings, Inc.	500,000	0.02%
9.	Marmon Holdings, Inc.	300,000	0.01%
10.	John I. Bautista, Jr.	159,799	0.01%
11.	Ayush Singhvi	147,400	0.01%
12.	Regina Capital Dev. Corp. 000351	34,754	Nil
13.	Jharna Chandnani	23,000	Nil
14.	Pacifico Silla &/or Marie Paz Silla &/or Nathaniel Silla	20,000	Nil
15.	Juan Miguel B. Salcedo	16,177	Nil
16.	Jose Emmanuel B. Salcedo	16,177	Nil
17.	NSJS Realty & Development Corporation	16,000	Nil
18.	Grace Q. Bay	15,243	Nil
19.	Camille Patricia Dominique T. Ang	14,547	Nil
20.	Pacifico Silla &/or Marie Paz Silla Sagum &/or Nathaniel Silla	9,456	Nil
21.	Pacifico C. Silla &/or Catherine M. Silla &/or Alexander M. Silla	9,456	Nil
22.	Myra P. Villanueva	8,900	Nil
23.	Joyce M. Briones	7,868	Nil
24.	Megawide Construction Corporation	5,928	Nil
25.	Frederick E. Ferraris &/or Ester E. Ferraris	5,674	Nil
26.	Jennifer T. Ramos	2,000	Nil
27.	Demetrio D. Mateo	500	Nil
28.	Julius Victor Emmanuel D. Sanvictores	379	Nil
29.	Guillermo F. Gili, Jr.	246	Nil
30.	Florentino A. Tuason, Jr.	246	Nil
31.	Hector A. Sanvictores	190	Nil
32.	Owen Nathaniel S. AU ITF: Li Marcus Au	38	Nil
33.	Edgar B. Saavedra	1	Nil
34.	Hilario Gelbolingo Davide, Jr.	1	Nil
35.	Joselito T. Bautista	1	Nil
36.	Lilia B. De Lima	1	Nil
37.	Michael C. Cosiquien	1	Nil
	<b>Total Outstanding Common Shares</b>	<b>2,399,426,127</b>	<b>100.00%</b>
	<b>Shares Owned by Foreigners</b>	<b>31,830,045</b>	<b>1.59%</b>

Owners of record of more than five percent (5%) of Megawide’s shares of stock as of April 30, 2024, 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	<b>Citicore Holdings Investment Inc.</b> – Stockholder No. 20 N. Domingo Street, Barangay Valencia, Quezon City	Edgar B. Saavedra Mr. Saavedra is the majority stockholder of Citicore	Filipino	712,925,501	29.71%
Common	<b>PCD Nominee Corporation (Filipino)</b> – Stockholder 37/F Tower I, The Enterprise Center, 6766 Ayala Avenue, corner Paseo de Roxas	Publicly Held Shares	Filipino	1,607,398,631	66.99%
Common	<b>PCD Nominee Corporation (Non-Filipino)</b> – Stockholder 37/F Tower I, The Enterprise Center, 6766 Ayala Avenue, corner Paseo de Roxas	Publicly Held Shares	Non-Filipino	31,331,207	01.32%

The following table sets forth the participants under the PCD account who owns more than five percent (5%) of the voting securities of Megawide as of April 30, 2024

Name	Number of Shares Held	Percent (%)
Megacore Holdings, Inc.	617,709,197	30.6%
BDO Securities Corporation	663,448,203	32.9%
CLSA Philippines, Inc.	382,920,604	19.0%

#### Security Ownership of Management

The following table sets forth the security ownership of Megawide’s Directors and officers as of April 30, 2024:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Owner	Citizenship	Percentage
Common	Edgar B. Saavedra <i>Chairman of the Board, CEO, and President</i>	1 (Direct) 2 (Indirect)	Filipino	Nil
Common	Manuel Louie B. Ferrer <i>Vice-Chairman of the Board, Executive Director for Infrastructure Development</i>	1 (Indirect)	Filipino	Nil
Common	Oliver Y. Tan <i>Director</i>	18,767,852 (Indirect)	Filipino	0.94%

Common	Ramon H. Diaz <i>Director</i>	350,000 (Indirect)	Filipino	0.01%
Common	Hilario G. Davide, Jr. <i>Independent Director</i>	1 (Direct)	Filipino	Nil
Common	Celso P. Vivas <i>Independent Director</i>	1 (Indirect)	Filipino	Nil
Common	Christopher A. Nadayag <i>Treasurer</i>	49 (Indirect)	Filipino	Nil
Common	Raymund Jay S. Gomez <i>Chief Legal Officer, Compliance Officer, and Data Protection Officer</i>	0	Filipino	Nil
Common	Maria Belinda Morales <i>Chief Human Resources Officer</i>	35,000 (Indirect)	Filipino	Nil
Common	Zheena E. Ocampo <i>Acting Chief Audit Executive</i>	7,500 (Indirect)	Filipino	Nil
Common	Martin Miguel Flores <i>Chief Risk Officer</i>	4,400 (Indirect)	Filipino	Nil
Common	Rolando S. Bondoy <i>Head of Investor Relations</i>	0	Filipino	Nil
Common	Teodulo Antonio G. San Juan, Jr. <i>External (Gulapa Law)</i>	[*]	Filipino	[*]
Common	Maria Isabelle J. Poblete <i>External (Gulapa Law)</i>	[*]	Filipino	[*]
Aggregate Shareholdings of Directors and Officers as a Group		<b>19,164,807</b>		0.95%

#### **Voting Trust Holders of Five Percent (5%) or More**

There is no voting trust arrangement executed among the holders of five percent (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.

## Preferred Shareholders

### Series 2A Preferred Shares

As of April 30, 2024, there are approximately 3 holders of the Company's Series 2A Preferred Shares, to wit:

	<b>Title of Class</b>	<b>Stockholder</b>	<b>Number of Preferred Shares Held</b>	<b>Percentage of Total Shares</b>
1	Preferred	PCD NOMINEE CORPORATION (Filipino)	25,790,240	98.36%
2	Preferred	PCD NOMINEE CORPORATION (Non-Filipino)	419,890	1.60%
3	Preferred	G.D TAN & CO., INC.	10,000	0.04%

### Series 2B Preferred Shares

As of April 30, 2024, there are approximately 5 holders of the Company's Series 2B Preferred Shares, to wit:

	<b>Title of Class</b>	<b>Stockholder</b>	<b>Number of Preferred Shares Held</b>	<b>Percentage of Total Shares</b>
1	Preferred	PCD NOMINEE CORPORATION (FILIPINO)	16,880,530	96.98%
2	Preferred	PCD NOMINEE CORPORATION (NON-FILIPINO)	475,350	2.73%
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 April 30, 2024, there is 1 holder of the Company's Series 3 Preferred Shares, to wit:

	<b>Title of Class</b>	<b>Stockholder</b>	<b>Number of Preferred Shares Held</b>	<b>Percentage of Total Shares</b>
1	Preferred	CIT HOLDINGS INVESTMENT INC.	29,000,000	100.00%

### Series 4 Preferred Shares

As of April 30, 2024, there are approximately 5 holders of the Company's Series 4 Preferred Shares, to wit

	<b>Title of Class</b>	<b>Stockholder</b>	<b>Number of Preferred Shares Held</b>	<b>Percentage of Total Shares</b>
1	Preferred	PCD NOMINEE CORPORATION (FILIPINO)	39,326,010	98.31%
2	Preferred	PCD NOMINEE CORPORATION (NON-FILIPINO)	673,290	1.68%
3	Preferred	VILLANUEVA, MILAGROS P.		0.0%

			500	
4	Preferred	CABREZA, MARIETTA V.	100	0.0%
5	Preferred	CABREZA, JUAN CARLOS V.	100	0.0%

**Series 5 Preferred Shares**

As of April 30, 2024 there are approximately two (2) holders of the Company's Series 5 Preferred Shares, to wit

	<b>Title of Class</b>	<b>Stockholder</b>	<b>Number of Preferred Shares Held</b>	<b>Percentage of Total Shares</b>
1	Preferred	PCD NOMINEE CORPORATION (FILIPINO)	14,665,340	97.77%
2	Preferred	PCD NOMINEE CORPORATION (NON-FILIPINO)	334,660	2.23%

## 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 ₱869.1 million, ₱1.8 billion, and ₱735.2 million in 2023, 2022, and 2021, respectively, 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.

The Parent Company's retirement plan is in the form of a bank-trustee managed account. The fair value of the retirement plan totalled P4.9 million and P4.7 million as of December 31, 2023 and 2022, respectively.

In 2021, the Parent Company provided certain project management and consultancy services to a related party under common ownership amounting to P103.3 million. The amount is outstanding as of December 31, 2022 and is presented as part of other receivables. There were no similar transactions in 2023.

The summary of Megawide's transactions with related parties are as follows:

For the year ended December 31, 2023

Related Party Category	Amount of Transaction	Receivable (Payable)	Terms	Conditions
<b>Ultimate Parent:</b>				
Cash granted	-	3,089,095,108	Interest-bearing	Unsecured, Unimpaired
Interest receivable	255,750,000	1,213,998,661	On demand; non-interest bearing	Unsecured, Unimpaired
Rent Income	44,643	255,848	Normal credit terms	Unsecured, Unimpaired
Cash obtained	90,233,593	(90,233,593)	On demand; non-interest bearing	Unsecured, Unimpaired
<b>Associate:</b>				
Revenue from services	-	997,247,698	Normal credit terms	Unsecured, Unimpaired
Cash granted	212,624	9,392,420	On demand; non-interest bearing	Unsecured, Unimpaired
Cash obtained	-	(30,000,000)	On demand; non-interest bearing	Unsecured, Unimpaired
Rent income	44,643	388,572	Normal credit terms	Unsecured, Unimpaired
<b>Joint Arrangement:</b>				
Revenue from services	854,651,398	22,486,709	Normal credit terms	Unsecured, Unimpaired
Cash granted	614,391	901,012	On demand; non-interest bearing	Unsecured, Unimpaired
Cash obtained	(19,325,804)	-	On demand; non-interest bearing	Unsecured, Unimpaired
<b>Shareholder:</b>				
Revenue from services	17,857	682,513,352	Normal credit terms	Unsecured, Unimpaired
Cash granted	(148,118)	889,795	On demand; non-interest bearing	Unsecured, Unimpaired
<b>Common Ownership:</b>				
Rent income	5,896,866	35,090,074	Normal credit terms	Unsecured, Unimpaired
Revenue from services	14,433,489	71,654,288	Normal credit terms	Unsecured, Unimpaired
Cash granted	66,237,143	3,341,964,252	On demand; Interest-bearing and non-interest bearing	Unsecured, Unimpaired
Cash obtained	22,682,615	(24,403,632)	On demand; non-interest bearing	Unsecured, Unimpaired
Interest receivable	395,850,367	1,210,731,028	On demand; non-interest bearing	Unsecured, Unimpaired

<b>Retirement fund</b>	270,674	4,947,691	Upon retirement of beneficiaries	Partially funded
<b>Advances to Officers and Employees</b>	(78,592)	98,512,779	Upon liquidation, noninterest-bearing	Unsecured, Unimpaired
<b>Key Management Compensation</b>	249,645,711	-	On demand	Unsecured, Unimpaired

For the year ended December 31, 2022:

<b>Related Party Category</b>	<b>Amount of Transaction</b>	<b>Receivable (Payable)</b>	<b>Terms</b>	<b>Conditions</b>
<b>Ultimate Parent:</b>				
Cash granted	(200,000)	3,089,095,108	Interest-bearing	Unsecured, Unimpaired
Interest receivable	220,500,000	958,248,661	On demand; non-interest bearing	Unsecured, Unimpaired
Rent Income	53,571	211,205	Normal credit terms	Unsecured, Unimpaired
<b>Associate:</b>				
Revenue from services	-	997,248,017	Normal credit terms	Unsecured, Unimpaired
Cash granted	(32,999,250)	9,179,796	On demand; non-interest bearing	Unsecured, Unimpaired
Cash obtained	10,000,000	(30,000,000)	On demand; non-interest bearing	Unsecured, Unimpaired
Rent income	57,321	343,929	Normal credit terms	Unsecured, Unimpaired
<b>Joint Arrangement:</b>				
Revenue from services	819,482,059	69,836,004	Normal credit terms	Unsecured, Unimpaired
Cash granted	(334,734)	286,620	On demand; non-interest bearing	Unsecured, Unimpaired
Cash obtained	19,325,804	(19,325,804)	On demand; non-interest bearing	Unsecured, Unimpaired
<b>Shareholder:</b>				
Revenue from services	254,814,248	613,013,120	Normal credit terms	Unsecured, Unimpaired
Cash granted	1,037,914	1,037,914	On demand; non-interest bearing	Unsecured, Unimpaired
<b>Common Ownership:</b>				
Rent income	10,719,541	29,193,207	Normal credit terms	Unsecured, Unimpaired
Revenue from services	728,155,948	932,421,309	Normal credit terms	Unsecured, Unimpaired
Cash granted	(11,055,137)	3,275,727,109	On demand; Interest-bearing and non-interest bearing	Unsecured, Unimpaired
Cash obtained	1,721,017	(1,721,017)	On demand; non-interest bearing	Unsecured, Unimpaired

Interest receivable	259,728,269	978,257,203	On demand; non-interest bearing	Unsecured, Unimpaired
<b>Retirement fund</b>	(14,715)	4,677,017	Upon retirement of beneficiaries	Partially funded
<b>Advances to Officers and Employees</b>	12,793,296	98,591,371	Upon liquidation, noninterest-bearing	Unsecured, Unimpaired
<b>Key Management Compensation</b>	302,992,110	-	On demand	Unsecured, Unimpaired

For the year ended December 31, 2021:

Related Party Category	Amount of Transaction	Receivable (Payable)	Terms	Conditions
<b>Ultimate Parent:</b>				
Cash granted	-	3,089,295,108	Interest-bearing	Unsecured, Unimpaired
Interest receivable	220,500,000	726,037,823	On demand; non-interest bearing	Unsecured, Unimpaired
<b>Associate:</b>				
Revenue from services	-	1,105,839,908	Normal credit terms	Unsecured, Unimpaired
Cash granted	(26,922)	42,179,046	On demand; non-interest bearing	Unsecured, Unimpaired
Cash obtained	-	(20,000,000)	On demand; non-interest bearing	Unsecured, Unimpaired
Rent income	53,571	228,607	Normal credit terms	Unsecured, Unimpaired
<b>Joint Arrangement:</b>				
Revenue from services	356,773,700	80,247,052	Normal credit terms	Unsecured, Unimpaired
Cash granted	(735,000)	621,355	On demand; non-interest bearing	Unsecured, Unimpaired
<b>Common Ownership:</b>				
Rent income	3,804,016	18,473,666	Normal credit terms	Unsecured, Unimpaired
Revenue from services	378,457,534	1,057,734,512	Normal credit terms	Unsecured, Unimpaired
Cash granted	8,950,004	3,286,782,246	On demand; Interest-bearing and non-interest bearing	Unsecured, Unimpaired
Interest receivable	220,500,000	726,037,823	On demand; non-interest bearing	Unsecured, Unimpaired
Management and consultancy	103,280,955	103,280,955	Normal credit terms	Unsecured, Unimpaired
<b>Retirement fund</b>	57,063	4,691,732	Upon retirement of beneficiaries	Partially funded
<b>Advances to Officers and Employees</b>	11,316,768	85,798,075	Upon liquidation, noninterest-bearing	Unsecured, Unimpaired

<b>Key Management Compensation</b>	286,309,661	-	On demand; non-interest bearing	Unsecured, Unimpaired

## CAPITALIZATION

The following table sets out the unaudited consolidated long-term debt and capitalization of Megawide as of 31 December 2023 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 ₱4 Billion Offer	Adjustments* Assuming ₱5 Billion Offer
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities – net of issuance costs</b>			
Interest-bearing loans and borrowings – current portion	21,043,828	-	21,043,828
Interest-bearing loans and borrowings – long term debt	9,558,176	3,938,761	13,496,937
<b>Total Interest-bearing loans and borrowings</b>	<b>30,602,004</b>	<b>3,938,761</b>	<b>34,540,765</b>
<b>EQUITY</b>			
Capital stock	2,545,302	-	2,545,302
Additional paid-in capital	18,460,790	-	18,460,790
Treasury shares	(11,237,704)	-	(11,237,704)
Revaluation reserves – net	175,787	-	175,787
Retained earnings	6,471,908	-	6,471,908
Non-Controlling Interests	516,691	-	516,691
<b>Total Equity</b>	<b>16,932,774</b>	<b>-</b>	<b>16,932,774</b>
<b>Total Capitalization***</b>	<b>47,534,778</b>	<b>3,940,801</b>	<b>51,473,539</b>

\* Reflects net proceeds of ₱3.94 billion assuming a total issue size of ₱4.0 billion of Bonds.

\*\* Reflects an additional ₱0.99 billion in net proceeds assuming the Oversubscription Option is fully exercised, bring the total issue size to ₱5.0 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 twenty percent (20%) of the prior year's income, subject to the Company's contractual obligations. Thereafter, on April 03, 2019, the Board adopted a revised dividend policy increasing the maximum allowable annual dividend declaration from twenty percent (20%) to not exceeding thirty percent (30%) of the prior year's net income, subject to the approval of the Board and the Company's 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 issue date of Series 2 Preferred Shares, 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 issue date of the Series 4 Preferred Shares, it had a fixed dividend of 5.30% per annum, which shall be payable quarterly as and if declared by the Board of Directors, in accordance with the terms and conditions of the Series 4 Preferred Shares.

On issue date of the Series 5 Preferred Shares, it had a fixed dividend of 7.9042% per annum, which shall be payable quarterly as and if declared by the Board of Directors, in accordance with the terms and conditions of the Series 5 Preferred Shares.

Only the approval of the Board. Meanwhile, stock dividend declarations require the approval of the Board and the shareholders representing at least two-third (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 four (4) years, Megawide has consistently declared and paid out cash dividends as follows:

<b>Date Approved</b>	<b>Record Date</b>	<b>Type</b>	<b>Amount</b>	<b>Date of Payment</b>
January 08, 2020	February 06, 2020	Series 1 Preferred Shares	₱70,250,000.00	March 03, 2020
May 08, 2020	May 25, 2020	Series 1 Preferred Shares	₱70,250,000.00	June 03, 2020
July 27, 2020	August 10, 2020	Series 1 Preferred Shares	₱70,250,000.00	September 03, 2020
October 05, 2020	November 06, 2020	Series 1 Preferred Shares	₱70,250,000.00	December 03, 2020
January 11, 2021	February 08, 2021	Series 1 Preferred Shares	₱70,250,000.00	March 03, 2021
January 18, 2021	February 03, 2021	Series 2A Preferred Shares	₱31,136,404.00	March 01, 2021
January 18, 2021	February 03, 2021	Series 2B Preferred Shares	₱25,020,953.00	March 01, 2021
April 08, 2021	May 18, 2021	Series 1 Preferred Shares	₱70,250,000.00	June 03, 2021
April 08, 2021	May 04, 2021	Series 2A Preferred Shares	₱31,136,404.00	May 27, 2021
April 08, 2021	May 04, 2021	Series 2B Preferred Shares	₱25,020,953.00	May 27, 2021
June 30, 2021	August 09, 2021	Series 1 Preferred Shares	₱70,250,000.00	September 03, 2021
June 30, 2021	August 05, 2021	Series 2A Preferred Shares	₱31,136,404.00	August 27, 2021
June 30, 2021	August 05, 2021	Series 2B Preferred Shares	₱25,020,953.00	August 27, 2021
October 19, 2021	November 09, 2021	Series 1 Preferred Shares	₱70,250,000.00	December 03, 2021
October 19, 2021	November 05, 2021	Series 2A Preferred Shares	₱31,136,404.00	November 29, 2021
October 19, 2021	November 05, 2021	Series 2B Preferred Shares	₱25,020,953.00	November 29, 2021

December 23, 2021	January 10, 2022	Series 4 Preferred Shares	₱53,000,000.00	January 31, 2022
January 18, 2022	February 4, 2022	Series 2A Preferred Shares	₱31,136,404.00	February 28, 2022
January 18, 2022	February 4, 2022	Series 2B Preferred Shares	₱25,020,953.00	February 28, 2022
March 22, 2022	April 6, 2022	Series 4 Preferred Shares	₱53,000,000.00	April 29, 2022
April 21, 2022	May 9, 2022	Series 2A Preferred Shares	₱31,136,404.00	May 27, 2022
April 21, 2022	May 9, 2022	Series 2B Preferred Shares	₱25,020,953.00	May 27, 2022
June 23, 2022	July 8, 2022	Series 4 Preferred Shares	₱53,000,000.00	July 29, 2022
July 22, 2022	August 8, 2022	Series 2A Preferred Shares	₱31,136,404.00	August 30, 2022
July 22, 2022	August 8, 2022	Series 2B Preferred Shares	₱25,020,953.00	August 30, 2022
September 23, 2022	October 10, 2022	Series 4 Preferred Shares	₱53,000,000.00	October 29, 2022
October 19, 2022	November 7, 2022	Series 2A Preferred Shares	₱31,136,404.00	November 28, 2022
October 19, 2022	November 7, 2022	Series 2B Preferred Shares	₱25,020,953.00	November 28, 2022
December 21, 2022	January 9, 2023	Series 4 Preferred Shares	₱53,000,000.00	January 30, 2023
February 6, 2023	February 20, 2023	Series 2A Preferred Shares	₱31,136,404.00	February 27, 2023
February 6, 2023	February 20, 2023	Series 2B Preferred Shares	₱25,020,953.00	February 27, 2023
February 6, 2023	March 6, 2023	Common Shares	₱1,006,704,858.50	March 24, 2023
March 21, 2023	April 11, 2023	Series 4 Preferred Shares	₱53,000,000.00	May 2, 2023
April 26, 2023	May 12, 2023	Series 2A Preferred Shares	₱31,136,404.00	May 29, 2023
April 26, 2023	May 12, 2023	Series 2B Preferred Shares	₱25,020,953.00	May 29, 2023
May 12, 2023	May 26, 2023	Common Shares	₱1,006,704,858.50	June 16, 2023
July 12, 2023	July 26, 2023	Series 4 Preferred Shares	₱53,000,000.00	July 31, 2023
July 12, 2023	July 17, 2023	Series 5 Preferred Shares	₱29,640,750.00	July 17, 2023
August 1, 2023	August 16, 2023	Series 2B Preferred Shares	₱25,020,953.00	August 29, 2023
September 11, 2023	September 26, 2023	Series 5 Preferred Shares	₱29,640,750.00	October 17, 2023
September 13, 2023	October 10, 2023	Series 4 Preferred Shares	₱53,000,000.00	October 30, 2023
October 19, 2023	November 7, 2023	Series 2B Preferred Shares	₱25,020,953.00	November 28, 2023
December 11, 2023	December 28, 2023	Series 5 Preferred Shares	₱29,640,750.00	January 17, 2024

The Company aims to comply with its annual dividend policy of 20% to 30% of its previous year income except during the height of impact of the Covid-19 pandemic. The Company's subsidiaries have not declared dividends in the last three years.

As of date, no dividends have been declared for the Series 3 Preferred Shares. There are no unpaid cumulative dividends on any of the Company's outstanding preferred shares.

#### ***Recent Sales of Unregistered or Exempt Securities***

Megawide has not sold any unregistered securities within the past three (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 4 Preferred Shares and the Series 5 Preferred Share s.

## MATERIAL CONTRACTS

The following are the significant and material contracts and agreements entered into by Megawide in the last two (2) years. Other than the following, the Company is not aware of any other material contracts to which it is a party to. Contracts of lease are also included herein.

- Any contract upon which the business of Megawide is substantially dependent on;

<b>Date</b>	<b>Title of Document</b>	<b>Parties</b>	<b>Particulars (i.e., price)</b>
31 May 2022	Joint Venture Agreement for the Metro Manila Subway Project Phase 1 Package CP104: Two Underground Stations (Ortigas North and Ortigas South) and Tunnels	Tokyu Construction Co., Ltd., Tobishima Corporation, and Megawide Construction Corporation	PHP 13,261,303,173.01
08 October 2020	Contract Agreement – NSCR-EX Project Contract Package N-01: Building and Civil Engineering Works for Apx.17 Kms of Viaduct Structure including Station Building at Calumpit and Apalit	Department of Transportation (DOTr) and HDEC-Megawide-Dong-Ah JV	PHP 18,020,878,182.23 and USD 201,679,064.89
11 January 2020	Joint Venture Agreement for Carbon Market Redevelopment Project	City Government of Cebu and Megawide Construction Corporation	PHP 5,500,000,000.00
10 December 2019	Construction Contract – Design and Build of the Aglipay Sewage Treatment Plant	Manila Water Company and Megawide-Suez Consortium	PHP 4,126,201,751.00 <sup>9</sup>
14 November 2019	Construction Contract – Urban Deca Homes Cubao	8990 Housing Development Corporation and Megawide Construction Corporation	PHP 4,275,000,000.00
14 August 2019	Design and Construction – 8990 Ortigas	8990 Housing Development Corporation and Megawide Construction Corporation	PHP 14,000,000,000.00
20 July 2019	Construction Contract – Plumera Project	Johndorf Ventures Corporation and Megawide Construction Corporation	PHP 2,487,301,024.80
03 June 2019	Construction Contract – Mandani Bay Quay – Phase 2 Block 1	HTland, Inc. And Megawide Construction Corporation	PHP 10,113,465,423.00
06 May 2019	Construction Contract – Gentry Manor	Manila Bayshore Property Holdings, Inc. And Megawide	PHP 4,362,617,249.00

<sup>9</sup> PHP 2,760,609,206.00 + USD 27,394,033.00 or Ph P1,365,592,545.00, where Bangko Sentral ng Pilipinas Exchange Rate (30 June 2020) 1.00 USD = PhP 49.85

		Construction Corporation	
20 May 2015	Design and Construction Contract – Urban Deca Homes Manila	8990 Housing Development Corporation and Megawide Construction Corporation	PHP 8,050,000,000.00

2. Development agreements; and

Date	Title of Document	Parties	Particulars (i.e., price)
06 February 2020	Memorandum of Agreement for the Development of Mactan-Cebu International Airport (MCIA) Commercial Assets	GMR-Megawide Cebu Airport Corporation and Megawide-GISPL Construction Joint Venture	Development of Commercial Assets in MCIA  Project Cost: PHP 4,359,200,000.00
24 July 2019	Notice of Award	Megawide Construction Corporation and Johndorf Ventures Corporation	Land Development of Thelmo Housing Project  Contract Price: PHP 302,497,815.26 (inclusive of Value-Added Tax (“VAT”))

3. Lease contracts

Date	Title of Document	Parties	Particulars (i.e., Rent)
23 January 2024	Contract of Lease	<i>Lessor:</i> L.V.N. Pictures, Inc.  <i>Lessee:</i> Megawide Construction Corporation	<i>Rental Fee:</i> Three Hundred Ninety-Nine Thousand Three Hundred Pesos (PHP399,300.00) per month, inclusive of VAT and net of withholding tax  <i>Subject Property:</i> 2,000 Square Meters in Lot 8, Barangay Kaunlaran, Cubao, Quezon City  <i>Lease Period:</i> One (1) year beginning on 01 December 2023 to 03 November 2024
03 October 2022	Contract of Lease	<i>Lessor:</i> Robinsons Land Corporation  <i>Lessee:</i> Megawide Construction Corporation	<i>Rental Fee:</i> Year 1 (26 September 2022 – 25 September 2023) Fixed Rent per Square Meter: Two Hundred Pesos (PHP200.00), Fixed Rent per Month: One Million Seven Hundred Fifty-Three Thousand Six Hundred Pesos (PHP1,753,600.00)  Year 2 (26 September 2023 – 25 September 2024) Fixed Rent per Square Meter: Two Hundred Pesos (PHP200.00), Fixed Rent per Month: One Million Seven

			<p>Hundred Fifty-Three Thousand Six Hundred Pesos (PHP1,753,600.00)</p> <p><i>Subject Property:</i> 8,768 Square Meters in J. Vargas Avenue, Pasig City</p> <p><i>Lease Period:</i> Two (2) years beginning on 26 September 2022 to 25 September 2024</p>
03 August 2023	Contract of Lease	<p><i>Lessor:</i> Unli Rise Holdings Corporation</p> <p><i>Lessee:</i> Megawide Construction Corporation</p>	<p><i>Rental Fee:</i> Thirty-Six Pesos (PHP36.00) per Square Meter or a total of One Million One Hundred Ninety-Seven Thousand Three Hundred Sixty Pesos (PHP1,197,360.00), inclusive of VAT.</p> <p><i>Subject Property:</i> 33,260 Square Meters along Pulilan Bypass Road, Barangay Sta. Peregrina, Municipality of Pulilan, Bulacan</p> <p><i>Lease Period:</i> One (1) year beginning 03 August 2023</p>
09 June 2023; renewed on 16 April 2024	Contract of Lease	<p><i>Lessor:</i> Juliana Del Rosario Santos</p> <p><i>Lessee:</i> Megawide Construction Corporation</p>	<p><i>Rental Fee:</i> Twelve Thousand Pesos (PHP12,000.00) per month</p> <p><i>Subject Property:</i> Unit F and H, Santos Apartments, Resurreccion Compound, Gregoria Heights, San Isidro, Municipality of Taytay, Rizal</p> <p><i>Lease Period:</i> 01 July 2023 to 31 December 2023</p>
06 May 2022	Contract of Lease Renewal	<p><i>Lessor:</i> Retailscapes, Inc.</p> <p><i>Lessee:</i> Megawide Construction Corporation</p>	<p><i>Rental Fee:</i> For 10<sup>th</sup> Floor – Five Hundred Eighty Pesos (PHP580.00) per Square Meter, per month (01 May 2022 – 30 April 2023)</p> <p>Six Hundred Nine Pesos (PHP609.00) per Square Meter, per month (01 May 2023 – 30 April 2024)</p> <p>Six Hundred Forty Pesos (PHP640.00) per Square Meter, per month (01 May 2024 – 30 April 2025)</p> <p>For 11<sup>th</sup> Floor, Unit A –</p>

			<p>Seven Hundred Seventy-Two Pesos (PHP772.00) per Square Meter, per month (01 May 2022 – 30 April 2024)</p> <p>Eight Hundred Eleven Pesos (PHP811.00) per Square Meter, per month (01 May 2024 – 30 April 2025)</p> <p><i>Subject Property:</i> 10<sup>th</sup> Floor (1,974 Square Meters) and 11<sup>th</sup> Floor, Unit A (480 Square Meters) of Santolan Town Plaza, San Juan City</p> <p><i>Lease Period:</i> 01 May 2022 to 30 April 2025</p>
21 February 2022	Addendum to the Contract of Lease	<p><i>Lessor:</i> Retailscapes, Inc.</p> <p><i>Lessee:</i> Megawide Construction Corporation</p>	<p><i>Rental Fee:</i></p> <p>Seven Hundred Seventy-Two Pesos (PHP772.00) per Square Meter, per month (01 December 2021 – 30 November 2022)</p> <p>Eight Hundred Eleven Pesos (PHP811.00) per Square Meter, per month (01 December 2022 – 30 November 2023)</p> <p>Eight Hundred Fifty-Two Pesos (PHP852.00) per Square Meter, per month (01 December 2023 – 30 November 2024)</p> <p><i>Subject Property:</i> 11<sup>th</sup> Floor, Unit B (857.74 Square Meters) of Santolan Town Plaza, San Juan City</p> <p><i>Lease Period:</i> 01 December 2021 to 30 November 2024</p>
01 January 2021  <i>Note: Date of Effectivity of Lease</i>	Contract of Lease	<p><i>Lessor:</i> Prime Source Distributors (PSD) Corporation</p> <p><i>Lessee:</i> HDEC-Megawide-DongAh Joint Venture</p>	<p><i>Rental Fee:</i></p> <p>Twenty-Five Pesos (PHP25.00) per Square Meter, per month; exclusive of applicable taxes</p> <p><i>Subject Property:</i> 180,637 Square Meters in Municipality of Apalit, Pampanga</p> <p><i>Lease Period:</i> 01 January 2021 to 31 December 2024</p>

## LOAN AGREEMENTS

The Company has existing short term credit lines granted per bank (amounts in ₱ millions) as of December 31, 2023:

Bank	Credit Line	Outstanding Loan	Available Credit Line
Land Bank of the Philippines	4,000	3,569	431
BDO Unibank, Inc.	4,480	4,035	445
Bank of Philippine Islands	1,500	1,500	-
Philippine National Bank	3,000	2,780	220
Rizal Commercial Banking Corp.	1,000	600	400
Development Bank of the Philippines	4,000	3,367	633
Union Bank of the Philippines	1,000	743	257
	<b>18,980</b>	<b>16,594</b>	<b>2,386</b>

The Company obtained these various bank loans representing unsecured short-term loans from other local banks. The loans bear fixed average annual interest rates of 6% in 2023 and 2022.

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 notes 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 notes amounting to ₱3,600.0 million and remained outstanding as at December 31, 2023.

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	₱ 650,000,000	5	5%
Tranche B	3,250,000,000	7	6%
Tranche C	<u>100,000,000</u>	10	6%
	<u>₱ 4,000,000,000</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. As at December 31, 2023 and 2022, the notes are fully settled.

### **₱2.0 Billion Notes Facility Agreement**

In 2016, the Company entered into various notes facility arrangement with a local bank to refinance the corporate notes issued in 2011 and to finance its capital expenditure and general corporate requirements.

The notes are issued with the following details:

Date Issued	Principal	Term in years	Interest Rate
September 16, 2016	₱650,000,000	10	5.50%
December 5, 2016	350,000,000	10	6.37%
December 16, 2016	1,000,000,000	10	6.37%
	<b>₱2,000,000,000</b>		

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, 2023.

#### **GMCAC 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, GMCAC amended the Amended and Restated OLSA increasing the facility by ₱870.0 million. The additional loan facility will be used to finance the investment related to the Fuel Hydrant System Infrastructure.

The facility had an original 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. In 2021, GMCAC renegotiated the terms of its loan agreements with its lenders.

The modifications in the contractual cash flows are not substantial and therefore did not result in the derecognition of the affected financial liabilities. In 2021, total modification gain recognized a result of these modifications amounted to ₱207.8 million and is presented under Others – net under Discontinued Operations section in the 2021 consolidated statement of income.

GMCAC was in compliance with all covenants required to be observed based on the terms of the loan as of December 31, 2021.

In order to hedge the interest rate exposure on this floating rate US dollar-denominated loan, GMCAC entered into an interest rate swap transaction. Prior to the sale and deconsolidation of GMCAC, the derivative liability amounted to ₱98.1 million. Unrealized gain from changes in the fair value of the interest rate swap amounting to ₱43.2 million and ₱78.6 million in 2022 and 2021, is presented as part of Others – net under Discontinued Operations section in the consolidated statements of income.

Total interest on these loans recognized as expense, including the amortization of debt issue costs, amounted to ₱1,320.9 million and ₱1,059.0 million in 2022 and 2021, respectively, and is presented as part of Others – net under Discontinued Operations section in the consolidated statements of income. Capitalized borrowings amounted to ₱719.0 million prior to the sale and deconsolidation of GMCAC at a capitalization rate of 4.99%.

In 2022, as a result of the sale and deconsolidation of GMCAC, the outstanding balance of the loan amounting to ₱25,702.2 million was derecognized from the Group's 2022 consolidated statement of financial position.

#### **₱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 million making the total principal loan to ₱3.9 billion. In 2017, the MWMTI made its first drawdown amounting to ₱825 million while the remaining loan facility was fully drawn in 2019 in tranches amounting to ₱3,075 million.

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 bears annual interest rates ranging from 4.9% to 7.6%, 2.8% to 6.9%, and 3.55% in 2023, 2022, and 2021, 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

### **Exchangeable notes**

In relation to the acquisition of GMCAC by AIC, the Parent Company and GAIBV issued Exchangeable Notes (Notes) in favor of AIC in the total amount of ₱15,526.4 million. The Notes will mature on October 30, 2024 (Exercise date) and will be exchanged by AIC for the rest of the 66 and 2/3% plus 1 share of GMCAC's outstanding capital stock currently held by the Parent Company and GAIBV.

On the Exercise date, the Parent Company and GAIBV shall assign, transfer and convey the remaining GMCAC shares to AIC in exchange for the full discharge of the Notes. The Notes is unsecured and non-interest-bearing. At least 10 business days prior to the Exercise date, the Parent Company and GAIBV may exercise the option to pay the Notes in cash and they shall have no obligation to assign, transfer and convey the remaining GMCAC shares. In the event that the Parent Company and GAIBV exercise the cash option, they shall pay the principal amount of the Notes, plus a cash option interest of 19% per annum on the principal amount calculated from the Execution date to the Exercise date. The accrual of the cash option interest and the obligation to pay shall only arise upon exercise of the cash option.

Relative to management's intention to sell the remaining shares held in GMCAC, as evidenced by the issuance of the Notes, the remaining ownership interest in GMCAC amounting to ₱2,879.8 million is presented as Non-current Asset classified as Held for Sale in the consolidated statements of financial position. No cost to sell was recognized as the expenses incurred in relation to the issuance of the Notes was shouldered by AIC.

On the other hand, the Notes amounting to ₱7,763.2 million is presented as Exchangeable Notes under the Non-current Liabilities section in the 2022 consolidated statement of financial position.

As of December 31, 2023, the Group remains committed to sell the remaining ownership interest in GMCAC. As the transaction is expected to be completed in 2024, the Exchangeable Notes was presented under Current Liabilities in the 2023 consolidated statement of financial position.

#### **Default or Acceleration of Obligations**

The Company did not incur any default nor triggered any debt acceleration on its loan agreements.

As typical with any loan agreements, the Company's debt acceleration is triggered in case of event of default which includes:

1. Defaults in the payment of principal or interest when due of any amount payable under the related agreement;
2. Misrepresentation or breach of warranty;
3. Violation of any material provision, term, condition, covenant or obligations;
4. Noncompliance with Regulatory Approvals and Permitting requirements
5. Inability to service the loan including insolvency or bankruptcy;
6. Illegal operations;
7. Material adverse government actions

## 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:

<b>2017</b>	<b>High</b>	<b>Low</b>
First Quarter	18.00	14.16
Second Quarter	19.86	16.90
Third Quarter	18.86	14.90
Fourth Quarter	19.00	15.42
<b>2018</b>		
First Quarter	22.15	17.66
Second Quarter	25.00	19.80
Third Quarter	20.60	15.46
Fourth Quarter	19.40	14.02
<b>2019</b>		
First Quarter	21.50	17.06
Second Quarter	23.00	18.78
Third Quarter	19.52	17.60
Fourth Quarter	19.00	16.32
<b>2020</b>		
First Quarter	16.80	5.35
Second Quarter	7.44	7.17
Third Quarter	7.25	7.11
Fourth Quarter	10.90	6.69
<b>2021</b>		
First Quarter	8.90	5.91
Second Quarter	7.32	5.90
Third Quarter	7.50	5.90
Fourth Quarter	6.85	4.90
<b>2022</b>		
First Quarter	5.70	4.73
Second Quarter	4.94	4.28
Third Quarter	3.92	3.40
Fourth Quarter	3.85	2.99
<b>2023</b>		
First Quarter	4.33	2.85
Second Quarter	4.00	2.94
Third Quarter	3.80	3.02
Fourth Quarter	3.34	3.00

<b>2024</b>		
First Quarter	3.44	3.06

As of June 6, 2024, the closing price of the Company's common shares on the PSE was ₱3.10 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 Company's Series 4 Preferred Shares were listed on the PSE on October 29, 2021 under the trading symbol "MWP4". The Company's Series 5 Preferred Shares were listed on the PSE on April 17, 2023 under the trading symbol "MWP5". The Company redeemed its Series 1 Preferred Shares on December 3, 2021. The Company redeemed its Series 2A Preferred Shares on May 29, 2023. The Company's Series 3 Preferred Shares are 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:

<b>MWP</b>	<b>High</b>	<b>Low</b>
<b>2019</b>		
First Quarter	102	98
Second Quarter	103	100
Third Quarter	102.5	99.7
Fourth Quarter	102	98.05
<b>2020</b>		
First Quarter	101	98.2
Second Quarter	101	97.5
Third Quarter	101.5	100
Fourth Quarter	101.7	100.4
<b>2021</b>		
First Quarter	102	99.9
Second Quarter	102.1	100
Third Quarter	101.6	100.4
Fourth Quarter	101.9	100

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:

<b>MWP2A</b>	<b>High</b>	<b>Low</b>
<b>2020</b>		
Fourth Quarter	100.9	95
<b>2021</b>		
First Quarter	101	98.5
Second Quarter	105	100
Third Quarter	110	96.1
Fourth Quarter	103.4	95.5

<b>2022</b>		
First Quarter	99	93
Second Quarter	98.75	95
Third Quarter	98	85.25
Fourth Quarter	99.65	92.05
<b>2023</b>		
First Quarter	99	95
Second Quarter	97	97

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:

<b>MWP2B</b>	<b>High</b>	<b>Low</b>
<b>2020</b>		
Fourth Quarter	101	98.4
<b>2021</b>		
First Quarter	101.8	99.8
Second Quarter	101.8	100
Third Quarter	110	96.1
Fourth Quarter	103.4	95.5
<b>2022</b>		
First Quarter	103	100.2
Second Quarter	101	99.50
Third Quarter	98	92
Fourth Quarter	99.8	89
<b>2023</b>		
First Quarter	99.6	75
Second Quarter	97.35	88
Third Quarter	96.45	87
Fourth Quarter	94	89.8
<b>2024</b>		
First Quarter	100.7	90

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:

<b>MWP4</b>	<b>High</b>	<b>Low</b>
<b>2021</b>		
Fourth Quarter	101	100
<b>2022</b>		
First Quarter	101	99.1

Second Quarter	99	99
Third Quarter	99	97
Fourth Quarter	98.95	90
<b>2023</b>		
First Quarter	97.85	91.1
Second Quarter	100	91.5
Third Quarter	96.5	85
Fourth Quarter	94.5	87
<b>2024</b>		
First Quarter	94.85	85

The following table sets out, for the periods indicated, the high and low closing prices for the Company's MWP5 shares as reported on the PSE:

<b>MWP5</b>	<b>High</b>	<b>Low</b>
<b>2023</b>		
Second Quarter	107	100.5
Third Quarter	102.5	99
Fourth Quarter	101.5	100
<b>2024</b>		
First Quarter	102	98

As of June 6, 2024, the closing prices of the outstanding Preferred Shares are as follows:

Preferred Shares	Closing Price
MWP2B	₱91.10
MWP4	₱93.95
MWP5	₱100.50

## PHILIPPINE FOREIGN INVESTMENT, FOREIGN OWNERSHIP AND EXCHANGE CONTROLS

### ***Foreign Investments Act***

Republic Act No. 7042, otherwise known as the Foreign Investments Act, as amended (“FIA”), liberalized the entry of foreign investment into the Philippines. Under the FIA, foreigners can own as much as 100% equity in domestic market enterprises except in areas specified in the Negative List signed on 27 June 2022. This Negative List enumerates industries and activities that have foreign ownership limitations under the FIA and other existing laws. Nationalized activities include, among others, land ownership, mining and the operation of public utilities as the term is defined under the Public Service Act, as amended. The FIA was amended by Republic Act No. 8179, which was signed into law on 28 March 1996, and was again amended by Republic Act No. 11647, which was signed into law on 2 March 2022, and took effect on 17 March 2022.

In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least sixty percent (60%) of the capital of which is owned by such citizens.

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.

### ***Nationality Restrictions on Foreign Ownership of Land***

The Philippine Constitution limits ownership of land in the Philippines to Filipino citizens or to corporations the outstanding capital stock of which is at least 60% owned by Philippine Nationals. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning building and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40%.

Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991, and the Twelfth Regular Foreign Investment Negative List, provide that certain activities are nationalized or partly nationalized, such that the operation and/or ownership thereof are wholly or partially reserved for Filipinos. Under these regulations, and in accordance with the Philippine Constitution, ownership of private lands is partly nationalized and thus, landholding companies may only have a maximum of 40% foreign equity.

Considering the foregoing, for as long as the Company or any of its subsidiaries own land in the Philippines, or continue to conduct property development in the Philippines, foreign ownership in the Company shall be limited to a maximum of 40% of the capital stock of the Company which is outstanding and entitled to vote. Accordingly, the Company shall disallow the issuance or the transfer of shares to persons other than Philippine Nationals and shall not record transfers in its books if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership discussed above. Philippine National, as defined under the Foreign Investment Act, means a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and the entitlement to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code, of which 100% of the capital stock outstanding and the entitlement to vote is wholly-owned by Filipinos or 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 Philippine nationals.

Compliance with the required ownership by Philippine Nationals of a corporation is determined on the basis of its outstanding capital stock whether fully paid or not, but only such stocks which are generally entitled to vote are considered.

In the case of *Express Investments v. Bayan Telecommunications, Inc.* (G.R. No. 174457-59) (the “Express Investments Case”), decided on 5 December 2012, the Supreme Court ruled that “the term ‘capital’ in Section 11, Article XII of the Constitution refers only to shares of stock that can vote in the election of directors.”

On May 20, 2013, the SEC, however, issued Memorandum Circular No. 8 or the Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly Nationalized Activities. The Circular provides that for purposes of determining compliance with nationality restrictions, the required percentage of Filipino ownership shall be applied to both (a) the total number of outstanding shares of stock entitled to vote in the election of directors; and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors, which seems to contradict the *Express Investments Case* above. A petition questioning the constitutionality of the SEC issuance is currently pending with the Supreme Court.

More recently, in the case of *Narra Nickel Mining and Development Corporation, et.al vs. Redmont Consolidated Mines Corp* (G.R. No. 195580) and its corresponding motions for reconsideration (the “Narra Nickel Case”), the Supreme Court affirmed that the Grandfather Rule, wherein shares owned by corporate shareholders are attributed either as part of Filipino or foreign equity by determining the nationality not only of such corporate shareholders, but also such corporate shareholders’ own shareholders, until the nationality of shareholder individuals is taken into consideration, is to be used jointly and cumulatively with the Control Test, which merely takes into account the nationality of the listed shareholders of the corporation. Such joint and cumulative application shall be observed as follows: (1) if the corporation’s Filipino equity falls below 60%, such corporation is deemed foreign-owned, applying the Control Test; (2) if the corporation passes the Control Test, the corporation will be considered a Filipino corporation only if there is no doubt as to the beneficial ownership and control of the corporation; and (3) if the corporation passes the Control Test but there is doubt as to the beneficial ownership and control of the corporation, the Grandfather Rule must be applied.

On January 28, 2015, the Supreme Court issued a Resolution dismissing with finality the Motion for Reconsideration of its decision in the *Narra Nickel Case*. Thus, the Supreme Court affirmed that the Grandfather Rule is to be used jointly and cumulatively with the Control Test, as follows: (1) if the Filipino equity of the corporation falls below 60%, it is immediately considered foreign-owned, applying the Control Test; (2) if the corporation passes the Control Test, the corporation will be considered a Filipino corporation only if there is no doubt as to the beneficial ownership and control of the corporation; and (3) if the corporation passes the Control Test but there is doubt as to the beneficial ownership and control of the corporation, the Grandfather Rule must be applied.

Thus, although the *Narra Nickel Case* in no way abandons the use of the Control Test and the Foreign Investments Act provisions in determining the nationality of a corporation, it appears to expand and/or modify the doctrine laid in the case of *Gamboa v. Teves*, decided on 28 June 2011, which was cited in the *Express Investments Case*, and held that: “considering that common shares have voting rights which translate to control as opposed to preferred shares which usually have no voting rights, the term “capital” in Section 11, Article XII of the Constitution refers only to common shares. However, if the preferred shares also have the right to vote in the election of directors, then the term “capital” shall include such preferred shares because the right to participate in the control or management of the corporation is exercised through the right to vote in the election of directors. In short, the term “capital” in Section 11, Article XII of the Constitution refers only to shares of stock that can vote in the election of directors. Under the Constitution, however, no doctrine or principle of law laid down by the Supreme Court in a decision en banc or in division may be modified or reversed except by the court sitting en banc.

On June 27, 2022, the Twelfth Regular Foreign Investment Negative List was issued. It is worth noting that the updated list removed the inclusion of the manufacture and distribution of products requiring clearance from the Department of National Defense – such as guns and ammunition. Foreign ownership has also been permitted in private recruitment, up to 25%. Full foreign ownership of retail trade enterprises with a minimum paid up capital of ₱25,000,000.00 is likewise allowed. Lastly, the list now adopts the definition of “public utility” as defined in the latest amendments to Republic Act No. 11659, which has expanded the areas in which full foreign ownership is now allowed (such as telecommunications, domestic shipping, railways, airlines, transport network vehicles services, among others. Before, the operation of an airport terminal is within the definition of a public utility as the use thereof is held out generally to the public. Thus, it is subject to the requirements of the Philippine Constitution which provides that franchises, privileges and other authority to operate a public utility shall be

given to corporations, associations or firms at least 60 percent of capital of which is owned by Filipino citizens. However, Republic Act No. 11659, otherwise known as “An Act Amending Commonwealth Act No. 146 otherwise known as the Public Service Act”, was signed by Former President Rodrigo R. Duterte into law on March 21, 2022. Under Republic Act No. 11659, a person engaged in public service is classified as a public utility only if it operates, manages or controls for public use any of the following: (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. Unless otherwise subsequently provided by law or unless recommended by the President to Congress upon recommendation by NEDA based on the criteria provided by Republic Act No. 11659, no other person shall be deemed a public utility. In limiting the coverage of public utilities, key public services are effectively liberalized and full foreign ownership in key sectors are allowed, including telecommunications, railways, expressways, shipping industries, and airports. Accordingly, the operation of an airport terminal is no longer subject to the Constitutional restrictions on foreign ownership.

### ***Foreign Exchange Controls***

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. However, the Monetary Board of the BSP, with the approval of the President of the Philippines, during a foreign exchange crisis or in times of national emergency, has the statutory authority to: (i) suspend temporarily or restrict sales of foreign exchange; (ii) require licensing of foreign exchange transactions; or (iii) require the delivery of foreign exchange to the BSP or its designee banks for the issuance and guarantee of foreign currency-denominated borrowings. The Philippine government has, in the past, instituted restrictions on the conversion of Philippine Pesos into foreign currency and the use of foreign exchange received by Philippine residents to pay foreign currency obligations.

## 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.

There is no assurance that the Philippine government will not impose economic restrictions or regulatory controls that may restrict free access to foreign currency. Any such restrictions could severely curtail the ability of the Company to pay for certain key inputs or to meet its foreign currency payment obligations, which could materially and adversely affect its financial condition and results of operations.

### **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. A Bondholder that

wishes to avail of such reduced tax treaty rates must comply with the processes, rules, and regulations as set out in BIR Revenue Memorandum Order (“RMO”) No. 14-2021, Revenue Memorandum Circular (“RMC”) No. 77-2021, and RMC No. 20-2022.

### ***Tax-Exempt Status or Entitlement to Preferential Tax Rate***

The BIR issued 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 RMO No. 14-2021, as further clarified by RMC Nos. 77-2021 and 20-2022, a non-resident income recipient intending to avail of treaty benefits should submit to the withholding agent or income payor the BIR Form No. 0901-I (Interest Income) or Application Form for Treaty Purposes, the Tax Residency Certificate duly issued by the foreign tax authority, and the relevant provision of the applicable tax treaty. The documents should be submitted to each withholding agent or income payor prior to the payment of income for the first time. The failure to provide the said documents when requested may lead to the withholding using the regular withholding rates without the tax treaty benefit rate. 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 and in relation to RMC Nos. 77-2021 and 20-2022 and its allied BIR issuances, as may be amended from time to time.

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.

The BIR may require additional documents during the course of its evaluation as it may deem necessary. Upon the confirmation of the entitlement to the tax treaty benefit or confirmation of the correctness of the withholding tax rates applied, the BIR will issue a certification to that effect. Any adverse ruling may be appealed to the Department of Finance within thirty (30) days from receipt.

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. All claims for refund shall be filed within the two-year prescriptive period provided under Section 229 of the Tax Code.

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.

RMC No. 20-2022 clarified that taxpayers who were already issued with Certificates of Entitlement, the tenor thereof allows the ruling to be applied to subsequent or future income payments, shall no longer file a request for ruling or tax treaty relief application every time an income of similar nature is paid to the same nonresident. In applying the confirmed treaty benefit to future income payments, the income payor or withholding agent shall always be guided by the requisites mentioned in the Certificate of Entitlement. Thus, if the Certificate of Entitlement mentions tax residency as a requisite for continuous enjoyment of treaty benefit, the income payor

must require the nonresident to submit first a Tax Residency Certificate for such relevant year before making any payment.

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 to the ITAD. 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. Letter-request;
- B. Application Form duly signed by the non-resident Bondholder or its/his/her authorized representative;
- C. Original Tax Residency Certificate (TRC) duly issued by the tax authority of the foreign country in which the Bondholder is a resident;
- D. 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;
- E. Withholding tax return with Alphalist of Payees;
- F. Proof of payment of withholding tax;

Additional requirements for legal persons and arrangements, and individuals:

- G. 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;
- H. 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;
- I. For individuals – original Certificate of Business Registration/Presence duly issued by the Department of Trade and Industry (DTI) to the Bondholder;

Additional general requirements for fiscally transparent entities:

- J. Certified true copy of the law of the foreign country showing that tax is imposed on the owners or beneficiaries of the Bondholder;
- K. List of owners/beneficiaries of the Bondholder;
- L. Proof of ownership of the Bondholder; and
- M. TRC duly issued by the concerned foreign tax authority to the owners or beneficiaries of the Bondholder.

Specific Requirements

- N. Duly executed contract;
- O. Bank documents/certificate of deposit/telegraphic transfer/telex/money transfer evidencing the remittance of the loan by the nonresident creditor;
- P. Proof that the debt-claim in respect of which the interest is paid is not effectively connected with the permanent establishment of the foreign enterprise in the Philippines; and
- Q. Proof that the interest rate is arm's length, if the debtor and creditor are related parties.

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.

For claims of tax exemption, RMC No. 8-2014 mandates withholding agents/income payors to require from individuals and entities claiming tax exemption a copy of a valid, current, and subsisting tax exemption certificate or ruling before payment of the related income. The tax exemption certificate or ruling must explicitly recognize the tax exemption, as well as the corresponding exemption from imposition of withholding tax. Failure on the part of the taxpayer to present the said tax exemption certificate or ruling shall subject him to the payment of the appropriate withholding taxes due on the transaction.

Transfers taking place in the Electronic Registry of Bondholders after the Offer Bonds are listed in PDEX may be allowed between taxable and tax-exempt entities without restriction provided the same are in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC. A selling or purchasing Bondholder claiming tax-exempt status is required to submit the following documents to the Issuer, upon submission of account opening documents to the Registry: (i) a written notification of the sale or purchase, including the tax status of the selling or buying party, and (ii) an indemnity agreement wherein the new Bondholder undertakes to indemnify the Issuer for any tax that may later on be assessed on the Issuer on account of such transfer.

**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.

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.

**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 2023 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.

### **Early Redemption Option**

Under the Terms and Conditions, 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.

We suggest that the investor seek its own tax advisors to determine its tax liabilities or exposures given that the Issuer does not have gross-up obligations in case of changes in any applicable law, rule or regulation or in the terms and/or interpretation or administration thereof or a new applicable law should be enacted, issued or promulgated, which shall subject payments by the Issuer to additional or increased taxes, other than the taxes and rates of such taxes prevailing as of the Issue Date.

### **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.

### **TAXATION OUTSIDE THE PHILIPPINES**

The tax treatment of non-resident holders in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations on such non-resident holders under laws other than those of the Philippines.

## **CORPORATE INCOME TAX**

On 26 March 2021, President Rodrigo Duterte signed into law Republic Act No. 11534 or the CREATE Law, which introduces reforms to the corporate income tax and incentives systems. Effective 1 July 2020 for domestic and resident foreign corporations (and effective 1 January 2021 for non-resident foreign corporations), the regular corporate income tax rate for domestic and foreign corporations shall be lowered from 30% to 25% (or 20% for domestic corporations with net taxable income not exceeding ₱5,000,000.00 and with total assets not exceeding ₱100,000,000.00 excluding land on which the office, plant, and equipment are situated). Furthermore, effective 1 July 2020 until 30 June 2023, the minimum corporate income tax rate shall be lowered from 2% to 1% and thereafter, the rate will revert to 2%.

## FINANCIAL AND OTHER INFORMATION

1. Audited Consolidated Financial Statements as of December 31, 2023, 2022 and 2021 , **Annex A**
2. Stand-alone Audited Financial Statements as of December 31, 2023, 2022 and 2021, **Annex B**
3. Investor Relations Presentation Material: FY2023

## ISSUER

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