

THIS PRELIMINARY PROSPECTUS AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO COMPLETION OR AMENDMENT WITHOUT NOTICE. THE BONDS MAY NOT BE SOLD NOR MAY AN OFFER TO BUY BE ACCEPTED PRIOR TO THE TIME THAT THE PROSPECTUS IS ISSUED IN FINAL FORM. 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.



MAYNILAD WATER SERVICES, INC.

PRELIMINARY PROSPECTUS
in connection with the proposed offer of
up to ₱12.0 Billion Blue¹ Bonds
With an Oversubscription Option of up to ₱3.0 Billion

Consisting of:
Series A Blue Bonds: [•] % p.a. due [2029]
Series B Blue Bonds: [•] % p.a. due [2034]

Purchase Price: 100% of Face Value

To be listed and traded on the Philippine Dealing & Exchange Corp.

Sole Issue Manager



Joint Lead Underwriters and Joint Bookrunners



Trustee

BPI Asset Management and Trust Corporation²

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PRELIMINARY PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

This Preliminary Prospectus is dated [•] March 2024

¹ The Company has filed for an application for confirmation of the Blue Bond label with the SEC on [15 March 2024]. Confirmation from the SEC is pending as of date.

² BPI Asset Management and Trust Corporation is a wholly-owned subsidiary of Bank of the Philippine Islands (“BPI”). BPI Capital Corporation (“BPI Capital”) is also a wholly-owned subsidiary of BPI.

MAYNILAD WATER SERVICES, INC.
MWSS Complex Katipunan Ave., Balara,
1119 Quezon City, Philippines.
Telephone Number (+632) 8 981 3333

This Preliminary Prospectus relates to MAYNILAD WATER SERVICES, INC.'s ("**Maynilad**" or the "**Issuer**" or the "**Company**") proposed offer to the public of up to [Twelve Billion Pesos (₱12,000,000,000.00)] Blue Bonds (the "**Base Offer**") with an oversubscription option of up to [Three Billion Pesos (₱3,000,000,000.00)] (the "**Oversubscription Option**", together with the Base Offer, the "**Offer**") to be issued in up to [two (2) series]: Series A Blue Bonds due [2029] (the "**Series A Blue Bonds**") and Series B Blue Bonds due [2034] (the "**Series B Blue Bonds**", collectively the "**Offer**" or the "**Blue Bonds**").

A registration statement covering the Offer was filed by the Issuer with the Philippine Securities and Exchange Commission (the "**SEC**") in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799) on [15 March 2024] and an application for the listing of the Blue Bonds will be filed with the Philippine Dealing & Exchange Corp (the "**PDEX**") on or about [•]. The Company has likewise filed an application for confirmation of Blue Bonds with the SEC on [15 March 2024]. Confirmation from the SEC is pending as of date. The Offer was authorized by a resolution of the Board of Directors, dated 27 February 2024. BPI Capital Corporation ("**BPI Capital**"), BDO Capital & Investment Corporation ("**BDO Capital**"), First Metro Investment Corporation ("**First Metro**"), and East West Banking Corporation ("**East West**"), were mandated as the joint lead underwriters and joint bookrunners of the Offer (the "**Joint Lead Underwriters and Joint Bookrunners**").

The Blue Bonds shall be issued on [24 May 2024] or the immediately succeeding Business Day if such date is not a Business Day or such other date as may be agreed upon by the Joint Lead Underwriters and Joint Bookrunners ("**Issue Date**"). The Series A Blue Bonds shall have a term ending [five (5) years] from the Issue Date, or in [2029], with a fixed interest rate of [•]% per annum. The Series B Blue Bonds shall have a term ending [ten (10) years] from the Issue Date, or in [2034], with a fixed interest rate of [•]% per annum. Prior to the respective Maturity Dates of the Blue Bonds, the Issuer shall have the right, but not the obligation, to redeem in whole (and not in part) the outstanding Series A Blue Bonds and Series B Blue Bonds at par (or 100% of face value) on any Early Redemption Date, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment in the amount of interest as originally computed (the "**Early Redemption Date**", see "*Description of the Blue Bonds*" – "*Early Redemption Option*" on page [30] of this Preliminary Prospectus).

Interest Payment Dates shall be on [24 August], [24 November], [24 February], and [24 May] of each year commencing on [24 August 2024] until and including the relevant Maturity Date, or the next Business Day if such date is not a Business Day, without any adjustment in the amount of interest as originally computed; if the Issue Date is set at a date other than [24 May 2024], then the Interest Payment Dates will be automatically adjusted to the numerically corresponding dates at every three (3) months following the actual Issue Date (or if there is no day so numerically corresponding, such date shall pertain to the last day of such calendar month). The last Interest Payment Date shall fall on the relevant Maturity Date while the Blue Bonds are outstanding (see "*Description of the Blue Bonds*" – "*Interest*" on page [29] of this Preliminary Prospectus).

Subject to the consequences of default as contained in the Trust Agreement dated [•] executed by and between the Issuer and BPI Asset Management and Trust Corporation (the "**Trustee**"), and unless otherwise redeemed prior to the Maturity Date, the Blue Bonds will be redeemed at par (or 100% of face value) on Maturity Date.

The payment obligations of the Issuer under the Blue Bonds shall constitute direct, senior, unconditional, unsubordinated and unsecured obligations of the Issuer, and shall at all times rank *pari passu* and without preference among themselves. The payment obligations of the Issuer under the Blue Bonds shall at all times rank at least equally with all other senior unsecured and unsubordinated indebtedness, and monetary obligations of the Issuer, both present and future, except for obligations mandatorily preferred by Philippine law other than the preference under Article 2244(14)(a) of the Civil Code of the Philippines.

The Blue Bonds have been rated PRS Aaa with a Stable Outlook by the Philippine Rating Services Corporation ("**PhilRatings**") on [15] March 2024. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. PRS Aaa is the highest rating assigned by PhilRatings. On the other hand, an Outlook is an indication as to the possible direction of any rating change within a one-year period and serves as a further refinement to the assigned credit rating for the guidance of investors, regulators, and the general public. A Stable Outlook is defined as: "The rating is unlikely to remain unchanged in the next

12 months". The rating is not a recommendation to buy, sell, or hold the securities, and may be subject to revision, suspension, or withdrawal at any time by PhilRatings.

The Blue Bonds shall be offered to the public at face value through the Joint Lead Underwriters and Joint Bookrunners with the Philippine Depository & Trust Corp. ("PDTC") as the Registrar of the Blue Bonds. It is intended that upon issuance, the Blue Bonds shall be issued in scripless form, with PDTC maintaining the scripless Register of Bondholders, and listed on the Philippine Dealing & Exchange Corp. ("PDEX"). However, there is no assurance that such a listing will be achieved either on or after the Issue Date or whether such a listing will materially affect the liquidity of the Blue Bonds on the secondary market. Such listing would be subject to the Company's execution of a listing agreement with PDEX that may require the Company to make certain disclosures, undertakings and payments on an ongoing basis. The Blue 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.

The Company expects to raise gross proceeds of up to approximately [₱12,000,000,000.00], or [₱15,000,000,000.00] assuming the full exercise of the Oversubscription Option, from the sale of the Blue Bonds. The net proceeds from the Offer, determined by deducting from the gross proceeds the fees, commissions, and expenses relating to the issuance, are expected to be approximately ₱[11,859,904,608.16], or ₱[14,827,210,923.95] assuming the full exercise of the Oversubscription Option. The proceeds will be used by the Company to primarily fund select projects aligned with the Blue Bond framework as per SEC Memorandum Circular No. 15, Series of 2023 (see "*Use of Proceeds*" on page [71] of this Preliminary Prospectus). The Joint Lead Underwriters and Joint Bookrunners shall receive a fee of up to [0.30]% of the final aggregate principal amount of the Blue Bonds issued. This shall be inclusive of any commissions to be paid to the selling agents, if any (see "*Plan of Distribution*" on page [47] of this Preliminary Prospectus).

The Offer is being conducted exclusively in the Philippines and is pursuant to requirements under Philippine laws, rules and regulations that may be different from those of other countries and jurisdictions. No action has been or will be taken by the Issuer or any person on behalf of the Issuer to permit an offering of the Blue Bonds in any jurisdiction other than the Philippines, where action for that purpose is required. Accordingly, the Blue Bonds may not be offered or sold, directly or indirectly, nor may any offering material relating to the Blue Bonds be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws, rules and regulations of any such country or jurisdiction. Any reproduction or distribution of this Preliminary Prospectus, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Blue Bonds is prohibited. Each investor in the Blue Bonds must comply with all laws applicable to it and must obtain the necessary consent, approvals or permission for its purchase or subsequent offer and sale of the Blue Bonds under the laws and regulations in force in any jurisdiction to which it is subject. None of the Company or the Joint Lead Underwriters and Joint Bookrunners will have any responsibility therefor.

To the best of the Company's knowledge, the Company confirms that, as of the date of this Preliminary Prospectus, the information contained herein relating to the Company and its operations, which are in the context of the Offer (including all material information required by the applicable laws of the Republic of the Philippines), is true and that there is no material misstatement or omission of facts which would make any statement in this Preliminary Prospectus misleading in any material respect and that the Company hereby accepts full and sole responsibility for the accuracy of the information contained in this Preliminary Prospectus with respect to the same. The Company confirms that it has made all reasonable inquiries in respect of the information, data and analysis provided to it by its advisors and consultants or which is otherwise publicly available for inclusion into this Preliminary Prospectus. The Company, however, has not independently verified any such publicly available information, data or analysis.

The Joint Lead Underwriters and Joint Bookrunners have exercised the required due diligence in ascertaining that all material representations contained in this Preliminary Prospectus, and any amendment or supplement thereto, are true and correct as of the date hereof and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading in any material respect. Further, the Company confirms that, to the best of its knowledge and belief after having taken reasonable care to ensure that such is the case, as of the date of this Preliminary Prospectus, the information contained in this Preliminary Prospectus relating to the Company and its operations is true and there is no material misstatement or omission of fact which would make any statement in this Preliminary Prospectus misleading in any material respect. The Company hereby accepts full and sole responsibility for the accuracy of the information contained in this Preliminary Prospectus.

Unless otherwise indicated, all information in this Preliminary Prospectus is as at 31 December 2023. Neither the delivery of this Preliminary Prospectus nor any sale made hereunder shall, under any circumstance, 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 since such date. Market data and certain industry data used throughout this Preliminary Prospectus were obtained from market research, publicly available information and industry publications. Industry publications

generally state that the information contained therein have been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. Similarly, industry forecasts and market research, while believed to be reliable, have not been independently verified, and neither the Issuer nor any of the Joint Lead Underwriters and Joint Bookrunners makes any representation or warranty, express or implied, as to the accuracy or completeness of such information. The Joint Lead Underwriters and Joint Bookrunners assume no liability for any information supplied by the Company in relation to this Preliminary Prospectus. Each person contemplating an investment in the Blue Bonds should make his own investigation and analysis of the creditworthiness of the Issuer 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 Blue Bonds. A person contemplating an investment in the Blue Bonds should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially those high-risk securities. For a discussion of certain factors to be considered in respect of an investment in the Blue Bonds, see the section entitled “*Risk Factors*” beginning on page [54].

The contents of this Preliminary Prospectus are not investment, legal, or tax advice. In making any investment decision regarding the Blue Bonds, prospective investors must rely on their own examination of the Company and the terms of the Offer, including, without limitation, the merits and risks involved, such prospective investor’s own determination of the suitability of any such investment with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment. Neither the Company nor any of the Joint Lead Underwriters and Joint Bookrunners makes any representation to any prospective investor regarding the legality of participating in the Offer under any law or regulation. Each prospective investor should be aware that it may be required to bear the financial risks of any participation in the Offer for an indefinite period of time. Prospective investors should consult their own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Blue Bonds, among others. Investing in the Blue Bonds involves certain risks. For a discussion of certain factors to be considered in respect of an investment in the Blue Bonds, see the section on “*Risk Factors*” beginning on page [54].

THE BLUE BONDS ARE BEING OFFERED ON THE BASIS OF THIS PRELIMINARY PROSPECTUS ONLY. ANY DECISION TO PURCHASE THE BLUE BONDS MUST BE BASED ONLY ON THE INFORMATION CONTAINED HEREIN.

No dealer, salesman or other person has been authorized by the Company or by the Joint Lead Underwriters and Joint Bookrunners to issue any advertisement or to give any information or make any representation in connection with the Company, its associates, or the Offer other than those contained in this Preliminary Prospectus and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorized by the Company or the Joint Lead Underwriters and Joint Bookrunners or any of their respective associates.

COMPANY INFORMATION

The Company is a Philippine corporation with its business address at Engineering Building, MWSS Complex Katipunan Ave., Balara, Quezon City, 1119, Philippines. The Company’s telephone number is (+632) 8 981 3333 and its corporate website is <https://www.mayniladwater.com.ph>. The information on the Company’s website is not incorporated by reference into, and does not constitute part of, this Preliminary Prospectus.

A REGISTRATION STATEMENT RELATING TO THESE 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 ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, 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 GIVEN AFTER THE EFFECTIVE DATE. 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 ANY BLUE BONDS.

MAYNILAD WATER SERVICES, INC.

By:

Ramoncito S. Fernandez
President

REPUBLIC OF THE PHILIPPINES)
CITY OF _____) S.S.

Before me, a notary public for and in the city named above, personally appeared the affiant, known to me and to me known to be the same person who presented the foregoing instrument and signed the instrument in my presence, who took an oath before me as to such instrument, and who presented to me his evidence of identity, as follows: Passport No. _____ issued on _____ and issued by _____.

Witness my hand and seal this _____ at _____ City.
Doc. No. ;
Page No. ;
Book No. ;
Series of 2024.

<Signature Page to be available upon completion>

TABLE OF CONTENTS

FORWARD LOOKING STATEMENTS	7
DEFINITION OF TERMS	8
EXECUTIVE SUMMARY	15
SUMMARY FINANCIAL AND OPERATION INFORMATION	20
OVERVIEW OF THE OFFER	23
DESCRIPTION OF THE BLUE BONDS	27
PLAN OF DISTRIBUTION	47
RISK FACTORS	54
RISKS RELATING TO THE COMPANY	54
RISKS RELATING TO THE PHILIPPINES	64
RISKS RELATING TO THE BLUE BONDS	67
USE OF PROCEEDS	71
CAPITALIZATION	78
DETERMINATION OF OFFER PRICE	79
MAYNILAD’S BUSINESS	80
DESCRIPTION OF DEBT	131
MATERIAL CONTRACTS	132
REGULATORY FRAMEWORK	135
REGULATIONS RELATING TO WATER BUSINESS	135
ENVIRONMENTAL REGULATIONS	138
OTHER LAWS	139
INDUSTRY OVERVIEW	141
MANAGEMENT DISCUSSION AND ANALYSIS	151
SHAREHOLDER STRUCTURE	170
MANAGEMENT	173
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	184
LEGAL PROCEEDINGS	185
INDEPENDENT AUDITORS AND COUNSEL	187
PHILIPPINE TAXATION	188
PARTIES TO THE OFFER	193
FINANCIAL AND OTHER INFORMATION	194

FORWARD LOOKING STATEMENTS

All statements in this Preliminary Prospectus contain certain “**forward-looking statements**” that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements can generally be identified by use of statements that include words or phrases such as Maynilad or its management “aims”, “believes”, “expects”, “anticipates”, “intends”, “plans”, “foresees”, “endeavors”, “seeks”, “may”, “might”, “can,” “could,” “will,” “would,” “shall,” “should,” “is/are likely to,” or other words or phrases of similar import. Statements that describe the Company’s objectives, plans or goals are also considered forward-looking statements. All such forward-looking statements and any other projections contained in this Preliminary Prospectus are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those implied by the relevant forward-looking statements.

Important factors that could cause actual results to differ materially from the expectations of Maynilad include, among others:

- General economic and business conditions in the Philippines;
- The Company’s management’s expectations and estimates concerning its future financial performance;
- The Company’s ability to successfully implement its strategies;
- The Company’s capital expenditure program and other liquidity and capital resources requirements;
- The Company’s and its contractors’ ability to complete projects on time and within budget;
- The Company’s level of indebtedness;
- Increasing competition in the industry in which the Company, its Subsidiaries and its Affiliates operate;
- Industry risk in the areas in which the Company, its Subsidiaries, and its Affiliates operate;
- Changes in laws and regulations that apply to the segments or industry in which the Company, its Subsidiaries, and its Affiliates operate;
- Changes in political conditions in the Philippines;
- Inflation in the Philippines and any devaluation of the Philippine Peso; and
- The risk factors discussed in this Preliminary Prospectus as well as other factors beyond the Company’s control.

For further discussion of such risks, uncertainties and assumptions, please see the “*Risk Factors*” section on page [54] of this Preliminary Prospectus. Prospective purchasers of the Blue Bonds are urged to consider these factors carefully in evaluating the forward-looking statements. The forward-looking statements included herein are made only as of the date of this Preliminary Prospectus, and Maynilad undertakes no obligation to update such forward-looking statements publicly to reflect subsequent events or circumstances.

None of the Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners take any responsibility for, or give any representation, warranty or undertaking in relation to, any such forward-looking statement made in this Preliminary Prospectus.

Presentation of Financial Information

Amounts presented throughout this Preliminary Prospectus have been subject to rounding adjustments to facilitate their presentation. Accordingly, numbers shown for the same item of information may vary and may not precisely reflect the absolute figures or the arithmetic aggregate of their components due to rounding adjustments.

DEFINITION OF TERMS

As used in this Preliminary Prospectus, the following terms shall have the meanings ascribed to them:

“**ACGES**” shall refer to the Annual Corporate Governance Session.

“**Application to Purchase**” shall mean the document to be executed by any Person or entity qualified to become a Bondholder.

“**Appropriate Discount Rate**” shall mean (i) for the periods prior to effective date of the RCA, the approved rates by the MWSS; and (ii) from effective date of the RCA, is equal to nominal twelve percent (12%).

“**ADB**” shall refer to Asian Development Bank.

“**BA**” shall mean Business Area.

“**Basic Charges**” shall mean the basic tariff charged to consumers for the provision of water services.

“**BDO Capital**” shall mean BDO Capital & Investment Corporation.

“**Benpres**” shall refer to Benpres Holdings Corporation.

“**BIR**” shall refer to the Philippine Bureau of Internal Revenue.

“**BIR Form 0901-I**” shall mean the Application Form for Treaty Purposes on Interest.

“**Blue Bonds**” shall mean the bonds in the aggregate principal amount of up to [Twelve Billion Pesos (₱12,000,000,000.00)] with an oversubscription option of up to [Three Billion Pesos (₱3,000,000,000.00)] to be issued by the Company.

“**Blue Projects**” shall refer to projects which directly aim to address sustainable water management and ocean protection and/or seek to contribute to the development of the blue economy.

“**Bona Fide Bondholder**” shall refer to any Bondholder who has been a bona fide holder for at least six (6) months.

“**Bond Agreements**” shall mean the Trust Agreement between the Issuer and the Trustee, the Terms and Conditions, the Master Certificate of Indebtedness, the Registry and Paying Agency Agreement between the Issuer and the Registrar and Paying Agent, and the Underwriting Agreement between the Issuer and the Joint Lead Underwriters and Joint Bookrunners, or any document, certificate or writing contemplated thereby.

“**Bondholder**” refers to a person whose name appears, at any time, as a holder of the Blue Bonds in the Register of Bondholders.

“**BPI Capital**” shall mean BPI Capital Corporation.

“**BSP**” shall mean Bangko Sentral ng Pilipinas.

“**Business Day**” means any day, other than Saturday and Sunday, and a public non-working holidays, on which the BSP’s Philippine Payment and Settlement System (“**PhilPaSS**”) and the Philippine Clearing House Corporation (“**PHC**”) (or, in the event of discontinuance of their respective functions, their respective replacements) are open and available for clearing and settlement, and commercial banks are generally open for the transaction of business in Metro Manila; provided, that all other days unless otherwise specified herein shall mean calendar days which shall be construed as successive periods of twenty-four (24) hours each.

“**CA Expiration Date**” shall mean 06 May 2037 when the term of the Concession expires per CA.

“**CAGR**” shall mean Compounded Annual Growth Rate.

“**CAS**” shall mean Conventional Activated Sludge.

“**CBA**” shall mean Collective Bargaining Agreement.

“**CIT**” shall mean Corporate Income Tax.

“**CMD**” shall mean cubic meters per day.

“**CNC**” shall mean Certificate of Non-Coverage issued by the DENR.

“**Commencement Date**” shall mean 01 August 1997 when the Concession commenced per the CA. RCA’s Effectivity Date is on 29 June 2022.

“**Concession**” refers to the exclusive right granted to Maynilad, as contractor to perform certain functions and as agent for the exercise of certain rights and powers under the MWSS Charter (Republic Act No. 6234), to manage, operate, repair, decommission, and refurbish the Facilities in the service area, including the right to bill and collect for water and sewerage service supplied in the service area.

“**Concession Agreement**” or “**CA**” means the agreement dated 21 February 1997 signed between the Company and Metropolitan Waterworks and Sewerage System, including all its subsequent amendments and supplementary agreements, whereby MWSS grants to the Company the Concession.

“**Concession Fee**” shall refer to the amounts that are required to be paid by each of the Concessionaires to MWSS consisting of a share in the principal and interest payments on outstanding MWSS loans and the MWSS annual budget.

“**Concessionaire**” shall refer to each of Manila Water Company, Inc. and Maynilad Water Services, Inc. (together, the “Concessionaires”).

“**Concessionaire Loans**” shall mean any indebtedness incurred by the Concessionaire to finance or refinance the construction or refurbishment of the facilities, or employee severance costs or other transitional costs incurred by the Concessionaire following the Commencement Date related to the Concession.

“**CPI**” shall refer to the consumer price index.

“**CREATE Law**” or “**Republic Act No. 11534**” shall mean Corporate Recovery and Tax Incentives for Enterprises Law.

“**cu.m**” shall mean cubic meter.

“**DENR**” shall refer to the Department of Environment and Natural Resources.

“**DMA**” shall mean District Metered Area.

“**DMCI**” shall refer to DMCI Holdings Inc.

“**DOH**” shall refer to the Department of Health.

“**DOLE**” shall refer to the Department of Labor and Employment.

“**EBITDA**” shall mean core earnings before interest, taxes, depreciation and amortization.

“**ECC**” shall mean Environmental Compliance Certificate.

“**Effective Date**” shall mean the day on which the revision to the original Concession Agreement brought by this Agreement takes effect upon compliance with the conditions precedent.

“**Eligible Blue Activities**” shall refer to Eligible Blue Activities which are defined in accordance with the broad categorization of eligibility for Blue projects set out by SEC Memorandum Circular No. 15, Series of 2023 which provides the guidelines on Eligible Blue Activities and activities for the issuance of Blue Bonds in the Philippines based on the Blue Finance Guidelines Framework developed by the International Finance Corporation (“**IFC**”) and the Green and Blue Bond Framework of the ADB.

“**Eligible Projects**” shall refer to projects that meet the eligibility criteria under the SFF.

“**EMB**” shall mean Environmental Management Bureau.

“**ESG**” shall mean environmental, social and governance.

“**e-SIP**” shall mean e-Securities Issue Portal.

“**ESOP**” shall mean Employee Stock Option Plan of the Company.

“**East West**” shall mean East West Banking Corporation.

“**FCDA**” shall mean the Foreign Currency Differential Adjustment

“**First Metro**” shall mean First Metro Investment Corporation.

“**GDP**” shall mean Gross Domestic Product

“**GJ**” shall refer to gigajoule.

“**GlobalData**” shall refer to GlobalData UK Ltd.

“**Government Authority**” shall mean The Republic of the Philippines, or any political subdivision or agency thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to the said government, and any national agency or body vested with jurisdiction or authority over any Person.

“**GRT**” shall mean Gross Receipts Tax.

“**GWh**” shall refer to gigawatt per hour.

“**IAET**” shall mean improperly accumulated earnings tax.

“**IFC**” shall refer to International Finance Corporation.

“**IRR**” shall mean implementing rules and regulations.

“**ISO**” shall mean International Organization for Standardization.

“**ITH**” shall mean income tax holiday.

“**IMS**” shall mean Integrated Management System.

“**JICA**” shall mean Japan International Cooperation Agency

“**Joint Lead Underwriters and Joint Bookrunners**” shall mean BPI Capital Corporation, BDO Capital & Investment Corporation, First Metro Investment Corporation, and East West Banking Corporation.

“**JPY**” shall mean the Yen, the legal currency of Japan.

“**JVCo**” shall mean joint venture company.

“**Labor Code**” shall refer to the Labor Code of the Philippines.

“**Lien**” shall mean a mortgage, pledge, security interest, lien, or encumbrance constituted on any of the properties of Maynilad for the purpose of securing its obligation or the obligation of its Subsidiaries.

“**LLDA**” shall mean Laguna Lake Development Authority.

“**LMTP**” shall refer to the La Mesa Treatment Plant.

“**m.**” shall mean meter.

“**Majority Bondholders**” shall mean the holders of more than fifty percent (50%) of the principal amount of the Blue Bonds then outstanding.

“Manila Water” or the **“East Concessionaire”** shall refer to Manila Water Company, Inc.

“Marubeni” shall refer to Marubeni Corporation.

“Material Adverse Effect” shall mean a material adverse effect on (a) the condition (financial or otherwise), results of operations, or business affairs of the Issuer or any of its Subsidiaries, taken as a whole, whether or not arising in the ordinary course of business, (b) the Offer, (c) the ability of the Issuer to observe and comply with the provisions of and perform its obligations under the Blue Bonds, or (d) the validity or enforceability of the Blue Bonds. For purposes of determining compliance by the Issuer with its representations and warranties, and its covenants, or declaring an Event of Default or other applicable provisions of the Trust Agreement, the determination of “Material Adverse Effect” shall be based on the reasonable opinion of the Majority Bondholders acting in good faith.

“Maynilad”, “MWSI”, “Company” or the **“Issuer”** shall refer to Maynilad Water Services, Inc.

“MCM” shall mean million cubic meters.

“Meralco” shall refer to Manila Electric Company.

“ML” shall mean million liters.

“MLD” shall mean million liters per day.

“MPIC” shall refer to Metro Pacific Investments Corporation.

“MTP” shall mean modular treatment plant.

“MVA” shall mean megavolt ampere.

“MWh” shall refer to megawatt per hour.

“MWHCI” shall refer to Maynilad Water Holdings Company, Inc.

“MWSS” shall mean Metropolitan Waterworks and Sewerage System.

“MWSS RO” shall mean the MWSS Regulatory Office.

“NCR” shall mean National Capital Region.

“Non-revenue Water” or **“NRW”** refers to system losses or the volume of water lost in the Company’s distribution system due to leakage, pilferage from illegal connections and metering errors.

“NWRB” shall mean the National Water Resources Board.

“Offer” shall refer to the fixed-rate bonds issued by Maynilad Water Services, Inc. with a tenor of [five (5)] years and/or [ten (10)] years in aggregate principal amount of up to Fifteen Billion Pesos (₱15,000,000,000.00).

“Paying Agent” shall mean PDTC, appointed under the Registry and Paying Agency Agreement.

“PDEX” shall mean the Philippine Dealing & Exchange Corp., a domestic corporation duly registered with the SEC to operate an exchange and trading market for fixed income securities and a member of the Philippine Dealing System Group of Companies.

“PDEX Rules” shall mean the PDEX Rules for the Fixed Income Securities Market, as amended, and as the same may be revised from time to time, as well as all other related rules, guidelines, and procedures that may be issued by PDEX.

“PDIC” shall mean the Philippine Deposit Insurance Corporation.

“PDTC” shall refer to the Philippine Depository & Trust Corp.

“Permitted Lien” shall mean any of the following:

- a. Any Lien created for the purpose of paying 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 in appropriate proceedings upon stay of execution of the enforcement thereof and adequate reserves having been provided for the payment thereof.
- b. Any Lien to secure, in the normal course of the business of Maynilad or its Subsidiaries: (i) statutory or regulatory obligations; (ii) surety or appeal bonds; (iii) bonds for release of attachment, stay of execution or injunction; or (iv) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases.
- c. Any Lien (i) imposed by law, such as carrier's, warehousemen's, mechanics' liens and other similar liens arising in the ordinary course of business and not material in amount; (ii) arising out of pledge or deposits under the workmen's compensation laws, unemployment insurance, old age pensions or other social security or retirement benefits or similar legislation; and (iii) arising out of set-off provisions in the normal course of its financing arrangements, provided that, the Bondholders hereunder shall also have to the extent permitted by applicable law, and upon notice to the Issuer, a similar right of set-off.
- d. Any Lien in favor of banks, insurance companies, other financial institutions and Philippine government agencies, departments, authorities, corporations or other juridical entities, which secure a preferential financing obtained by Maynilad under a governmental program, and which cover assets of Maynilad which have an aggregate appraised value, determined in accordance with PFRS, not exceeding [five percent (5%)] of total assets as reflected in the latest consolidated annual audited financial statements.
- e. Any Lien existing on the date of the Trust Agreement which is disclosed in writing by Maynilad to the Trustee prior to the execution of the Trust Agreement.
- f. Any Lien established in favor of insurance companies and other financial institutions in compliance with the applicable requirements of the Office of the Insurance Commission on admitted assets or the requirements of the *Bangko Sentral ng Pilipinas* on loans and financial accommodations extended to directors, officers, stockholders and related interest (“**DOSRI**”).
- g. Any Lien constituted over the investment of Maynilad in any of its Subsidiaries, whether such investment is in the form of shares, deposits or advances, to guarantee or secure the obligations of the said Subsidiaries as long as the aggregate outstanding principal amount of such security does not exceed 5% of the Issuer's total assets at any given time; and
- h. Liens created with the prior written consent of the Majority Bondholders.

“**Person**” shall mean an individual, corporation, partnership, association, joint stock company, trust, any unincorporated organization, or a government or political subdivision thereof.

“**Pesos**”, “**PHP**”, “**₱**”, and “**Philippine currency**” shall mean the legal currency of the Republic of the Philippines.

“**PFRS**” shall mean the Philippine Financial Reporting Standards.

“**PhilHydro**” shall refer to Philippine Hydro, Inc.

“**Philippine Constitution**” shall refer to the 1987 Philippine Constitution.

“**Philippines**” or “**ROP**” shall mean the Republic of the Philippines.

“**Picazo Law**” shall refer to Picazo Buyco Tan Fider & Santos.

“**PNSDW**” shall refer to the Philippine National Standards for Drinking Water.

“**PPP**” shall mean Public-Private Partnership.

“**Prospectus**” shall refer to the Prospectus dated [•] describing the issuance by Maynilad Water Services, Inc. of fixed-rate bonds with a tenor of [five (5)] years and/or [ten (10)] years in aggregate principal amount of up to Fifteen Billion Pesos (₱15,000,000,000.00), consisting of [•]% p.a. Series A Blue Bonds due [2029] and [•]% p.a. Series B Blue Bonds due [2034], for public offer and sale in the Philippines.

“**PSA**” shall mean the Philippine Statistics Authority.

“**psi**” shall mean pounds per square inch.

“**Rate Rebasing**” shall refer to the process, done once every five (5) years, by which the Regulatory Office and the Concessionaire jointly review the past performance and future business plans of the Concessionaire, and agree on any adjustments in customer tariffs in order to reflect the appropriate changes in the business plans of the Concessionaire.

“**RCA Expiration Date**” shall mean 31 July 2037 when the term of the Concession expires per RCA.

“**Register of Bondholders**” means the electronic records of the Registrar bearing the official information on the names and addresses of the Bondholders and the number of Blue Bonds they respectively hold, including all transfers of the Blue Bonds and the names of subsequent transferee Bondholders, as well as any liens or encumbrances thereon, maintained pursuant to and under the Registry and Paying Agency Agreement.

“**Registry and Paying Agency Agreement**” shall refer to the agreement between the Issuer, and the Registrar and Paying Agent dated [•].

“**Republic Act No. 11600**” or “**R.A. No. 11600**” shall refer to An Act Granting Maynilad Water Services, Inc. A Franchise To Establish, Operate And Maintain A Waterworks System And Sewerage And Sanitation Services In The West Zone Service Area Of Metro Manila And Province Of Cavite which was enacted on 10 December 2021.

“**Republic Undertaking**” shall refer to the acknowledgment by the Republic of the Philippines of the 15-year extension of the Concession Agreement through a Letter of Consent and Undertaking dated 17 March 2010.

“**Required Approvals and Registrations**” shall mean means all the written consents, governmental authorizations, licenses, permits, and certifications from Governmental Authorities or otherwise pursuant to Governing Law, whether given or withheld by express action or deemed given or withheld by failure to act within the specified time period.

“**Resignation Effective Date**” shall refer to the effectivity of the resignation notice sent by the Trustee under the Trust Agreement.

“**Revised Concession Agreement**” or “**RCA**” shall refer to the agreement dated 18 May 2021 signed between the Company and Metropolitan Waterworks and Sewerage System, including all its subsequent amendments and supplementary agreements such as the Amendments to the RCA dated 10 May 2023, whereby MWSS grants to the Company the Concession.

“**RMC**” shall mean Revenue Memorandum Circular issued by the BIR.

“**RMO**” shall mean Revenue Memorandum Order issued by the BIR.

“**RO**” shall refer to the MWSS Regulatory Office.

“**Romulo Law**” shall refer to Romulo Mabanta Buenaventura Sayoc & de los Angeles

“**RoP**” shall refer to the Republic of the Philippines

“**R&M**” shall mean repairs and maintenance.

“**SBMA**” shall refer to the Subic Bay Management Authority.

“**SDGs**” shall mean the United Nations Sustainable Development Goals.

“**SEC**” shall mean Securities and Exchange Commission.

“**SFF**” or “**Framework**” shall refer to the Sustainable Finance Framework created by Maynilad.

“**SFT**” shall mean the issuance of green, social, and/or sustainability bonds and/or loans by Maynilad in line with its SFF.

“**STP**” shall mean Sewage Treatment Plant.

“**Standard Rates**” shall mean rates set out in the Concession Agreement or the Revised Concession Agreement for the supply of water and sewerage services in the Service Area from the commencement date, as amended from time to time

“**Subicwater**” shall refer to the Subic Water and Sewerage Company Inc.

“**Subsidiary**” shall mean, with respect to any person, any corporation, association or other business entity (i) of which more than 50.0% of the voting power of the outstanding voting stock is owned or controlled, directly or indirectly, by such person and one or more other Subsidiaries of such person or (ii) of which 50.0% or less of the voting power of the outstanding voting stock is owned, directly or indirectly, by such person and one or more other Subsidiaries of such person and in each case which is “controlled” and consolidated by such person in accordance with PFRS.

“**Suez**” shall refer to Suez Lyonnaise de Seaux.

“**Tax**” shall mean any present and future taxes (including documentary stamp tax or gross receipts tax), levies, imposts, duties, filing and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof.

“**TJ**” shall refer to terajoule.

“**Terms and Conditions**” shall refer to the description of the terms and conditions of the Blue Bonds.

“**TRAIN Law**” or “**Republic Act No. 10963**” shall mean Tax Reform for Acceleration and Inclusion Law.

“**TRC**” shall mean Tax Residency Certificate.

“**Trust Agreement**” the agreement dated on or about [•], 2024 by and between the Issuer and the Trustee.

“**Trustee**” shall refer to BPI Asset Management and Trust Corporation.

“**UATP**” shall refer to the Umiray-Angat Transbasin Project.

“**UNCITRAL**” shall refer to the United Nations Commission on International Trade Law.

“**Underwriting Agreement**” shall mean the Underwriting Agreement dated [•] between Maynilad and the Joint Lead Underwriters and Joint Bookrunners.

“**U.S. Dollar**” and “**USD**” shall mean the legal currency of the United States of America.

“**West Zone**” shall refer to the 17 cities and municipalities which include Caloocan, Malabon, Navotas, Valenzuela, parts of Quezon City, parts of Manila, parts of Makati, Pasay, Parañaque, Las Piñas, Muntinlupa, Bacoor, Imus, Kawit, Rosario, Noveleta, and Cavite City serviced by Maynilad.

“**WHO**” shall refer to the World Health Organization.

“**WRF**” shall mean Water Reclamation Facility.

“**WSP**” shall mean Water Safety Plan.

“**WTP**” shall mean Water Treatment Plant.

“**y-o-y**” shall mean year-on-year.

EXECUTIVE SUMMARY

The following summary does not purport to be complete and is taken from and qualified in its entirety by the more detailed information including the Company's financial statements and notes relating thereto appearing elsewhere in this Preliminary Prospectus. For a discussion of certain matters that should be considered in evaluating any investment in the Blue Bonds, see the section entitled "Risk Factors" on page [54] of this Preliminary Prospectus. Terms defined elsewhere in this Preliminary Prospectus shall have the same meanings when used in this summary.

Prospective investors should read this entire Preliminary Prospectus fully and carefully, including the Company's financial statements and related notes. In case of any inconsistency between this summary and the detailed information in this Preliminary Prospectus, the latter shall prevail.

COMPANY OVERVIEW

Maynilad is the water and wastewater services provider for the West Zone of the Greater Metro Manila area. It is the largest water concessionaire in the Philippines in terms of customer base. The West Zone is composed of 17 cities and municipalities which include Caloocan, Malabon, Navotas, Valenzuela, parts of Quezon City, parts of Manila, parts of Makati, Pasay, Parañaque, Las Piñas, Muntinlupa, Bacoor, Imus, Kawit, Rosario, Noveleta, and Cavite City.

Maynilad's concession area covers a total of 540 square kilometers. As of 31 December 2023, it caters to approximately 10.3 million people comprising a broad range of residential, commercial and industrial customers through its over 1.5 million water service connections.

97.5% of Maynilad's customers enjoy 24-hour uninterrupted water supply at an average of 7 pounds per square inch ("psi") pressure. After launching one of the largest and most ambitious Non-Revenue Water ("NRW") reduction programs in Asia, Maynilad successfully brought down its average Total NRW from 68.0% in 2006 to 42.9% in 2023.

In terms of its infrastructure and facilities, Maynilad currently operates and maintains 8 water treatment plants, 23 wastewater facilities (including 20 sewage treatment plants, 2 joint sewage & septage treatment facilities, and 1 septage treatment facility), 129 waste pumping stations/lift stations, 13 deep-well pumping stations, 39 reservoirs, 39 mini boosters and pumping stations, and 7,596 kilometers of water pipelines.

On 21 February 1997, Maynilad entered into a Concession Agreement with MWSS, with respect to the West Zone. Under the CA, MWSS granted Maynilad the sole right to manage, operate, repair, decommission and refurbish all fixed and movable assets required to provide water and sewerage services in the West Zone for 25 years, ending in 6 May 2022. In April 2010, MWSS approved an extension of the CA with Maynilad for another 15 years, or until 31 July 2037. Said 15-year extension of the CA was approved by MWSS in 2009 and was duly acknowledged by the RoP, in accordance with the CA, through a Letter of Consent and Undertaking dated 17 March 2010 ("**Republic Undertaking**").

On 18 May 2021, Maynilad and MWSS signed the RCA, some of the notable provisions of which are the following:

1. Confirmation of the 31 July 2037 Expiration Date;
2. Imposition of a tariff freeze until 31 December 2022;
3. Removal of CIT from among Maynilad's recoverable expenditures, as well as the FCDA;
4. Capping of the annual inflation factor to 2/3 of the Consumer Price Index;
5. Imposition of rate caps for water and sewerage services to 1.3x and 1.5x, respectively, of the previous standard rate;
6. Removal from the Republic Undertaking of the non-interference of the Government in the rate-setting process, and the limitation of the RoP's financial guarantees to cover only those loans and contracts that are existing as of the signing of the RCA;
7. Replacement of the market-driven Appropriate Discount Rate with a 12% fixed nominal discount rate; and
8. Retention of the rate rebasing mechanism where, subject to the rate caps in item 5 above, the rates for the provision of water and wastewater services will be set at a level that will allow Maynilad to recover, over the term of the Concession, expenditures efficiently and prudently incurred and to earn 12% fixed nominal discount rate.

The RCA was to take effect six (6) months after it was signed on 18 May 2021 or on 18 November 2021 upon compliance with all the conditions precedent ("**CPs**"). However, the Republic Undertaking, which is among the CPs, had yet to be issued as of such date. Hence, the MWSS Board moved the RCA's Effective Date to 18 December 2021.

On 18 October 2021, Maynilad implemented an FCDA equivalent to negative 0.55% of the 2021 average Basic Charge of ₱36.24 per cu.m. or an average refund of ₱0.20 per cu.m. Consequently, the FCDA's removal for the fourth quarter of 2021 resulted in the increase of Standard Rates for water and sewerage services.

To comply with the RCA provision on the tariff freeze until 31 December 2022, the MWSS adopted the MWSS RO's recommendation to remove the FCDA from, and the inclusion of a "Transitory Adjustment" in the bills of Maynilad customers beginning 18 November 2021 until 31 December 2022.

On 14 December 2021, upon Maynilad's request given that the Republic Undertaking has not yet been issued, the MWSS Board approved to defer the RCA's Effective Date by another two months (until 16 February 2022) or until the Republic Undertaking is issued.

On 30 June 2022, MWSS formally notified Maynilad of the DOF's issuance of the Republic Undertaking dated 24 June 2022. But because the signed Republic Undertaking did not follow the form agreed in the RCA, Maynilad informed the MWSS that its obligations under the RCA have not commenced, and that the (original) CA, as extended, including the Republic Undertaking dated 17 March 2010 remains in force.

On 10 December 2021, Maynilad was granted a 25-year legislative franchise through R.A. No. 11600 which became effective on 22 January 2022. R.A. No. 11600 provides, among others, that when public interest for affordable water security so requires and upon application of the grantee, MWSS shall be authorized to approve the amendment of the CA to extend its term up to the term of the franchise, after appropriate notice and hearing.

Pursuant to R.A. No. 11600, Maynilad, on 9 August 2022, formally applied for a 10-year extension of the RCA with the MWSS to provide affordable water to its customers and mitigate anticipated tariff increases. Maynilad subsequently provided the MWSS with preliminary tariff impact simulations, and highlighted the fiscal benefits of a 10-year extension of the RCA.

In a subsequent letter dated 14 September 2022, Maynilad proposed to the MWSS certain amendments to the RCA, which included the reinstatement of the FCDA mechanism, the full CPI Adjustment and the removal of certain events from those that are excluded from the material adverse government action ("MAGA") provision.

This request was made on account of certain events, such as the COVID-19 pandemic, the conflict in Ukraine and the significant depreciation of the Philippine Peso, which not only posed a challenge to Maynilad's operations, but have also highlighted the need to ensure that the RCA are future-proof in order to guarantee the continuity of service to its customers.

On 10 May 2023, Maynilad and MWSS signed the Amendments to the RCA ("**Amendments to the RCA**"), the effectivity of which retroacts to 29 June 2022. The amendments were intended, in part, to align some of the RCA provisions with the revised implementing rules and regulations of the Build Operate Transfer Law (Republic Act No. 6957, as amended by Republic Act No. 7718), consistent with the government's efforts to reinvigorate public-private partnerships.

The Amendments to the RCA include the following:

1. Adjustment in the CPI factor or "C" from 2/3 to 3/4 of the percentage change in the CPI;
2. Reinstatement of the FCDA, but only with respect to the (a) MWSS loans that are being and will be serviced by Maynilad, (b) principal payments for drawn and undrawn amounts of Maynilad's foreign currency denominated loans existing as of 29 June 2022; Introduction of a modified FCDA for Maynilad loans contracted after 29 June 2022, but which mechanism may be availed of only when there is an "extraordinary inflation" or "extraordinary deflation" of the Philippine Peso (i.e., more than 20% change in the base exchange rate), and the amount that may be recovered is capped (up to 50% of actual net forex gain over a period of one year). If there is an actual net forex gain arising from cash payment of principal amounts of concessionaire loans, MWSS may require the Concessionaire to reimburse its customers; but if there is an actual net forex loss, the Concessionaire shall not be allowed to recover such;
3. Exclusion of certain events from what may not be considered as MAGA such as the amendment of existing rules, regulations, and other issuances resulting from acts of the legislative and judicial branches of government and the RO's delay or inaction on applications relating to rate adjustments filed by the Concessionaire; and
4. Deletion of the composition and decisions of the RO from what may not be subject to arbitration.

Along with the Amendments to the RCA, the Philippines' Secretary of Finance issued on 17 May 2023 the Undertaking Letter in recognition of the mutual agreement of the parties that any and all claims that have, may have arisen, or may arise pursuant to previous Undertaking Letters were deemed waived, abandoned, and to have no legal basis. The Undertaking Letter's effectivity retroacted to 1 July 2022.

As of 31 December 2023, the principal shareholder of Maynilad is Maynilad Water Holdings Company, Inc. (“**MWHCI**”), which owns 93.56% of Maynilad’s shares. MWHCI is, in turn, 51.27%-owned by Metro Pacific Investments Corporation (“**MPIC**”), 27.19%-owned by DMCI Holdings Inc. (“**DMCI**”), and 21.54%-owned by Marubeni Corporation (“**Marubeni**”). MPIC also has a 5.23% direct shareholding in Maynilad, while the remaining 1.21% shareholding is owned by beneficiaries under Maynilad’s employee stock option plan (1.20%) and Metropolitan Bank & Trust Company (0.01%).

STRENGTHS

- Pure-play sustainable solutions provider, delivering positive environmental and social returns for stakeholders
- Water utility operating one of the largest water concession in Southeast Asia
- Defensive and predictable cash flows underpinned by the legislative franchise until 2047
- Well-positioned to provide clean and reliable water supply, a basic human need.
- Strong expertise exhibited by the successful turnaround and significant service improvement amid historical challenges
- Unparalleled support from strong shareholders and leadership by experienced management

BUSINESS STRATEGIES

- Improve water service coverage and average water pressure
- Diversification of raw water sources
- Pursue further NRW reduction
- Upgrade WTPs and the distribution network
- Construct additional sewage treatment facilities
- Improve water availability
- Undertake strategic cost management and process efficiency initiatives

RECENT DEVELOPMENTS

Public Offer

Under the terms of R.A. No. 11600, the legislative franchise granted to the Company, it is required to offer to Filipino citizens at least thirty percent (30%) of its outstanding capital stock, or such other percentage that may hereafter be required by law, through any securities exchange in the Philippines, which currently is only the PSE. Compliance with this requirement is a condition for the continued effectivity of the franchise and under its terms, the Company has five (5) years from effectivity of the franchise, or until 21 January 2027. The Company expects to comply with this obligation through the public offer and listing of its shares on the PSE within the time required under the terms of its franchise.

Considering that the processes, approvals and conditions necessary for the success of any public offering require significant preparation, the Company has commenced preparations for such a public offer and listing, which include preparations for filing an application for increase of its authorized capital stock to accommodate shares that will be issued to the public. The Company aims to be in a position to execute such a transaction successfully and has initiated measures that would address the governance requirements applicable to a listed company and a public utility, such as preparing to organize the required board committees and adoption of a Manual of Corporate Governance in accordance with the 2016 Code of Corporate Governance for Publicly Listed Companies. The completion of such an offer and listing will depend on a number of factors outside of the Company’s control, including the receipt of applicable regulatory approvals and favorable market conditions.

RISKS OF INVESTING

Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Blue Bonds. These risks include risks relating to: (i) the Company; (ii) the Philippines; (iii) the Blue Bonds; and (iv) the statements in this Preliminary Prospectus.

Please refer to the section of this Preliminary Prospectus entitled “*Risk Factors*”, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with the purchase of the Blue Bonds.

RISKS RELATING TO THE COMPANY

Risks Related to Raw Water Supply and Raw Water Quality

1. The Company draws its water supply from a limited number of raw water sources and supply may not be sufficient during periods of high demand for water.
2. Environmental degradation and water pollution may affect the quantity and quality of raw water coming from the Company's major water sources.
3. The Company's business and future plans may be adversely affected by climate change. The Company is vulnerable to natural disasters and other disruptive events.

Risks Related to Regulatory Framework

1. The RCA, which authorizes the Company to provide water and wastewater services in the West Zone, may be pre-terminated, or modified prior to the end of the concession period.
2. The Company's legislative franchise may be subject to amendment, alteration, or repeal by Congress.
3. There is no assurance on the Company's full recovery of its expenditures on assets and infrastructure.
4. The Company's financial performance may be adversely affected if increases in customer tariffs are not granted or are deferred.

Risks Related to Compliance with Other Regulations

1. The Company's operations are subject to developments and changes in safety, health and environmental laws and regulations.
2. The Company may be unable to fulfill the terms and conditions of its franchise, licenses, permits and other authorizations.
3. Adverse results of any pending or future litigation and/or disputes may impact Maynilad's cash flows, results of operations and financial condition.

Risks Related to Service Operations

1. The Company may not successfully implement its capital expenditure program.
2. The Company's operations are dependent on facilities that require sufficient maintenance.
3. The Company's business operations require a significant consumption of electricity.
4. The Company's operations depend on an adequate supply of chemicals used for water treatment.
5. Contamination of water sources or soil related to the Company's water supply may result in additional costs and termination of the RCA.

General Risks

1. The Company may face risks associated with debt financing and refinancing activities and continued access to funding to support its operations and capital requirements.
2. The Company enters into contractual arrangements, in the regular course of business, which impose various obligations and penalties for noncompliance.
3. The Company is subject to certain risks relating to information technology.
4. The Company relies on third parties, including contractors and suppliers, in the course of business operations.
5. The Company is highly dependent on certain directors and members of senior management.
6. The Company is subject to labor-related risks.
 - a. Labor activism and unrest, or failure to maintain satisfactory labor relations, could adversely affect the Company's business, prospects, financial condition and results of operations.
 - b. The Company may be unable to attract new talents and retain skilled personnel in a competitive job market, which may negatively affect the Company's business.
7. The outbreak, or threatened outbreak, of any severe communicable disease, such as the COVID-19 pandemic, could have a material adverse effect on the Company's business, financial condition and results of operations. Further, the continuing impacts of the COVID-19 pandemic are highly unpredictable and uncertain and have caused and will continue to cause disruptions in the Philippine and global economy and financial markets.

RISKS RELATING TO THE PHILIPPINES

1. A significant downturn in the Philippine economy could adversely affect the Company.
2. Political or social instability could adversely affect the financial results of the Company.
3. Terrorist activities may have an adverse impact on the Company's results of operations and financial performance.
4. A downgrade in the sovereign credit ratings of the Philippines may have an adverse impact on the Company's results of operations and financial performance.
5. Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.
6. Volatility in the value of the Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect the Company's businesses.

RISKS RELATING TO THE BLUE BONDS

1. Liquidity Risk
2. Pricing Risk
3. Reinvestment Risk
4. Credit Rating and Label Retention Risk
5. Bonds have no Preference under Article 2244(14) of the Civil Code
6. Securities issued as "Blue Bonds" may not be a suitable investment for all investors seeking exposure to blue assets.

RISKS RELATING TO STATEMENTS IN THIS PRELIMINARY PROSPECTUS

1. This Preliminary Prospectus contains certain statistical and industry information.
2. There may be possible deviation in the Use of Proceeds.
3. Certain information contained herein is derived from unofficial publications.

SUMMARY FINANCIAL AND OPERATION INFORMATION

The tables below summarize the financial information as of and for the years ended 31 December 2023, 2022, and 2021, as derived from the Issuer’s audited consolidated financial statements prepared in accordance with the Philippine Financial Reporting Standards. The Issuer’s consolidated financial statements are audited by SGV & Co., a member firm of Ernst & Young Global Limited. This section should be read in conjunction with the independent auditors’ reports and the Issuer’s audited consolidated financial statements, including the notes thereto, and the “*Management Discussion and Analysis*” section in the Preliminary Prospectus.

The Issuer’s summary financial information below is not, in any way, indicative of the results of future operations. Please note that figures may not sum up due to rounding off.

Consolidated Statements of Comprehensive Income

	For the year ended 31 December (in PHP'000s)		
	2021	2022	2023
OPERATING REVENUE			
Water services			
West Zone	17,837,168	18,569,512	22,169,809
Outside West Zone	204,632	239,100	255,429
Wastewater services			
West Zone	3,778,097	3,946,133	4,727,116
Others	130,117	119,988	170,911
	21,950,014	22,874,733	27,323,265
COSTS AND EXPENSES			
Amortization of service concession assets	3,981,774	2,459,156	2,744,831
Salaries, wages and benefits	2,251,794	2,267,079	2,525,069
Utilities	1,166,931	1,714,030	1,665,086
Contracted services	1,028,369	1,138,976	1,458,707
Repairs and maintenance	627,947	688,362	900,059
Materials and supplies	480,899	682,699	832,128
Taxes and licenses	311,662	662,739	834,058
Depreciation and amortization	598,082	485,877	524,326
Purchased water	–	362,364	619,525
Transportation and travel	134,246	236,623	191,252
Regulatory costs	181,410	207,252	242,203
Collection charges	135,938	152,144	182,165
Business meetings and representations	118,792	119,494	159,701
Provision for expected credit losses	6,281	82,921	600,524
Insurance	70,166	51,145	62,227
Rental	75,470	47,380	89,117
Advertising and promotion	40,834	33,819	57,550
Others	221,689	460,705	412,651
	11,432,284	11,852,765	14,101,179
INCOME BEFORE OTHER INCOME (EXPENSES)	10,517,730	11,021,968	13,222,086
OTHER INCOME (EXPENSES)			
Revenue from rehabilitation works	8,081,184	14,994,961	19,175,281
Cost of rehabilitation works	(8,081,184)	(14,994,961)	(19,175,281)
Interest expense and other financing charges	(2,135,863)	(2,321,672)	(2,503,388)
Foreign exchange gains (losses) - net	1,599,868	1,764,650	(1,167,582)
Foreign currency differential adjustments	(1,584,370)	(1,741,839)	1,129,029
Interest income	45,790	30,093	221,664
Others – net	(453,648)	(771,473)	1,021,230
	(2,528,223)	(3,040,241)	(1,299,047)
INCOME BEFORE INCOME TAX	7,989,507	7,981,727	11,923,039
PROVISION FOR INCOME TAX			
Current	1,530,425	1,919,469	2,409,324
Deferred	315,783	187,334	502,536
	1,846,208	2,106,803	2,911,860
NET INCOME	6,143,299	5,874,924	9,011,179

**OTHER COMPREHENSIVE INCOME
(LOSS)**

Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent period

Remeasurement gain (loss) on retirement plan	424,268	224,564	(159,034)
Income tax effect	(77,767)	(38,412)	14,790
	346,501	186,152	(144,244)
TOTAL COMPREHENSIVE INCOME	6,489,800	6,061,076	8,866,935

Consolidated Statements of Financial Position

	As of 31 December (in PHP'000s)		
	2021	2022	2023
Current Assets			
Cash and cash equivalents	7,965,705	10,438,664	4,902,556
Trade and other receivables	3,352,921	2,831,360	2,418,070
Contract assets	1,159,069	1,000,925	1,205,041
Other current assets	1,552,043	1,819,169	1,862,498
Total Current Assets	14,029,738	16,090,118	10,388,165
Noncurrent Assets			
Service concession assets	107,471,577	121,187,932	140,919,477
Property and equipment	1,771,663	1,573,960	1,889,754
Financial asset at fair value through other comprehensive income	124,864	124,864	124,864
Other noncurrent assets	4,238,584	4,401,107	10,381,305
Total Noncurrent Assets	113,606,688	127,287,863	153,315,400
Total Assets	127,636,426	143,377,981	163,703,565
Current Liabilities			
Trade and other payables	18,559,443 ¹	22,116,183	20,567,655
Short-term and current portion of interest-bearing loans	2,356,688	3,806,311	2,587,660
Current portion of service concession obligation payable to MWSS	751,642	940,917	874,561
Income tax payable	366,374	631,442	530,752
Total Current Liabilities	22,034,147	27,494,853	24,560,628
Noncurrent Liabilities			
Interest-bearing loans – net of current portion	35,304,963	43,107,785	59,214,238
Service concession obligation payable to MWSS – net of current portion	5,987,197	6,069,162	6,489,036
Deferred tax liabilities – net	811,304	1,037,049	1,524,795
Deferred credits	994,839	795,403	1,207,936
Customers' deposits	485,720	529,363	548,618
Pension liability	396,199	151,791	285,731
Other noncurrent liabilities	1,613,879	1,255,130	1,702,283
Total Noncurrent Liabilities	45,594,101	52,945,683	70,972,637
Total Liabilities	67,628,248	80,440,536	95,533,265
Equity			
Capital stock	4,546,982	4,546,982	4,546,982
Additional paid-in capital	10,032,877	10,032,877	10,041,662
Treasury shares	(217,245)	(349,054)	(391,919)
Other equity adjustments	(309,220)	(309,220)	(309,220)
Other comprehensive income (loss)	(150,335)	35,817	(108,427)
Retained earnings			

¹ In 2021, the Income tax payable amounting to ₱366.4 million was presented as part of Trade and Other Payables.

Unappropriated	17,355,119	20,230,043	25,641,222
Appropriated	28,750,000	28,750,000	28,750,000
Total Equity	60,008,178	62,937,445	68,170,300
Total Liabilities and Equity	127,636,426	143,377,981	163,703,565

Consolidated Statements of Cash Flows

	For the year ended 31 December (in PHP'000s)		
	2021	2022	2023
Net cash provided by (used in) operating activities	5,180,387	(709,899)	(5,839,734)
Net cash provided by (used in) investing activities	(1,166,404)	112,393	(7,056,881)
Net cash provided by (used in) financing activities	(8,000,450)	3,070,465	7,360,507

Key Financial Data

	For the year ended 31 December (in PHP'000s except for ratio figures)		
	2021	2022	2023
Operating Revenues	21,950,014	22,874,733	27,323,265
EBITDA ⁽¹⁾	14,659,436	13,218,339	17,473,920
Current Ratio ⁽²⁾	0.64	0.59	0.42
Debt-to-Equity Ratio ⁽³⁾	0.63	0.75	0.91
Return-on-Equity ⁽⁴⁾ (in %)	10.53%	9.56%	13.75%
Asset-to-Equity Ratio ⁽⁵⁾	2.13	2.28	2.40

The key financial data presented above are derived using the following formula:

1. EBITDA is calculated as the Issuer's consolidated net income excluding provision for income tax, interest expense and other financing charges, depreciation and amortization, amortization of service concession assets, and interest income. The following table provides for the computation of the Issuer's EBITDA for the following periods:

	For the year ended 31 December (in PHP'000s)		
	2021	2022	2023
Net income	6,143,299	5,874,924	9,011,179
Provision for income tax	1,846,208	2,106,803	2,911,860
Interest expense and other financing charges	2,135,863	2,321,672	2,503,388
Depreciation and amortization	598,082	485,877	524,326
Amortization of service concession assets	3,981,774	2,459,156	2,744,831
Interest income	(45,790)	(30,093)	(221,664)
EBITDA	14,659,436	13,218,339	17,473,920

2. Current ratio is derived by dividing current assets by current liabilities. Current ratio aims to measure the Issuer's ability to service its short-term liabilities with its current assets.
3. Debt-to-Equity ratio is derived by dividing the Issuer's interest-bearing loans (current and noncurrent) by the total equity. Debt-to-equity ratio is used to evaluate Issuer's financial leverage.
4. Return-on-Equity ("ROE") is derived by dividing net income by average total equity (calculated based on simple average). The ROE shows how much net income can the Issuer generate relative to its average total equity.
5. Asset-to-equity ratio is derived by dividing total assets by total equity. Asset-to-equity ratio measures the proportion of the Issuer's assets financed by the shareholders.

OVERVIEW OF THE OFFER

The following summary of the Offer may not be taken as complete and is taken from, and is qualified in its entirety by, the remainder of this Preliminary Prospectus. A specific time of day refers to Philippine Standard Time.

On 27 February 2024, the Board of Directors then authorized the offer and sale of the Blue Bonds amounting to an aggregate of up to ₱15.0 Billion.

Issuer	Maynilad Water Services Inc.
Issue	SEC-registered fixed-rate, Philippine Peso-denominated [Blue Bonds] (the “ Blue Bonds ” ²) constituting the direct, unconditional, unsecured and unsubordinated obligations of the Issuer
Base Offer	Up to [₱12,000,000,000.00]
Oversubscription Option	In the event of oversubscription, the Joint Lead Underwriters and Joint Bookrunners, in consultation with the Issuer, shall increase the Base Offer by up to [₱3,000,000,000.00].
The Offer	The offer is comprised of the Base Offer and an Oversubscription Option.
Bond Rating	The Blue Bonds have been rated PRS Aaa by the Philippine Rating Services Corporation on [15 March 2024]. The rating is subject to regular annual reviews, or as the market dictates, while the Blue Bonds are outstanding. 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.
Use of Proceeds	Proceeds of the Offer shall be used by the Company to fund its Eligible Blue Activities consistent with the Company’s Sustainable Finance Framework. For a detailed discussion on the Use of Proceeds please refer to the section on “ <i>Use of Proceeds</i> ”.
Offer Period	The Offer shall commence on [13 May 2024] and end at 5:00 p.m. [17 May 2024], or such earlier or later date as may be mutually agreed between the Issuer and the Joint Lead Underwriters and Joint Bookrunners.
Issue Date	[24 May 2024], or such other date as may be mutually agreed between the Issuer and the Joint Lead Underwriters and Joint Bookrunners, with advise to the SEC, PDTC, and PDEX.
Tenor	The Blue Bonds will be issued in up to [two (2) Series], at the discretion of the Issuer: <ul style="list-style-type: none"> • Series [A] Blue Bonds: [5] years • Series [B] Blue Bonds: [10] years <p>The Issuer has the discretion to adjust and reallocate the Offer between the Series A and Series B Blue Bonds based on the bookbuilding process.</p>
Maturity Date	Series A Blue Bonds: [Five (5)] years from the Issue Date; provided that, in the event that a Maturity Date falls on a day that is not a Business Day, the principal repayment shall be made by the Issuer on the immediately succeeding Business Day, without adjustment to the amount of interest to be paid.

² An application for the Blue Bond label has been submitted to the SEC and is still pending confirmation.

	Series B Blue Bonds: [Ten (10)] years from the Issue Date; provided that, in the event that a Maturity Date falls on a day that is not a Business Day, the principal repayment shall be made by the Issuer on the immediately succeeding Business Day, without adjustment to the amount of interest to be paid.																		
Interest Rate	<ul style="list-style-type: none"> • Series A Blue Bonds: [•]% per annum • Series B Blue Bonds: [•]% per annum 																		
Form and Denomination	The Blue Bonds shall be issued in minimum denominations of ₱50,000.00 each, and in multiples of ₱10,000.00 thereafter. It will then be traded in denominations of ₱10,000.00 in the secondary market.																		
Interest Payment Dates and Interest Payment Computation	<p>Interest on the Blue Bonds will be calculated on a 30/360-day count basis. Interest will be paid quarterly in arrears commencing on [24 August], for the first Interest Payment Date, and [24 November], [24 February], [24 May] of each year for each subsequent Interest Payment Date while the Blue Bonds are outstanding.</p> <p>If the Interest Payment Date is not a Business Day, interest will be paid on the succeeding Business Day.</p> <p>If the Issue Date is set at a date other than [24 May 2024], then the Interest Payment Dates will be automatically adjusted to the numerically corresponding dates at every three (3) months following the actual Issue Date (or if there is no day so numerically corresponding, such date shall pertain to the last day of such calendar month). The last Interest Payment Date shall fall on the relevant Maturity Date.</p>																		
Early Redemption Option	<p>The Issuer shall have the right, but not the obligation, to redeem in whole (and not in part), each Series of the outstanding Blue Bonds (the “Early Redemption Option”), on any of the Interest Payment Dates specified below (any such date, the “Early Redemption Date”) or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment in the amount of interest as originally computed. The amount payable to the Bondholders in respect of the Early Redemption Option exercise (the “Early Redemption Price”) shall be calculated based on the principal amount of the relevant Series of Blue Bonds being redeemed as the aggregate of the: (i) accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Date; and (ii) the product of the principal amount and the applicable Early Redemption Price in accordance with the following schedule:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;">Series A</th> </tr> <tr> <th style="text-align: left;">Early Redemption Dates</th> <th style="text-align: left;">Early Redemption Price</th> </tr> </thead> <tbody> <tr> <td>[12th to 15th Interest Payment Date]</td> <td>101.00%</td> </tr> <tr> <td>[16th to 19th Interest Payment Date]</td> <td>100.50%</td> </tr> </tbody> </table> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;">Series B</th> </tr> <tr> <th style="text-align: left;">Early Redemption Dates</th> <th style="text-align: left;">Early Redemption Price</th> </tr> </thead> <tbody> <tr> <td>[28th to 31st Interest Payment Date]</td> <td>101.50%</td> </tr> <tr> <td>[32nd to 35th Interest Payment Date]</td> <td>101.00%</td> </tr> <tr> <td>[36th to 39th Interest Payment Date]</td> <td>100.50%</td> </tr> </tbody> </table>	Series A		Early Redemption Dates	Early Redemption Price	[12 th to 15 th Interest Payment Date]	101.00%	[16 th to 19 th Interest Payment Date]	100.50%	Series B		Early Redemption Dates	Early Redemption Price	[28 th to 31 st Interest Payment Date]	101.50%	[32 nd to 35 th Interest Payment Date]	101.00%	[36 th to 39 th Interest Payment Date]	100.50%
Series A																			
Early Redemption Dates	Early Redemption Price																		
[12 th to 15 th Interest Payment Date]	101.00%																		
[16 th to 19 th Interest Payment Date]	100.50%																		
Series B																			
Early Redemption Dates	Early Redemption Price																		
[28 th to 31 st Interest Payment Date]	101.50%																		
[32 nd to 35 th Interest Payment Date]	101.00%																		
[36 th to 39 th Interest Payment Date]	100.50%																		
Status of the Blue Bonds	The payment obligations of the Issuer under the Blue Bonds shall constitute direct, senior, unconditional, unsubordinated and unsecured obligations of the Issuer, and shall at all times rank <i>pari passu</i> and ratably without preference or priority among themselves, and shall at all times rank at least <i>pari passu</i> in priority of payment and in all respects with all other unsubordinated and unsecured obligations of the Issuer, except for obligations mandatorily preferred by Philippine law other than the preference under Article 2244(14)(a) of the Civil Code of the Philippines.																		
Default Penalty	If the Issuer fails to pay any amount payable by it hereunder when due (whether at the stated maturity, by acceleration or otherwise), the Issuer shall pay interest on such past due and unpaid amount from and including the due date up to and																		

	excluding the date of payment in full (both before as well as after judgment), at the default rate of two percent (2%) per month above the applicable Interest Rate.
Covenants	<p>Issuance of the Blue Bonds shall be subject to standard covenants such as, but not limited to, cross-default provisions and adherence to certain financial ratios.</p> <p>Currently, Maynilad adheres to the following covenants:</p> <ul style="list-style-type: none"> • Maintain a Debt-to-Equity ratio of not more than 2.33x • Maintain a Debt Service Coverage Ratio of at least 1.20x <p>Debt-to-Equity ratio is computed as, in respect of any period, (a) the Company's total Debt, divided by its (b) total stockholder's equity as reflected in the Company's most recent available quarterly or annual financial statements, as applicable.</p> <p>Debt Service Coverage Ratio means, as of any date of determination: (a) the sum of (i) EBITDA as of the last day of the immediately preceding twelve (12)-month period, and (ii) the Company's cash and cash equivalents at the beginning of the immediately succeeding twelve (12)-month period, in both cases, as reflected in the Company's most recent available quarterly or annual financial statements, as applicable; divided by (b) Debt Service for the immediately succeeding twelve (12)-month period.</p>
Purchase and Cancellation	<p>The Issuer may purchase the Blue Bonds at any time 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 purchase from all Bondholders. Blue Bonds purchased shall be redeemed and cancelled and may not be re-issued.</p> <p>Upon listing of the Blue Bonds on PDEX, the Issuer shall disclose such transactions in accordance with the applicable PDEX Rules.</p>
Transfer of Ownership	Trading of the Blue Bonds shall be coursed through a PDEX Trading Participant, subject to the applicable PDEX Rules and conventions. Upon any assignment of the Blue Bonds, title shall pass by recording the transfer from the transferor to the transferee in the electronic Register of Bondholders to be maintained by the Registrar.
Final Redemption	Unless otherwise earlier redeemed or cancelled, the Blue Bonds will be redeemed at par or 100% face value on the relevant 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 in computation as to the amount of interest payable and principal amount, on the succeeding Business Day.
Redemption for Taxation Reasons	If payments under the Blue Bonds become subject to additional or increased taxes other than the taxes and rates of the same prevailing on the relevant Issue Date due to amendments in law, rule or regulation, or in the interpretation thereof, and the additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Blue Bonds in whole, but not in part, (having given not more than sixty (60) nor less than thirty (30) days' prior written notice to the Trustee) at par or 100% face value plus accrued interest.
Redemption Due to Change in Law or Circumstance	If any provision of the Trust Agreement or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that it shall become, for any reason, unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents, the Issuer shall provide the

	Trustee an opinion of legal counsel confirming the foregoing, such legal counsel being from an internationally recognized Philippine law firm reasonably acceptable to the Trustee. Thereupon the Trustee, upon notice to the Issuer, shall declare the principal of the Blue Bonds, including all accrued interest and other chargers thereon, if any, to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable without any pre-payment penalty, notwithstanding anything in the Trust Agreement or in the Blue Bonds to the contrary.
Sinking Fund	Maynilad has not established, and currently does not intend to establish, a sinking fund for the redemption of the Blue Bonds.
Acknowledgement of Risk	Bondholders understand and acknowledge that investment in the Blue Bonds are not covered by the Philippine Deposit Insurance Corporation (“ PDIC ”). Any loss or depreciation in the value of the assets of the Bondholders due to the investment or reinvestment in the Blue Bonds and the regular conduct of the Trustee’s business shall be shouldered by the Bondholder. For more information, please see “ <i>Risk Factors</i> ” section in page [54].
Governing Law	Laws of the Republic of the Philippines
Sole Issue Manager	BPI Capital Corporation
Joint Lead Underwriters and Joint Bookrunners	BPI Capital Corporation BDO Capital & Investment Corporation First Metro Investment Corporation East West Banking Corporation
Trustee	BPI Asset Management and Trust Corporation
Counsel to the Issuer	Picazo Buyco Tan Fider & Santos
Counsel to the Joint Lead Underwriters and Joint Bookrunners	Romulo Mabanta Buenaventura Sayoc & de Los Angeles
Registry and Paying Agent	Philippine Depository & Trust Corp.
Listing	Philippine Dealing & Exchange Corp.

DESCRIPTION OF THE BLUE BONDS

The following is a description of certain terms and conditions of the Blue Bonds. This description of the terms and conditions of the Blue Bonds set forth herein does not purport to be complete and is qualified in its entirety by reference to the agreements relating to the Blue 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.

A registration statement was filed by the Issuer covering the securities on [15 March 2024] and an application for the listing of the Blue Bonds will be filed with the PDEX on or about [7 May 2024]. Pursuant to the confirmation and certificate of permit to offer securities for sale to be issued by the SEC, the Company will issue fixed-rate bonds with a tenor of up to [five (5)] years and/or up to [ten (10)] years in aggregate principal amount of up to [Fifteen Billion Pesos (₱15,000,000,000.00)] (the “**Offer**”), consisting of [•]% p.a. Series A Blue Bonds due [2029] and [•]% p.a. Series B Blue Bonds due [2034], for public offer and sale in the Philippines under the Prospectus dated [•] (the “**Prospectus**”).

The Blue Bonds are constituted by a Trust Agreement executed on [•] (the “**Trust Agreement**”) between the Issuer and BPI Asset Management and Trust Corporation (the “**Trustee**”, which term shall, wherever the context permits, 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 Blue 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 Maynilad which may conflict with its roles as Registrar and as Paying Agent for the Offer. BPI Asset Management and Trust Corporation has no interest in or relation to Maynilad which may conflict with its role as Trustee for the Offer. BPI Asset Management and Trust Corporation and BPI Capital Corporation, one of the Joint Lead Underwriters and Joint Bookrunners are wholly owned subsidiaries of Bank of the Philippine Islands.

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 Blue 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.

1) Form, Denomination and Title

a) Form and Denomination

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

b) Title

The beneficial interest to the Blue Bonds shall be shown on and recorded in the Register of Bondholders maintained by the Registrar. A notice confirming the principal amount of the Blue 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 Blue Bonds shall pass by recording the transfer from a transferor to the transferee in the Register of Bondholders maintained by the Registrar. Settlement in respect of such transfer or change of title to the Blue 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.

c) Bond Rating

The Blue Bonds have been rated PRS Aaa by PhilRatings on [15 March 2024] with a Stable Outlook. The assigned credit rating takes into account the following key considerations: (1) Maynilad’s exclusive right to provide water and wastewater services, an essential product, in its concession area;; (2) its proven capacity to operate in and navigate the challenges of a highly regulated industry; (3) the Company’s experienced management and its strong parent support as a subsidiary of MPIC; and (4) its sustained profitability and sufficient debt coverage; and (5) its ability to manage liquidity levels, supported by continuous cash collections from customers. PhilRatings’ ratings are based on available information and projections at the time that the rating process was ongoing. PhilRatings shall continuously monitor developments relating to Maynilad and may change the rating at any time, should

circumstances warrant a change. The rating is subject to annual reviews, or more frequently as market developments may dictate, for as long as the Blue Bonds are outstanding. After Issue Date, the Trustee shall likewise monitor compliance by the Issuer with certain covenants in relation to the Blue Bonds through regular annual reviews.

2) Transfer of Bonds

a) Register of Bondholders

Maynilad 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 Blue Bonds held by them and all transfers of the Blue Bonds shall be entered in the Register of Bondholders.

As required by BSP Circular No. 428-04, 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 Blue Bonds that is effected in the Registrar's system (at the cost of the relevant Bondholder). Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Save in the case of manifest error or fraud, the foregoing written statement of registry holdings shall be final and binding on the Bondholder. The Bondholder shall examine such statement and promptly (and in no case more than thirty (30) days from receipt thereof) notify the Registrar in writing of any error and they shall together resolve to correct such error promptly (and in no case more than five (5) Business Days from receipt of the notice by the Registrar), failing which such transaction advice, statement or report shall be conclusive against the Bondholder. Any and/or all 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 Blue Bonds may be made during the period of two (2) Business Days preceding the Interest Payment Date or the Maturity Date.

b) Transfers; Tax Status

Settlement in respect of transfers or change of title to the Blue Bonds, including the settlement of any documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder or the transferee, as applicable.

Subject to the compliance with all procedures and provisions set forth in the Registry and Paying Agency Agreement and as the same may be amended by the Registrar with notice to the Issuer, the relevant rules, conventions and guidelines of PDEX and PDTC, as well as payment by the relevant Bondholder of the proper fees, if any, to PDEX and/or the Registrar, Bondholders may transfer their Blue Bonds at any time, regardless of tax status of the transferor vis-à-vis the transferee except for: (i) transfers across Tax Categories except on Interest Payment Dates that fall on a Business Day, 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; provided further that should this transaction occur, 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; (ii) transfers by Bondholders with deficient documents; and (iii) transfers during a Closed Period. For purposes hereof, "Tax Categories" refer to the three (3) final withholding tax categories covering, particularly, tax-exempt entities, 20% tax- withheld entities, and 25% tax-withheld entities; "Closed Period" means the periods during which the Registrar shall not register any transfer or assignment of the Blue Bonds, specifically: (a) during the period of two (2) Business Days preceding the Interest Payment Date or the Maturity Date, as the case may be; or (b) the period after the Blue Bonds have been called for redemption or pre-termination. Transfers taking place in the Register of Bondholders after the Blue Bonds are listed on PDEX shall be allowed between taxable and 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 guideline of PDEX and PDTC. 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 below under "Payment of Additional Amounts; Taxation", within the period required under the PDEX Rules.

Notwithstanding the submission by the Bondholder, or the receipt by the Issuer, the Registrar, or the Joint Lead Underwriters and Joint Bookrunners of documentary proof of tax-exempt status of a Bondholder, the Issuer may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and

Paying Agent to proceed to apply the tax due on the Blue Bonds. Any question on such determination shall be referred to the Issuer.

The Bondholders shall be responsible for monitoring and accurately reflecting their tax status in the Register of Bondholders. The payment report to be prepared by the Registrar and submitted to the Issuer in accordance with the Registry and Paying Agency Agreement, which shall be the basis of payments on the Blue Bonds on any Interest Payment Date, shall reflect the tax status of the Bondholders as indicated in their accounts as of the Record Date.

c) Secondary Trading of the Blue Bonds

Maynilad intends to list the Blue Bonds in PDEX for secondary market trading. The Blue Bonds will be traded in a minimum board lot size of ₱10,000.00 as a minimum, and in multiples of ₱10,000.00 in excess thereof for as long as any of the Blue Bonds are listed on PDEX. Secondary market trading and settlement in PDEX shall follow the applicable PDEX Rules, 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, all of which shall be for the account of the Bondholders.

Upon listing of the Blue 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 Rules and shall settle such trades on a Delivery versus Payment basis in accordance with PDEX Rules. The PDEX Rules are available on the PDEX website (www.pds.com.ph). An Investor Frequently Asked Questions discussion on the secondary market trading, settlement, documentation and estimated fees are also available on the PDEX website.

3) Ranking

The Blue Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall rank *pari passu* and ratably without any preference or priority amongst themselves and shall rank at all times at least *pari passu* in priority of payment and in all respects with all other unsubordinated and unsecured obligations of the Issuer, except for any obligation enjoying a statutory preference or priority established under Philippine laws, including, but not limited to, preferred claims under any bankruptcy, insolvency, rehabilitation, reorganization, moratorium, liquidation, or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, other than obligations preferred by the law other than the preference or priority established by Article 2244, paragraph 14(a) of the Civil Code of the Philippines, as the same may be amended from time to time.

4) Interest

a) Interest Payment Dates

The Blue Bonds shall bear interest on its principal amount from and including the Issue Date at the rate of [•]% per annum for the Series A Blue Bonds and [•]% per annum for the Series B Blue Bonds, payable quarterly in arrear, commencing on [24 August] 2024, for the first Interest Payment Date, and [24 November], [24 February], [24 May], and [24 August] of each year for each subsequent Interest Payment Date while the Blue Bonds are outstanding, or the subsequent Business Day without adjustment for accrued interest, if the relevant Interest Payment Date is not a Business Day. If the Issue Date is set at a date other than [24 May 2024], then the Interest Payment Dates will be automatically adjusted to the numerically corresponding dates at every three (3) months following the actual Issue Date (or if there is no day so numerically corresponding, such date shall pertain to the last day of such calendar month).

For purposes of clarity, the last Interest Payment Date on the Blue Bonds shall fall on the relevant Maturity Date. The cut-off date in determining the existing Bondholders entitled to receive the interest or principal amount due shall be the second (2nd) Business Day immediately preceding the relevant Interest Payment Date (the “**Record Date**”), which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal or any other amount due under the Blue Bonds. No transfers of the Blue Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

b) Interest Period

Interest on the first Interest Payment Date will cover the period from Issue Date up to such Interest Payment Date. Subsequent interest payments shall be reckoned from the day immediately succeeding the last Interest Payment Date up to the next Interest Payment Date.

c) Interest Accrual

The Blue Bonds shall cease to bear interest after 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 Blue Bonds then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see “*Penalty Interest*” below) shall apply.

d) Determination of Interest Amount

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

5) **Redemption and Purchase**

a) Final Redemption

Unless otherwise earlier redeemed or purchased and cancelled, the Blue Bonds shall be redeemed at par or 100% of face value on the relevant 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 in computation as to the amount of interest payable and principal amount, on the succeeding Business Day.

b) Early Redemption Option

Prior to the respective Maturity Dates of each series of the Blue Bonds, the Issuer shall have the right, but not the obligation to redeem in whole (and not in part), the outstanding Blue Bonds on the Early Redemption Dates, as provided below, or the immediately succeeding Business Day if such date is not a Business Day, without any adjustment in the amount of interest as originally computed.

The amount payable to the Bondholders in respect of the Early Redemption Option exercise (the “**Early Redemption Price**”) shall be calculated based on the principal amount of the Series A and Series B Blue Bonds being redeemed as the aggregate of the: (i) accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Date; and (ii) the product of the principal amount and the applicable Early Redemption Price in accordance with the following schedules:

Series A	
Early Redemption Dates	Early Redemption Price
[12 th to 15 th Interest Payment Date]	101.00%
[16 th to 19 th Interest Payment Date]	100.50%

Series B	
Early Redemption Dates	Early Redemption Price
[28 th to 31 st Interest Payment Date]	101.50%
[32 nd to 35 th Interest Payment Date]	101.00%
[36 th to 39 th Interest Payment Date]	100.50%

The Issuer shall give not less than thirty (30) nor more than sixty (60) days prior written notice to the Bondholders through the Trustee of its intention to redeem the Series A or the Series B Blue Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Series A or the Series B Blue Bonds on the Early Redemption Date stated in such notice. For the avoidance of doubt, notice to the Trustee shall be considered notice to the Bondholders.

c) Redemption for Taxation Reasons

If payments under the Blue 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 shall have the option, but not the obligation, to redeem the Blue Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days’ prior written notice to the Trustee and the Registrar and Paying Agent) at 100% of the face value of

the Blue Bonds plus accrued interest thereon computed up to the date when the Blue Bonds shall be redeemed earlier than the Maturity Date, subject to the requirements of applicable law.

Upon receipt by the Trustee of a redemption notice from the Issuer, the Trustee shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice and the Trustee shall transmit the same notice to all registered Bondholders of the intended redemption.

d) Redemption due to Change in Law or Circumstance

The following events shall be considered as changes in law or circumstances (“**Change of Law or Circumstance**”) as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Agreement and the Bonds:

- (i) 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 in a manner which, in the reasonable opinion of the Trustee, shall materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld.
- (ii) Any provision of the Trust Agreement or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that it shall become, for any reason, unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents.
- (iii) Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, canceled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to constitute a Material Adverse Effect.
- (iv) The Republic of the Philippines or any its competent authorities takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer or the same does not constitute a Material Adverse Effect.

In the event the Issuer invokes this section, the Issuer shall provide the Trustee an opinion of legal counsel confirming the occurrence of the relevant event and its consequences as consistent herewith, such legal counsel being from an internationally recognized Philippine law firm reasonably acceptable to the Trustee. Thereupon, the Trustee, upon notice to the Issuer, shall declare the principal of the Blue Bonds, including all accrued interest and other chargers thereon, if any, to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable without any pre-payment penalty, notwithstanding anything in the Trust Agreement or in the Blue Bonds to the contrary.

The Trustee shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice, and the Trustee shall transmit the same notice to all registered Bondholders.

e) Purchase and Cancellation

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

6) **Payments**

The principal of, interest on, and all other amounts payable on the Blue Bonds shall be paid by Maynilad, through the Paying Agent, to the Bondholders by crediting the settlement accounts designated by each of the Bondholders. The principal of, and interest on, the Blue Bonds shall be payable in Philippine Pesos, net of final taxes and fees (if any).

Maynilad shall ensure that so long as any of the Blue Bonds remains outstanding, there shall at all times be a Paying Agent for the purposes of the Blue Bonds and Maynilad or the Paying Agent may only terminate the appointment of the Paying Agent as provided in the Registry and Paying Agency Agreement. In the event the Paying Agent shall be unable or unwilling to continue to act as such, Maynilad 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.

7) **Taxation and Yield Protection**

Interest income on the Blue Bonds is subject to a final withholding tax at rates provided by applicable law, currently between twenty percent (20%) and twenty-five percent (25%), depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such final 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 the 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 Blue Bonds realized from the sale, exchange or retirement of the Blue Bonds which shall be for the account of such holder (or its buyer, as the holder and the buyer may have agreed upon);
- b) The applicable final withholding tax on interest earned on the Blue Bonds prescribed under the National Internal Revenue Code of 1997, as amended, and its implementing rules and regulations as may be in effect from time to time. Interest income on the Blue Bonds is subject to a final withholding tax at rates between 20% and 25% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. 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 Maynilad as being sufficient in form and substance:
 - i) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue (“**BIR**”) and 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 for tax-exempt Personal Equity Retirement Account (“**PERA**”) established pursuant to PERA Act of 2008, a certified true copy of the Bondholder’s current, valid and subsisting Certificate of Accreditation as PERA Administrator, certified by the Corporate Secretary of the Bondholder that: (a) the original is in his/her possession as the duly authorized custodian of the same; and (b) he/she has personal knowledge, based on his/her official functions, of any amendment, revocation, expiration, change or any circumstance affecting said certification’s validity;
 - ii) with respect to tax treaty relief:
 - (1) prior to the payment of the initial interest due, a non-resident Bondholder may signify its intention to claim preferential tax rate under the relevant tax treaty by submitting to the Issuer (1) the Application Form for Treaty Purposes on Interest Income (“**BIR Form 0901-I**”), or if the Bondholder is a fiscally transparent entity, each of the Bondholder’s owners or beneficiaries with the proof of receipt by the concerned office of the BIR, as required under BIR RMO No. 14-2021, (2) valid and existing Tax Residency Certificate (“**TRC**”) duly issued by the 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 laws, (3) the relevant provision of the applicable tax treaty, in a form acceptable to the Issuer, (4) a duly notarized, consularized, or apostilled (as the case may be), if executed outside of the Philippines, special power of attorney executed by the Bondholder or the Bondholder’s owners or beneficiaries, as may be applicable, in favor of the authorized representative (if the Application Form for Treaty Purposes and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder or the Bondholder’s owners or beneficiaries is/are not doing business in the Philippines to support the applicability of a tax treaty relief, and (5) such other additional documents as may be required by the Issuer or pursuant to applicable tax regulations, including, but not limited to, the documentary requirements enumerated in BIR RMO No. 14-2021 in relation to BIR RMC Nos. 77-2021 and 20-2022, which shall be submitted by the Bondholder/Registrar to the Issuer no later than the first (1st) day of the month when such initial interest payment shall fall due and, if applicable, including any

clarification, supplement, or amendment thereto;

For the avoidance of doubt, the Issuer shall retain sole discretion in determining whether the non-resident Bondholder is entitled to the preferential tax treaty rate based on the documents submitted by the non-resident Bondholder, provided that all the conditions for its availment, other than residency, have been satisfied;

- (2) prior to the payment of subsequent interest due, a non-resident Bondholder may signify its intention to continuously claim preferential tax rate under the relevant tax treaty by submitting to the Issuer, if applicable, (1) a submitted new or updated BIR Form 0901-I, (2) valid and existing TRC duly issued by the 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 laws, if the validity period of the previously issued tax residency certificate has already lapsed, (3) such other additional documents as may be required by the Issuer or pursuant to applicable tax regulations, including, but not limited, to the documentary requirements enumerated in BIR RMO No. 14-2021 in relation to BIR RMC Nos. 77-2021 and 20-2022, which shall be submitted by the Bondholder/Registrar to the Issuer no later than the first (1st) day of the month when such subsequent interest payments shall fall due and, if applicable, including any clarification, supplement, or amendment thereto;
 - (3) in the event that the Issuer determines that the non-resident Bondholder is not entitled to the preferential tax treaty rate based on the documents submitted in item (i) above, and determines that all conditions for its availment have not been satisfied, the Issuer shall apply the regular tax rates;
 - (4) if the non-resident Bondholder intends to obtain a confirmation of entitlement to treaty benefits, the non-resident Bondholder may apply for tax treaty relief with the BIR in accordance with BIR RMO No. 14-2021;
 - (5) if the regular withholding tax rate has been imposed, the Issuer shall not apply for any confirmatory application of preferential tax rates with the BIR;
 - (6) should the BIR grant the application for tax treaty relief, it is the obligation of the non-resident Bondholder to apply for refund with the BIR. The Issuer shall not refund the non-resident Bondholder any amount as a result of the application of the higher tax rate;
 - (7) the non-resident Bondholder must update its Certificate of Entitlement to Treaty Benefits ("COE") annually, if applicable, as described in BIR RMO No. 14-2021, as further clarified by BIR RMC Nos. 77-2021 and 20-2022. Expired COEs will not be accepted by the Issuer; and
 - (8) aside from the updated COE (if applicable), the non-resident Bondholder shall submit to the Issuer its TRC annually, as continuing proof of its entitlement to the preferential tax treaty rate. Absent such updated TRC and COE (if applicable), the Issuer shall apply the regular tax rate;
- iii) a duly notarized undertaking executed by (i) the corporate secretary or any authorized representative of such Applicant or Bondholder who has personal knowledge of the exemption or preferential rate treatment based on his official functions, if the Applicant purchases, or the Bondholder holds, the Blue Bonds for its account, or (ii) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Blue 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 (1) of any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement; (2) if there are any material changes in the factual circumstances of the Bondholder including but not limited to its character, nature, and method of operation, which are inconsistent with the basis for its income tax exemption; or (3) if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Blue Bonds being ineligible for exemption or preferential rate, 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 free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax, provided, that in case of corporate, partnership or trust account investors, such Bondholder shall also submit an original certification from the corporate

secretary or an equivalent officer of the investor, setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose; and

- iv) such other documentary requirements as may be required by the Issuer and the Registrar or the Paying Agent under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized or apostilled 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.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of issuance of the Blue Bonds, upon submission of the Application to Purchase to the Joint Lead Underwriters and Joint Bookrunners or Selling Agents (if any) who shall then forward the same to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar upon submission of the account opening documents.

Failure on the part of the Bondholder to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

- 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) VAT under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337 and Republic Act No. 10963.

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

8) **Financial Covenant**

Maynilad shall, for as long as any of the Blue Bonds remain outstanding, maintain a Debt-to-Equity Ratio of not more than 2.33:1.0 and a Debt Service Coverage Ratio of not less than 1.2:1.0. Debt-to-Equity Ratio is computed as (a) the Issuer's total Debt, divided by its (b) total stockholder's equity as reflected in the Company's most recent available quarterly or annual financial statements, as applicable. Debt Service Coverage Ratio means the (a) the sum of (i) EBITDA as of the last day of the immediately preceding twelve (12)-month period, and (ii) the Company's cash and cash equivalents at the beginning of the immediately succeeding twelve (12)-month period, in both cases, as reflected in the Company's most recent available quarterly or annual financial statements, as applicable, divided by (b) Debt Service, the immediately succeeding twelve (12) months.

For clarity, the foregoing ratio shall be computed using the following definitions:

"Debt" means, for purposes of computing the Debt to Equity Ratio, all obligations of the Company for borrowed money from any bank or financial institution.

"EBITDA" in relation to any relevant period, the net income of the Company for that relevant period after adding back (a) provisions for probable losses, (b) depreciation and amortization, (c) interest and other financial expenses, (d) income tax, and I taxes other than income tax and value-added tax, each item determined in accordance with PFRS.

"Debt Service" means the aggregate amount of all principal, interest, and other financial charges in respect of borrowed money payable by the Company.

9) Negative Pledge

For as long as any of the Blue Bonds remain outstanding, Maynilad covenants that it shall not, without the prior written consent of the Majority Bondholders, permit any Indebtedness for borrowed money to be secured by or to benefit from any security constituted on the any of the Issuer's properties in favor of any creditor or class of creditors without providing the Bondholders with the same kind or class of security, the benefit of which is extended equally and ratably among them to secure the Blue Bonds. Provided however that, this restriction shall not prohibit "Permitted Liens," which are:

- a. Any Lien created for the purpose of paying 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 in appropriate proceedings upon stay of execution of the enforcement thereof and adequate reserves having been provided for the payment thereof.
- b. Any Lien to secure, in the normal course of the business of Maynilad or its Subsidiaries: (i) statutory or regulatory obligations; (ii) surety or appeal bonds; (iii) bonds for release of attachment, stay of execution or injunction; or (iv) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases.
- c. Any Lien (i) imposed by law, such as carrier's, warehousemen's, mechanics' liens and other similar liens arising in the ordinary course of business and not material in amount; (ii) arising out of pledge or deposits under the workmen's compensation laws, unemployment insurance, old age pensions or other social security or retirement benefits or similar legislation; and (iii) arising out of set-off provisions in the normal course of its financing arrangements, provided that, the Bondholders hereunder shall also have to the extent permitted by applicable law, and upon notice to the Issuer, a similar right of set-off.
- d. Any Lien in favor of banks, insurance companies, other financial institutions and Philippine government agencies, departments, authorities, corporations or other juridical entities, which secure a preferential financing obtained by Maynilad under a governmental program, and which cover assets of the Maynilad which have an aggregate appraised value, determined in accordance with PFRS, not exceeding [five percent (5%)] of total assets as reflected in the latest consolidated annual audited financial statements.
- e. Any Lien existing on the date of the Trust Agreement which is disclosed in writing by Maynilad to the Trustee prior to the execution of the Trust Agreement.
- f. Any Lien established in favor of insurance companies and other financial institutions in compliance with the applicable requirements of the Office of the Insurance Commission on admitted assets or the requirements of the *Bangko Sentral ng Pilipinas* on loans and financial accommodations extended to directors, officers, stockholders and related interest ("DOSRI").
- g. Any Lien constituted over the investment of Maynilad in any of its Subsidiaries, whether such investment is in the form of shares, deposits or advances, to guarantee or secure the obligations of the said Subsidiaries as long as the aggregate outstanding principal amount of such security does not exceed 5% of the Issuer's total assets at any given time; and
- h. Liens created with the prior written consent of the Majority Bondholders.

10) Events of Default

a. Payment Default

The Issuer fails to pay any of the principal, interest, and fees, or any sum payable under the Blue Bonds, as and when due and payable at the place and in the currency in which it is expressed to be payable unless such failure arises solely as a result of an administrative or technical error and payment is made within three (3) Business Days after the date such payment is due.

b. Representation/Warranty Default

Any representation or warranty made or repeated by the Company in the Trust Agreement is incorrect or misleading in any material respect as of the time it was made or deemed to have been made or repeated and such misrepresentation or breach of warranty has or would have a Material Adverse Effect as reasonably determined

by the Majority Bondholders; provided, however, that should any such breach of any material representation or warranty hereunder be, in the reasonable opinion of the Majority Bondholders, remediable, the Issuer shall have a period of thirty (30) days, from receipt by the Company of written notice with respect to such breach from the Trustee, to cure any such breach or to otherwise make such representation or warranty correct or not misleading.

c. Other Provisions Default

The Issuer fails to comply with any provision, term, condition, covenant, or obligation contained in the Bond Agreements or in any other document issued pursuant thereto which would materially and adversely affect the ability of the Issuer to meet its obligations under the Bond Agreements and any such failure is not remediable or if remediable continues unremedied for a period of thirty (30) days from the date after written notice thereof shall have been given to the Company by the Trustee.

d. Cross Default and Cross Acceleration

The Company fails to pay or defaults in the payment of any installment of the principal or interest relative to, or fails to comply with or to perform, any other obligation, or commits a breach or violation of any of the terms, conditions or stipulations, or shall otherwise accelerate or permit the acceleration, of any agreement, contract or document to which the Company is a party or privy, whether executed prior to or after the date hereof or under which the Company has agreed to act as guarantor, surety or accommodation party regardless of amount, which, under the terms of such agreement, contract, document, guaranty or suretyship, including any agreement similar or analogous thereto, shall constitute a default thereunder after allowing for all applicable grace periods; provided, that no Event of Default shall occur under this paragraph unless the aggregate amount involved in the occurrence of one or more of the above events/breaches is at least One Billion Five Hundred Million Pesos (₱1,500,000,000.00); provided, however, that a breach or default under any of the Concessionaire Loans, regardless of the amount involved, shall constitute an Event of Default hereunder.

e. Cancellation of License Default

Any Required Approval or Registration (including but not limited to the Concession Agreement) now or hereafter necessary to enable the Company to comply with its obligations under the Bond Agreements or required in the conduct of the business or operations of the Issuer is suspended, withdrawn, withheld, revoked, cancelled, or otherwise terminated in any manner that has or would have a Material Adverse Effect and is not contested in good faith by Maynilad in appropriate proceedings and such cancellation, withdrawal or modification has not been stayed or suspended by order of a court of competent jurisdiction or any appropriate governmental authority.

f. Bankruptcy and Insolvency Default

The Company becomes insolvent or unable to pay its debts when due, or commits or suffers any act of bankruptcy or insolvency, including:

- i. the filing of a petition, by or against the Company, in any bankruptcy, insolvency, administration, suspension of payment, rehabilitation, reorganization, winding-up, dissolution, moratorium or liquidation proceeding of the Company, or any other proceeding analogous in purpose and effect, except such petitions filed against the Company and discharged within sixty (60) days from filing thereof or such longer period as may be granted by the Majority Bondholders in writing;
- ii. the making of a general assignment by the Company for the benefit of its creditors;
- iii. the admission in writing by the Company of its inability to pay its debts;
- iv. the entry of any order of judgment of any competent court, tribunal or administrative agency or body confirming the bankruptcy or insolvency of the Company or approving any reorganization, winding-up or liquidation of the Company;
- v. the lawful appointment of a receiver or trustee to take possession of a substantial portion of the properties of the Company; or
- vi. the taking of any corporate action by the Company to authorize any of the foregoing.

g. Judgement Default

Any final and executory judgment, decree, order, or award for payment of money, damages, fine, penalty, or its equivalent shall be issued or rendered against the Company which, together with all other judgments against the Company then outstanding and unsatisfied, may, in the reasonable opinion of the Majority Bondholders materially and adversely affect the ability of the Company to comply with its obligations under the Bonds, and (i) the Company has failed to demonstrate to the reasonable satisfaction of the Majority Bondholders within thirty (30)

days of the judgment, decree or order being entered that it is reasonably certain that the judgment, decree or order will be satisfied, discharged or stayed within thirty (30) days of the judgment, decree or order being entered, or (ii) is not paid, discharged, stayed or fully bonded within thirty (30) days after the date when payment of such judgment, decree or order is due.

h. Expropriation Default

Any act or deed or judicial or administrative proceedings in the nature of an expropriation, confiscation, nationalization, acquisition, seizure, sequestration, or condemnation of or with respect to all or a material part of the business and operations of the Company, or all or substantially all of the property or assets of the Company, shall be undertaken or instituted by any governmental authority, unless such act, deed, or proceeding is contested by the Company in good faith and by appropriate proceedings.

i. Contest of Bond Agreements

The Issuer (acting through an executive officer or director) shall contest the validity or enforceability of any Bond Agreements or shall deny generally the liability of the Issuer under any Bond Agreements.

j. Cessation of Business

Maynilad has permanently ceased or permanently suspended its business or has voluntarily suspended or ceased its 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 when suspension or cessation of operations, as the case may be, is required by the national government as a result of pandemic or epidemic.

k. Occurrence of Material Adverse Event

Any fact, circumstance, event, or condition (including, without limitation, any change in the economic or financial condition of the Issuer) shall occur which has or could have expected to have a Material Adverse Effect as reasonably determined by the Majority Bondholders.

l. Writ and Similar Process Default

Any judgment, writ, warrant of attachment, injunction, stay order, execution, garnishment or levy, or similar process shall be issued or levied against any material part of Maynilad's assets, business or operations and such judgment, writ, warrant or similar process shall not be released, vacated or discharged or stayed within thirty (30) calendar days after its issue or levy.

m. 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 could have a Material Adverse Effect and are not contested in good faith by Maynilad, or after the lapse of any grace period that may have been granted to Maynilad by the Bureau of Internal Revenue or any other Philippine tax body or authority.

11) Consequences of Default

Subject to the terms of the Trust Agreement, the Trustee shall, within ten (10) Business Days after receiving notice, from the Issuer or the Majority Bondholders, or having knowledge of the occurrence of any Event of Default pursuant to Section [3.01(b)] of the Trust Agreement, give to all the Bondholders written notice of such Event of Default known to it unless the same shall have been cured before the giving of such notice.

The written notice required to be given to the Bondholders hereunder shall be published in a newspaper of general circulation in Metro Manila for two (2) consecutive days, further indicating in the published notice that the Bondholders or their duly authorized representatives may obtain any information relating to such occurrence of an Event of Default at the principal office of the Trustee upon presentation of sufficient and acceptable identification consistent with the Bondholders' records of the Registrar.

If any one or more of the Events of Default occur and continue without the same being cured within the periods provided in the Trust Agreement and in these terms and conditions, the Trustee, acting upon the written direction of persons holding more than 50% of the aggregate principal amount of the issued Blue Bonds (the “**Majority Bondholders**”), following notification from the Trustee in case of a potential Event of Default pursuant to Section [3.01(b)] of the Trust Agreement, shall, by notice in writing delivered to Maynilad, all the Bondholders, with a copy furnished the Paying Agent and Registrar, declare the principal of the Blue Bonds, including 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.

All the unpaid obligations under the Blue Bonds, including accrued Interest, and all other amounts payable thereunder, shall be declared to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by Maynilad.

12) Notice of Default

The Trustee shall, within ten (10) Business Days after receiving notice from the Issuer or the Majority Bondholders or having knowledge of the occurrence of any Event of Default, pursuant to Section [10] of the Terms and Conditions, give to all the Bondholders written notice of such Event of 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 under Section 10(a) 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 any information relating to such occurrence of an Event of Default at the principal office of the Trustee upon presentation of sufficient and acceptable identification to the Trustee.

13) Default Penalty

In case any amount payable by Maynilad under the Blue Bonds, whether for principal, interest, or fees due to Trustee, Registrar, Paying Agent, net of applicable withholding taxes, or otherwise, is not paid on due date, Maynilad 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 two percent (2%) per month (the “Penalty Interest”) from the time the amount falls due until it is fully paid.

14) Payment in the Event of Default

Maynilad covenants that upon the occurrence of any Event of Default unless remedied within the relevant period provided under the Terms and Conditions of the Blue Bonds, Maynilad shall pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Blue Bonds with interest at the rate borne by the Blue Bonds on the overdue principal and with Penalty Interest as described above, where applicable, and in addition thereto, Maynilad 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 gross negligence or bad faith by the Trustee.

Subject to Section [2.4] of the Trust Agreement, Maynilad shall reimburse the Trustee all reasonable costs and expenses incurred in connection with enforcing payment of principal and/or interest on the Blue Bonds upon the occurrence of an Event of Default. Notwithstanding any contrary provision, any such costs incurred by the Trustee shall not require the prior approval of Maynilad.

15) 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, which payment shall be made pro-rata among the Bondholders; third, to the payment of the whole amount then due and

unpaid upon the Blue Bonds for principal and interest, with Penalty Interest, which payment shall be made pro-rata among the Bondholders; and fourth, the remainder, if any shall be paid to Maynilad, 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 Blue Bonds shall require the conformity of the Trustee. The Paying Agent shall render a monthly account of such funds under its control.

16) Prescription

Claims with respect to 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.

17) Remedies

All remedies conferred by the Trust Agreement and these Terms and Conditions 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.

18) 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 Maynilad 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 gave 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 Blue Bonds; (ii) the Majority Bondholders shall have decided and made a written request upon the Trustee to institute such suit, action, or proceeding in the latter's name; (iii) the Trustee neglected or refused to institute any such suit, action, or proceeding for sixty (60) days after receipt of such notice and request; and (iv) no directions inconsistent with such written request shall have been given or a waiver of default by the Bondholders have been made, 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 whatsoever 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 Blue 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.

19) 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 on behalf of the Bondholders to waive any past default, except the events of default specified in Sections [10 (a), (d), (e), (f), and (g)] above defined as a payment default, breach of representation or warranty default, insolvency default, or closure default, and its consequences, which may only be waived by all Bondholders. In case of any such waiver, Maynilad, 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 Blue Bonds.

20) Trustee Notices

a) Notice to the Trustee

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

To the Trustee: BPI Asset Management and Trust Corporation
Attention: [•]
Subject: [•]
Address: 27th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City 1226
Telephone: (02) 899 10000
E-mail address: [•]

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

b) 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 the date of publication; or (iv) on the date of delivery, for personal delivery; or (v) on the date of receipt of the e-mail in readable form.

A notice made by the Issuer to the Trustee is notice to the Bondholders. The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by the Issuer to the Securities and Exchange Commission on a matter relating to the Bonds shall be deemed a notice to Bondholders of said matter on the date of the first publication.

c) 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 Maynilad and all Bondholders. No liability to Maynilad, 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 resulting from the Trustee's reliance on the foregoing.

21) Duties and Responsibilities of the Trustee

- (a) 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.
- (b) The Trustee shall act as trustee for and on behalf of the Bondholders and as such shall, in accordance with the terms and conditions of the Trust Agreement, monitor the compliance or non-compliance by Maynilad with all its representations and warranties, and the observance by Maynilad of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Agreement. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall be responsible to the Bondholders, and the Bondholders shall solely communicate with the Trustee in respect to any matters that must be taken up with Maynilad.
- (c) The Trustee shall have custody of and hold in its name, for and on behalf of the Bondholders, the Master Certificate of Indebtedness for the total issuance of the Blue Bonds.
- (d) The Trustee shall promptly and faithfully carry out the instructions or decisions of the Majority Bondholders issued or reached in accordance with Section 11 above.
- (e) The Trustee shall, from time to time, request the Issuer to submit such certification of its officers, reports of its external auditors, and other documents relating to the Issuer's ability to comply with its obligations under the Blue Bonds and the Trust Agreement, as well as to examine such records of the Issuer as may be related

to the Issuer's obligations under the Blue Bonds and the Trust Agreement.

- (f) The request shall be reasonable, made not less than seventy-two (72) hours prior to the intended date of examination and shall be in writing to the Issuer which shall include, in reasonable detail, the purpose for such request and the intended use of the requested documents or information. The Issuer may require the Trustee, its directors, officers, employees, representatives, agents, partners, consultants and advisors to hold in confidence such documents and information furnished to the Trustee pursuant to said request or to limit the use thereof for the purpose intended as stated in the request provided such limitation shall not apply if in conflict with the duties and responsibilities of the Trustee under any provision of the Trust Agreement.
- (g) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Agreement. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Agreement, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters, exercise in the management of their own affairs.
- (h) The Trustee shall inform the Bondholders of any event which has a Material Adverse Effect (as defined in the Trust Agreement) 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 of such events, subject to Section 12 above.
- (i) The Trustee, in the performance of its duties, shall exercise such rights and powers vested in the Trust Agreement, with the care, prudence and diligence necessary under the circumstances then prevailing that a prudent man, acting in like capacity and familiar with such matters, would exercise in the conduct of an enterprise of like character and with similar aims, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters exercise in the management of their own affairs.
- (j) Unless a fixed period is otherwise specified in the Trust Agreement and in the absence of a period specifically agreed to by the Trustee and the Issuer and in the case of notices required to be sent by the Trustee to Bondholders, the Trustee shall act promptly in the sending of such notices but in any case shall have a period of not more than thirty (30) days to complete the sending of all such notices in the manner allowed by this Trust Agreement.
- (k) The Trustee shall perform such other powers and functions as provided for elsewhere under the Trust Agreement.
- (l) None of the provisions contained in the Terms and Conditions 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.

22) Resignation and Change of Trustee

- (a) The Trustee may, at any time, resign by giving thirty (30) days' prior written notice to Maynilad and to the Bondholders of such resignation. 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, or any Bondholder who has been a bona fide holder for at least six (6) months (the "**Bona Fide Bondholder**") may, on behalf of himself and all the other Bondholders, petition any such court of competent jurisdiction for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, prescribe and appoint a successor trustee.
- (b) A successor trustee should possess all the qualifications required under pertinent laws, otherwise, the incumbent trustee shall continue to act as such in a temporary hold-over capacity until such qualified successor trustee has been appointed subject to Section 22(a) above.
- (c) In case at any time any of the following shall occur – (i) the Trustee fails to comply with the provisions of Section 22(a) above after written request therefor by the Issuer or by the Majority Bondholders; (ii) the Trustee ceases to be eligible in accordance with the provisions of Section [3.02] of the Trust Agreement and

fails to resign after written request therefor by the Issuer or by any Bona Fide Bondholder; or (iii) the Trustee becomes incapable of acting, or is adjudged bankrupt or insolvent, (iv) the Trustee acquires a conflicting interest, or (v) or a receiver of the Trustee or of its property is appointed, or any public officer takes charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then Maynilad may within thirty (30) days from there remove the Trustee concerned, and appoint a successor trustee, by written instrument in duplicate, executed by its duly 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 Maynilad fails to remove the Trustee concerned and appoint a successor trustee, any Bona Fide Bondholder may, on behalf of himself and all other Bondholders, 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.

- (d) The Majority Bondholders may at any time remove the Trustee for cause, by giving thirty (30) day prior written notice, and appoint a successor trustee, by the delivery to the Trustee so removed, to the successor trustee and to Maynilad of the required evidence of the action in that regard taken by the Majority Bondholders. This is without prejudice to whatever remedies may be available to the Majority Bondholders under the Law or in equity.
- (e) Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any of the provisions the Trust Agreement 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 (the “**Resignation Effective Date**”); provided, however, that after the Resignation Effective Date and, as relevant, until such successor trustee is qualified and appointed, 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 Maynilad, the Majority Bondholders, or the court, as the case may be, and shall be entitled to be compensated with due and demandable fees stipulated in Section [3.04, par. (a)] of the Trust Agreement for services already rendered.
- (f) Within thirty (30) days from the effectivity of the resignation or removal of the Trustee and the appointment of the successor trustee, the Trustee shall transfer and turn over to the successor trustee, and shall make an accounting of, all the assets, documents or instruments which are in the custody of the Trustee pursuant to the Trust Agreement, if any.

23) Successor Trustee

- (a) Any successor trustee appointed shall execute, acknowledge and deliver to Maynilad 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 any 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 Maynilad 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, Maynilad 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.
- (b) No successor Trustee shall accept appointment as provided in Section [3.10] of the Trust Agreement unless at the time of acceptance such successor Trustee is qualified and eligible under the provisions of Section [3.02] of the Trust Agreement and has none of the conflict of interest under Section [3.08] of the Trust Agreement.
- (c) Upon acceptance of the appointment by a successor trustee, Maynilad shall notify the Bondholders in writing of the succession of such trustee to the trusteeship. If Maynilad 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 Maynilad.

24) Reports to the Bondholders

- (a) The Trustee shall submit to the Bondholders on or before [•] of each year from the Issue Date until full payment of the Blue Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:

- (i) The property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report which shall be based on the report to be given by the Paying Agent to the Trustee upon request by the Trustee through the Issuer; 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 Blue Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.
- (b) 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 Blue Bonds at such time.
- (c) The following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee with at least fifteen (15) calendar days prior written notice of the intended date of inspection::
- (i) Trust Agreement
 - (ii) Registry and Paying Agency Agreement
 - (iii) Articles of Incorporation and By-Laws of the Company
 - (iv) SEC Permit to Offer Securities for Sale

25) Meetings of the 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 the Blue 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 Blue Bonds.

(a) 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 the Blue Bonds (or, as applicable, the relevant series thereof) may direct the Trustee in writing 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 Maynilad and to each of the registered Bondholders (or, as applicable, the relevant series thereof) not earlier than forty- five (45) days nor 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 notices for the requested meeting shall be reimbursed by Maynilad within ten (10) days from receipt of the duly supported billing statement. Meetings may be either in person or through teleconference, videoconference or through similar modes of modern communication technology.

(b) Failure of the Trustee to Call a Meeting

In case at any time Maynilad or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of the Blue Bonds (or, as applicable, the relevant series thereof) 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 Maynilad or the Bondholders (or, as applicable, the relevant series thereof) may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof.

(c) Quorum

The Trustee shall determine and record the presence of the Majority Bondholders, personally or by proxy based on the list of the Bondholders prepared by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement, which list shall include all information necessary for the performance of the duties and powers of the Trustee under the Trust Agreement, such as, but not limited to, specimen signatures of the Bondholders' authorized signatories. The presence of the Majority Bondholders shall be necessary to constitute a quorum to do business at any meeting of the Bondholders.

(d) Procedure for Meetings

(i) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by Maynilad or by the Bondholders, in which case Maynilad 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.

(ii) 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 on another date without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Blue Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

(e) 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 Blue 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) 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 Maynilad and its legal counsel.

(f) Voting Requirement

Except as provided in Section 26 (Amendments) below, 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 preceding 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 in the Trust Agreement shall be binding upon all the Bondholders and Maynilad as if the votes were unanimous.

(g) 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 Blue Bonds, the appointment of proxies by registered holders of the Blue 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 evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit. The elected secretary shall take down the minutes of the meeting, covering all matters presented for resolution by, and the results of the votes cast by, the Bondholders entitled to vote at the meeting and/or the person appointed in writing by a public instrument as proxy or agent by any such Bondholder in accordance with the procedure set forth in Section [11.07] of the Trust Agreement. The elected secretary shall immediately provide the Trustee with a copy of the minutes of the meeting which copy shall be made available at any time to the Issuer and all Bondholders upon receipt of written request.

26) Amendments

Maynilad and the Trustee may, without prior notice to or the consent of the Bondholders or other parties, amend or waive any provisions of the Agreements if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency provided in all cases that such amendment or waiver does not adversely affect the interests of the Bondholders and provided further that all Bondholders are notified of such amendment or

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

- a. reduce the amount of Bondholders that must consent to an amendment or waiver;
- b. reduce the rate of or extend the time for payment of interest on any Blue Bond;
- c. reduce the principal of or extend the Maturity Date of any Blue Bond or vary the Early Redemption Option Dates of the Blue Bond;
- d. impair the right of any Bondholder to receive payment of principal of and interest on such Bondholder's Blue 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;
- e. reduce the amount payable upon the redemption or repurchase of any Blue Bond under the Terms and Conditions or change the time at which any Blue Bond may be redeemed;
- f. make any Blue Bond payable in money other than that stated in the Blue Bond;
- g. subordinate the Blue Bonds to any other obligation of Maynilad;
- h. release any security interest that may have been granted in favor of the Bondholders;
- i. amend or modify the provisions of the Trust Agreement and the Taxation and Yield Protection, the Events of Default or the Waiver of Default by the Bondholders sections; or
- j. make any change or waiver of this Section 26 Amendments.

It shall not be necessary for the consent of the Bondholders under this section 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 Section 26 Amendments becomes effective, Maynilad shall send a notice briefly describing such amendment to the Bondholders in the manner provided in the section entitled "Notice to the Bondholders."

27) 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 Blue 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.

28) 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 Maynilad 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 with respect to its obligations under the Trust Agreement, except for its gross negligence or willful misconduct.

29) Own Risk

Bondholders understand and acknowledge that investment in the Blue Bonds is not covered by the Philippine Deposit Insurance Corporation ("PDIC") and that any loss or depreciation in the value of the assets of the

Bondholders, resulting from the investments or reinvestment in the Blue Bonds and the regular conduct of the Trustee's trust business shall be for the account of the Bondholder.

30) Governing Law

The Blue Bonds are governed by and are construed in accordance with Philippine law.

31) Venue

Any suit, action, or proceeding against the Issuer with respect to the Bonds or the Bond Agreements or on any judgment entered by any court in respect thereof may be brought in any competent court in the Cities of [Makati] or [Quezon], at the option of the party initiating the legal action, and the parties submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment, the Issuer and Bondholders expressly waiving other venue.

32) Waiver of Preference

The obligation created under the Trust Agreement and the Blue Bonds shall not enjoy any priority of preference or special privileges whatsoever over any indebtedness or obligations of the Issuer. Accordingly, whatever priorities or preferences that the Trust Agreement and the Blue Bonds may have or any person deriving a right hereunder may have under Article 2244, paragraph 14 of the Civil Code of the Philippine are hereby absolutely and unconditionally waived and renounced. This waiver and renunciation of the priority or preference under Article 2244, paragraph 14 of the Civil Code of the Philippines shall be deemed revoked if it be shown that an indebtedness of the Issuer for borrowed money has a priority or preference under the said provision.

PLAN OF DISTRIBUTION

The Company shall issue the Blue Bonds to institutional and retail investors in the Philippines through a public offering to be conducted through the Joint Lead Underwriters and Joint Bookrunners. The Blue Bonds do not include an international offering. The Blue Bonds will be issued with an aggregate principal amount of up to [P12,000,000,000.00], with an oversubscription option of up to [P3,000,000,000.00].

Underwriters of the Offer

BPI Capital, BDO Capital, First Metro, and East West as the Joint Lead Underwriters and Joint Bookrunners for the Offer, have agreed to distribute and sell the Blue Bonds at the Purchase Price, pursuant to the Underwriting Agreement. Subject to the fulfillment of the conditions provided in the Underwriting Agreement, each Joint Lead Underwriter and Joint Bookrunner has committed to underwrite the following amounts on a firm basis:

Joint Lead Underwriters and Joint Bookrunners	Underwriting Commitment
BPI Capital	₱[5,000,000,000.00]
BDO Capital	₱[2,750,000,000.00]
First Metro	₱[2,750,000,000.00]
East West	₱[1,500,000,000.00]
Total	₱[12,000,000,000.00]

The Joint Lead Underwriters and Joint Bookrunners may, in consultation with the Issuer, exercise in full the Oversubscription Option on the same terms and conditions set forth in this Preliminary Prospectus, solely to cover oversubscriptions, if any. In case the Oversubscription Option is exercised, the Blue Bonds pursuant to the said Oversubscription Option will be allocated on a daily basis to the Joint Lead Underwriters and Joint Bookrunners based on actual demand.

There is no arrangement for the Joint Lead Underwriters and Joint Bookrunners to return any unsold Blue Bonds to the Issuer. The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to Maynilad of the net proceeds of the Blue Bonds. There is no arrangement giving the Joint Lead Underwriters and Joint Bookrunners the right to designate or nominate member(s) to the Board of Directors of Maynilad.

The underwriting fees to be paid by the Company in relation to the Offer shall be equivalent to [0.30]% of the final aggregate principal amount of the Blue Bonds issued. This shall be inclusive of any commissions to be paid to the selling agents, if any.

For the purpose of complying with their respective commitments under the Underwriting Agreement, each of the Joint Lead Underwriters and Joint Bookrunners may, under such terms and conditions not inconsistent with the provisions of the Underwriting Agreement, particularly the underwriting commitment of the Joint Lead Underwriters and Joint Bookrunners, appoint selling agents for the sale and distribution to the public of the Blue Bonds; provided, that the Joint Lead Underwriters and Joint Bookrunners shall remain solely responsible to the Company in respect of their obligations under the Underwriting Agreement entered into by them with the Company, and except as otherwise provided in the Underwriting Agreement, the Company shall not be bound by any of the terms and conditions of any agreements entered into by the Underwriters with the selling agents (if any).

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

BPI Capital is a Philippine corporation organized in the Philippines as a wholly owned subsidiary of the Bank of the Philippine Islands. It obtained its license to operate as an investment house in 1994 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. As of 30 September 2023, its total assets amounted to P4.2 billion, and its capital base amounted to P4.1 billion. BPI Capital and the Trustee are wholly owned subsidiaries of Bank of the Philippine Islands.

BDO Capital is the wholly owned investment banking subsidiary of BDO Unibank, Inc., which, in turn, is an associate of the SM Group. BDO Capital is a full-service investment house primarily involved in securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment.

Incorporated in December 1998, BDO Capital commenced operations in March 1999. It obtained its license to operate as an investment house in 1998 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. As of 30 September 2023, its total assets amounted to ₱4.4 billion and its capital base amounted to ₱4.3 billion.

First Metro is a leading investment bank in the Philippines with sixty (60) years of service in the development of the country's capital markets. It is a subsidiary of Metropolitan Bank & Trust Company ("Metrobank") with a 99.3% ownership and is the investment banking arm of the Metrobank Group, one of the largest financial conglomerates in the country. Metrobank is 37.15% owned by PSE-listed company, GT Capital Holdings, Inc. ("GTCAP"), which is the primary holding company of the diversified business interests of the Ty family in the Philippines. GTCAP holds 20% of MPIC which holds 51.27% of MWHCI, the Company's parent entity. First Metro is licensed by the SEC to engage in underwriting and distribution of securities to the public. First Metro and its subsidiaries offer a wide range of services, from debt and equity underwriting to loan syndication, project finance, financial advisory, government securities and corporate debt trading, equity brokering, online trading, asset management, and research. First Metro has established itself as a leading bond house with key strengths in origination, structuring, and execution. As of 31 December 2023, its total assets stood at ₱32.2 billion with a capital base amounting to ₱16.4 billion.

East West is a subsidiary of Filinvest Development Corporation. EW is a universal bank providing a wide range of banking services to retail, commercial, and corporate clients. It was established as a commercial bank in July 1994 and received its universal banking license from the BSP in July 2012. East West is licensed by the SEC to engage in the underwriting or distribution of securities to the public. As of 31 December 2023, its total assets amounted to ₱464.2 billion and its capital base amounted to ₱67.2 billion.

Apart from the interests of GTCAP in respect of First Metro and MPIC, described above, none of the Joint Lead Underwriters and Joint Bookrunners have any direct or indirect relations with Maynilad in terms of material ownership by their respective major stockholder(s).

Sale and Distribution

The distribution and sale of the Blue Bonds shall be undertaken by the Joint Lead Underwriters and Joint Bookrunners who shall sell and distribute the Blue Bonds to third party buyers/investors. Nothing herein shall limit the right of the Joint Lead Underwriters and Joint Bookrunners to purchase the Blue Bonds for their own respective accounts.

The Blue Bonds shall be offered to the public in the Philippines.

The obligations of each of the Joint Lead Underwriters and Joint Bookrunners will be jointly, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Joint Lead Underwriters and Joint Bookrunners. Unless otherwise expressly provided in the Underwriting Agreement, the failure or success by a Joint Lead Underwriters and Joint Bookrunners to carry out its obligations thereunder shall neither relieve the other Joint Lead Underwriters and Joint Bookrunners of their obligations under the same Underwriting Agreement, nor shall any of the Joint Lead Underwriters and Joint Bookrunners be responsible for the obligation of another Joint Lead Underwriter and Joint Bookrunner.

There are no finder's fees, discounts or commissions shall be paid to any broker dealers in the distribution of the Blue Bonds.

Offer Period

The Offer Period shall commence on [13 May 2024] and end at 5:00 p.m. on [17 May 2024] or such earlier or later date as may be mutually agreed between the Company and the Joint Lead Underwriters and Joint Bookrunners.

Application to Purchase

The procedure set out in this section and the succeeding sections should be read together with the more detailed procedure and other conditions set out in the Application to Purchase.

Applicants may purchase the Blue Bonds during the Offer Period by submitting to the Joint Lead Underwriters and Joint Bookrunners properly completed Applications to Purchase, whether originally signed or electronically submitted (through the e-Securities Issue Portal or "e-SIP"), together with two (2) signature cards, identification document, and the full payment of the Purchase Price of the Blue Bonds in the manner provided in the said Application to Purchase.

Corporate and institutional Applicants must also submit, in addition to the foregoing:

- (a) An original notarized certificate of the corporate secretary (or the managing director in case of a partnership) 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 Blue Bonds indicated in the Application to Purchase and (ii) designating the signatories, with their specimen signatures, for the said purposes;
- (b) 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);
- (c) 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) (whose authority(ies) and specimen signatures will be submitted to the Registrar);
- (d) BIR Certificate of Registration showing the Applicant's Tax Identification Number;
- (e) identification document(s) of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below; and
- (f) such other documents as may be reasonably required by any of the Joint Lead Underwriters and Joint Bookrunners, selling agents (if any) or the Registrar in the implementation of its internal policies regarding "know your customer" and compliance with anti-money laundering laws.

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

- (a) 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: Philippine Identification Card, Passport, Driver's License, Professional Regulation Commission ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Maritime Industry Authority 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, 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);
- (b) two (2) duly accomplished signature cards containing the specimen signature of the Applicant;
- (c) validly issued tax identification number issued by the BIR; and
- (d) such other documents as may be reasonably required by the Underwriters, selling agents (if any) or the Registrar and Paying Agent in the implementation of their respective internal policies regarding "know your customer" and compliance with anti-money laundering laws.

An Applicant who is claiming exemption from any applicable tax, or entitlement to preferential tax rates shall, in addition to the requirements set forth above, be required to submit the following requirements to the relevant Underwriter or selling agent (if any) (together with their respective Applications to Purchase), subject to acceptance by the Issuer as being sufficient in form and substance:

- (i) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR and 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 exemption certificate is a true copy of the original; (b) the original is in the possession of the corporate secretary as the duly authorized custodian of the same; and (c) the corporate secretary has personal knowledge based on his official functions of any amendment, revocation, expiration, change, or any circumstance affecting said certification's validity, or a copy of the law of

the country of domicile allowing a deemed paid tax credit in an amount to the 15% spared or waived by the Philippines duly authenticated by the Philippine embassy or, for countries that are members to the Apostille Convention, an apostilled copy of the law of the country of domicile which apostilled or authenticated copy shall be valid for one year from the date of issuance;

(ii) with respect to tax treaty relief:

(a) prior to the payment of the initial interest due, (i) three (3) originals of the submitted BIR Form 0901-I (Interest Income) or Application Form for Treaty Purposes filed by the Bondholder or, if the Bondholder is a fiscally transparent entity, each of the Bondholder's owners or beneficiaries with the proof of receipt by the concerned office of the BIR, as required under BIR RMO No. 14-2021, (ii) one (1) original of the valid and existing 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 laws, (iii) the relevant provision of the 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 of the Philippines, special power of attorney executed by the Bondholder or the Bondholder's owners or beneficiaries, as may be applicable, in favor of the authorized representative (if the Application Form for Treaty Purposes and other documents are accomplished by an authorized representative) and confirmation acceptable to the Issuer that the Bondholder or the Bondholder's owners or beneficiaries is/are not doing business in the Philippines to support the applicability of a tax treaty relief, and (v) such other additional documents as may be required by the Issuer or pursuant to applicable tax regulations, including but not limited to the documentary requirements enumerated in BIR RMO No. 14-2021 in relation to BIR RMC Nos. 77-2021 and 20-2022, which shall be submitted by the Bondholder/Registrar to the Issuer no later than the first (1st) day of the month when such initial interest payment shall fall due and, if applicable, including any clarification, supplement, or amendment thereto;

For the avoidance of doubt, the Issuer shall retain sole discretion in determining whether the non-resident Bondholder is entitled to the preferential tax treaty rate based on the documents submitted by the non-resident Bondholder, provided that all the conditions for the availment thereof, other than residency, have been satisfied;

(b) prior to the payment of subsequent interests due, (i) three (3) originals of the submitted 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 valid and existing 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 laws, if the validity period of the previously issued tax residency certificate has already lapsed; and (iii) such other additional documents as may be required by the Issuer or pursuant to applicable tax regulations, including but not limited to the documentary requirements enumerated in BIR RMO No. 14-2021 in relation to BIR RMC Nos. 77-2021 and 20-2022, which shall be submitted by the Bondholder/Registrar to the Issuer no later than the first (1st) day of the month when such subsequent interest payments shall fall due and, if applicable, including any clarification, supplement, or amendment thereto;

(c) in the event that the Issuer determines that the non-resident Bondholder is not entitled to the preferential tax treaty rate based on the documents submitted in item (i) above and determines that all conditions for the availment thereof have not been satisfied, the Issuer shall apply the regular tax rates;

(d) the non-resident Bondholder may apply for tax treaty relief with the BIR in accordance with BIR RMO No. 14-2021;

(e) the Issuer shall not apply for any confirmatory application of preferential tax rates with the BIR;

(f) should the BIR grant the application for tax treaty relief, it is the obligation of the non-resident Bondholder to apply for refund with the BIR. The Issuer shall not refund the non-resident Bondholder any amount as a result of the application of the higher tax rate;

(g) the non-resident Bondholder must update its COE annually, if applicable, as described in BIR RMO No. 14-2021, as further clarified by BIR RMC Nos. 77-2021 and 20-2022. Expired COEs will not be accepted by the Issuer; and

- (h) aside from the updated COE (if applicable), the non-resident Bondholder shall submit its TRC annually to the Issuer as continuing proof of its entitlement to the preferential tax treaty rate. Absent such updated TRC and COE (if applicable), the Issuer shall apply the regular tax rate;
- (iii) a duly notarized undertaking executed by (i) the corporate secretary or any authorized representative of such Applicant or Bondholder who has personal knowledge of the exemption or preferential rate treatment based on his official functions, if the Applicant purchases, or the Bondholder holds, the Blue Bonds for its account, or (ii) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Blue 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 (1) of any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement; (2) if there are any material changes in the factual circumstances of the Bondholder including but not limited to its character, nature, and method of operation, which are inconsistent with the basis for its income tax exemption; or (3) if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Blue Bonds being ineligible for exemption or preferential rate, 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 free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax, provided, that in case of corporate, partnership or trust account investors, such Bondholder shall also submit an original certification from the corporate secretary or an equivalent officer of the investor, setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose; and
- (iv) such other documentary requirements as may be required by the Issuer and the Registrar or the Paying Agent under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized or apostilled (as the case may be) proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided, that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided, further, that all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of issuance of the Blue Bonds, upon submission of the Application to Purchase to the Sole Issue Manager and the Joint Lead Underwriters and Joint Bookrunners or Selling Agents (if any) who shall then forward the same to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar upon submission of the account opening documents.

Failure on the part of the Bondholder to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

The Purchase Price for each Bond is payable in full upon submission of the duly executed Application to Purchase. Payments of the Purchase Price shall be made either in checks or appropriate debit instructions or payment instructions made out to the order of the relevant Joint Lead Underwriter and Joint Bookrunner or selling agent (if any). All payments must be made or delivered to the relevant Joint Lead Underwriters and Joint Bookrunners, or the selling agent (if any) to whom the Application to Purchase is submitted.

Completed Applications to Purchase and corresponding payments must reach the Joint Lead Underwriter and Joint Bookrunner, or the selling agent (if any) prior to the end of the Offer Period, or such earlier date as may be specified by the Joint Lead Underwriters and Joint Bookrunners. Acceptance by the Joint Lead Underwriters and Joint Bookrunners, or the selling agent (if any) of the completed Application to Purchase shall be subject to the availability of the Blue Bonds and the acceptance by Maynilad. In the event that any check payment is returned by the drawee bank for any reason whatsoever or the nominated bank account to be debited is invalid, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase shall be 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 Blue Bonds

If the Blue Bonds are insufficient to satisfy all Applications to Purchase, the available Blue Bonds shall be allotted at the discretion of the Joint Lead Underwriters and Joint Bookrunners, in consultation with the Issuer and subject to the Issuer's right of rejection.

Acceptance of Applications

The Company and the Joint Lead Underwriters and Joint Bookrunners reserve the right to accept or reject Applications to Purchase the Blue Bonds and in case of oversubscription allocate the Blue Bonds available to the Applicants in a manner they deem appropriate.

Rejection of Applications

The Joint Lead Underwriters and Joint Bookrunners shall accept, reduce or reject Applications to Purchase on behalf of the Issuer in accordance with the following provisions and the allocation plan. Reasons for rejection or reduction may include the following:

- (a) Applications may be rejected if: (i) the Purchase Price is unpaid; (ii) payments are insufficient or where checks, as applicable, are dishonored upon first presentment; (iii) the Application to Purchase is not received by the Joint Lead Underwriters and Joint Bookrunners or the selling agent (if any) on or before the end of the Offer Period; (iv) the number of the Blue Bonds subscribed is less than the minimum amount of subscription; (v) the Applications to Purchase do not comply with the terms of the Offer; or (vi) the Applications to Purchase do not have sufficient information or are not supported by the required documents.
- (b) Applications may be reduced if the Offer is oversubscribed, in which case the number of the Blue Bonds covered by such Applications to Purchase shall be reduced pro rata or in accordance with such other methodology adopted by the Joint Lead Underwriters and Joint Bookrunners.

In the event an Application to Purchase is rejected or the amount of the Blue Bonds applied for is scaled down for a particular Applicant, the relevant Joint Lead Underwriter and Joint Bookrunner or the selling agent (if any) shall notify the Applicant concerned that his/her application has been rejected or that the amount of the Blue Bonds applied for has been scaled down.

Refunds

If any application is rejected or accepted in part only, payments made by the Applicant or the appropriate portion thereof shall be returned without interest to such Applicant through the relevant Joint Lead Underwriter and Joint Bookrunner or the selling agent (if any) with whom such Application to Purchase was coursed through.

The manner of refunds shall be made, at the option of each Joint Lead Underwriter and Joint Bookrunner and or the selling agent (if any), either (i) through the issuance of check(s) payable to the order of the relevant Applicant and crossed "Payees' Account Only" and mailed or delivered, at the risk of the Applicant, to the address specified in the Application to Purchase, or (ii) through the issuance of instructions for automatic credit payments to the accounts of the relevant Applicants, as indicated in their respective Applications to Purchase.

Payments

The Paying Agent shall open and maintain a bank account for the Blue Bonds, which shall be operated solely and exclusively by the said Paying Agent in accordance with the Registry and Paying Agency Agreement (the "Payment Account"), provided that beneficial ownership of the Payment Account shall always remain with the Bondholders. The Payment Account shall be used exclusively for the payment of the principal, interest and other payments due on then Blue Bonds on the relevant Payment Date.

The Paying Agent shall maintain the Payment Account while the Blue Bonds are outstanding, and until six (6) months past the relevant Maturity Date. Upon closure of the Payment Account, any balance remaining in the Payment Account shall be returned to the Issuer and shall be held by the Issuer in trust and for the irrevocable benefit of the Bondholders with unclaimed interest and principal payments and such other payments that are due on the Blue Bonds.

Unclaimed Payments

Any payment of interest on, or the principal of the Blue 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 and shall be dealt with in accordance with the relevant provisions of the Registry and Paying Agency Agreement.

Purchase and Cancellation

The Issuer may purchase the Blue Bonds at any time in the open market or by tender or by contract, 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 Blue Bonds so purchased shall be deemed fully redeemed and cancelled and may not be re-issued.

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

Secondary Market

The Company intends to list the Blue Bonds in the PDEX. The Company may purchase the Blue Bonds at any time in the PDEX trading system without any obligation to make pro-rata purchases of Blue Bonds from all Bondholders. The Blue Bonds shall be traded in denominations of ₱10,000 in the secondary market.

For a more detailed discussion, please refer to the section "*Description of the Blue Bonds*".

Register of Bondholders

The Blue Bonds shall be issued in scripless form and shall be registered in the Register of Bondholders to be maintained by the Registrar. A Master Certificate of Indebtedness representing the Blue Bonds sold in the Offer shall be issued in the name of the Trustee for the benefit of the Bondholders.

Legal title to the Blue Bonds shall be shown in the Register of Bondholders to be maintained by the Registrar. Initial placement of the Offer Bonds and subsequent transfers of interests in the Bonds shall be subject to applicable prevailing Philippine selling restrictions. The names and addresses of the Bondholders and the particulars of the Blue Bonds held by them and all transfers of the Blue Bonds shall be entered into the Register of Bondholders. Transfers of ownership of the Blue Bonds shall be effected through book-entry transfers in the Register of Bondholders.

For a more detailed discussion, please refer to the section "*Description of the Blue Bonds*".

RISK FACTORS

An investment in the Offer involves a number of risks. The price of securities can and does fluctuate, and any individual security is likely to experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profits made as a result of buying and selling securities. Past performance is not indicative of future performance and results, and there may be a large difference between the buying price and the selling price of the Blue Bonds.

Investors deal in a range of investments, each of which may carry a different level of risk. Investors should carefully consider all the information contained in this Preliminary Prospectus, including the risk factors described below, before deciding to invest in the Blue Bonds.

The section below does not purport to be a comprehensive disclosure of all of the risks and other significant aspects of participating in the Offer, but is intended to give a general idea to a prospective bondholder of the scope of risks involved in participating in the Blue Bonds. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to Maynilad or that are currently considered immaterial could have a material adverse effect on our business, results of operations, financial condition and prospects and on the Blue Bonds in the future. Prospective bondholders should undertake their own independent research and study on the merits of participating in these securities. Prospective bondholders should seek professional advice if he or she is uncertain of, or has not understood any aspect of the Issuer or the nature of risks involved in purchasing and holding the Blue Bonds. Each potential bondholder should consult its own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a participation in the Blue Bonds. Maynilad and the Joint Lead Underwriters and Joint Bookrunners do not make any warranty of representation on the marketability of a participation in the Offer.

The risk factors discussed in this section are of equal importance, and presented in no particular order.

RISKS RELATING TO THE COMPANY

Risks Related to Raw Water Supply and Raw Water Quality

1. The Company draws its water supply from a limited number of raw water sources and supply may not be sufficient during periods of high demand for water.

The West Zone Service Area which Maynilad serves comprises a population of over ten million people, a figure that grew at a compounded annual growth rate (“CAGR”) of 1.3% from 2010 to 2020. The 2021 Water Demand Study undertaken by the UP Diliman Integrated Technical Study, which the Company used as basis for its demand forecasts, expects per-capita daily water usage to remain stable from 2021 until 2046. As a result, the Company expects demand for water service to continue growing at a steady rate for the foreseeable future. In addition, aggregate demand for water can fluctuate over the course of a year due to seasonal factors such as high summer temperatures.

As of 31 December 2023, approximately 86.0% of the Company’s raw water is sourced from Angat Dam, while approximately 14.0% is sourced from Laguna Lake.

The maximum raw water supply available to the Company is constrained by such factors as its raw water allocation from Angat Dam and the capacity of the Company’s existing water treatment plants (“WTP”). There is no guarantee that the Company will be able to source sufficient raw water supply, especially during periods of abnormally high-water demand. This situation may constitute a ground for the MWSS RO to penalize the Company for failure to comply with its service obligation.

To conserve water the Company has invested over the years in the construction of new reservoirs and pump stations to boost its water-storage capacity and to better manage pressure in the network. Maynilad intends to add 211 million liters to its water-storage capacity by 2026 with the construction of four new reservoirs in different locations

Additionally, the Company has embarked on an NRW management program that aims to achieve an average DMA NRW level of 20.0% and Total NRW of 25.0% by 2027, further reducing Total NRW to 20.0% by 2030. The focus will be on (i) DMA splitting, diagnostic and leak repair, (ii) meter management; (iii) purchase of leak detection equipment; (iv) selective pipe replacement, and (v) primary line assessment, leak repair, and replacement. Water that will be recovered from these activities will be reallocated to support the Company’s service expansion program.

NEW WATER is Maynilad's initial foray into the utilization of climate-independent water sources via potable water reuse. It constructed a NEW WATER WTP, which puts the treated effluent of its Parañaque Water Reclamation Facility through a rigorous purification process to make it potable. The capacity of the Parañaque Treatment Plant is 10 MLD. Maynilad is looking to expand output by tapping its other sewage treatment plants as raw water source.

On top of all of these, MWSS is currently developing the New Centennial Water Source – Kaliwa Dam Project (“Kaliwa Dam Project”), which is expected to be completed by 2028. The Kaliwa Dam Project has a yield of 600 MLD. The yield from this future water source will be equally allocated between the Concessionaires. Maynilad will receive 300 MLD raw water allocation through the construction of the 300MLD Teresa Water Treatment Plant and its conveyance line of 2.2-meter diameter pipe with a total length of around 50 kilometers to distribute supply to the Maynilad concession area.

2. **Environmental degradation and water pollution may affect the quantity and quality of raw water coming from the Company's major water sources.**

Unabated degradation of the environment may negatively impact the quantity and quality of Maynilad's raw water supply. The deforestation of the watersheds surrounding the dams increases soil erosion. This results in higher soil, sediment, and turbidity levels of the raw water going into LMTP 1 and 2, negatively impacting treatment capacity. The worsening water pollution in Laguna Lake results in higher levels of algal bloom that disrupt the water treatment process in Putatan WTP 1 and 2. These factors may consequently affect the Company's ability to meet the water supply requirements of its current customers.

Maynilad invests heavily in upgrading its water treatment facilities to adjust to varying degrees of water quality.

In 2023, the repair of the damaged silt curtain at the intake of the Putatan Plants in Muntinlupa City was completed.

Ongoing projects include:

- (i) the retrofitting and upgrading of the LMTP 1 and 2 in order to treat water with higher turbidity and to improve existing sludge conveyance,
- (ii) the upgrading of the transformer at La Mesa Pump Station from 5MVA to 6MVA,
- (iii) the rehabilitation of the ultra-filtration 100 reverse flush line and ultra-filtration 50 back wash line at Putatan WTP 1,
- (iv) the replacement of secondary cables for transformers at Putatan WTP 2,
- (v) the replacement of existing Putatan WTP 1 offshore brine line.

Additional projects in the pipeline include:

- (i) the rehabilitation and upgrading of the chlorination systems of Putatan WTP 1 and 2,
- (ii) the replacement of Putatan WTP 1's permeate tank.

Though Maynilad has been pouring investments into treatment technology upgrades and interventions, its water production will continue to be affected unless more drastic measures are taken to protect the environment surrounding Angat Dam, Ipo Dam and Laguna Lake.

The Company has been working closely with various stakeholders as it seeks to ensure the sustainability of raw water sources to continuously supply clean water to its customers. Initiatives undertaken include reforestation programs, livelihood projects for settlers, community sanitation, environmental performance monitoring and other similar activities.

3. **The Company's business and future plans may be adversely affected by climate change. The Company is vulnerable to natural disasters and other disruptive events.**

Maynilad's operations may be negatively affected by climate change-induced phenomena, such as rising sea levels, changes in average rainfall, higher temperatures, and stronger or more frequent storms. These phenomena affect the reliability of the Company's raw water supply .

The Philippines has experienced a number of natural catastrophes over the years including earthquakes, floods, prolonged droughts and typhoons. The waterworks facilities of Maynilad may, as a result, incur significant losses, damage or other impairments.

These factors may adversely affect the Company's ability to provide 24-hour water service to its customers.

Between the months of April and May 2019, unusually warm temperatures in Laguna Lake triggered an unprecedented high level of algal clogging the intake structures of the Putatan WTP 1 and 2, disrupting production.

With the onset of El Niño in June 2019, the water level in Angat Dam reached a historic low due to heat and lack of rain. The NWRB had to reduce water allocation to MWSS in an effort to preserve water supply. As a result, the Company had to implement rotational water service interruptions during that period.

From 11 to 12 November 2020, Typhoon Vamco (known in the Philippines as "Typhoon Ulysses ") hit the island of Luzon, unleashing powerful winds and torrential rains that killed dozens of people, destroyed thousands of homes, and caused heavy flooding. An unprecedented amount of sludge accumulated in LMTP 1 and 2 caused by the onslaught of highly turbid water coming down from the mountains. Water production was reduced to 1,900 MLD from its usual 2,300 MLD to allow for the removal of the sludge. The Company was constrained to implement rotational water service interruptions affecting around 1 million connections.

To help reduce the impact of these natural disasters, Maynilad tapped the services of international weather intelligence provider MetraWeather to enhance its forecast and climate data analysis capability. This allows for a more agile response to weather disturbances that may affect water service. The site-specific forecasts of MetraWeather on rainfall patterns, wind direction, and temperature in vital watersheds provide valuable advance information on weather patterns, enabling the Company to quickly implement the necessary interventions.

To ensure sufficient raw water supply amidst the continuing threat of supply disruption due to climate change, Maynilad has laid out a five-year (2023-2027) service enhancement program. For a more detailed discussion, please refer to the section "*Maynilad's Business – Upcoming Water Facilities*."

Additionally, to alleviate the impact to customers of interrupted water supply, Maynilad deploys mobile water tankers to deliver potable water to affected areas.

Risks Related to Regulatory Framework

1. The RCA, which authorizes the Company to provide water and wastewater services in the West Zone, may be pre-terminated prior to the end of the concession period.

Part of the MWSS's and MWSS-RO's regulatory authority over the Company is to determine the Company's continued compliance with the requirements imposed on the Company under the RCA. In the event that Maynilad fails to comply with such requirements and such failure remains unremedied within the prescribed grace period, MWSS has exercisable remedies that may include termination of the RCA before the end of the concession period, and MWSS-RO may impose certain penalties on Maynilad. Although the Company endeavors to continue the timely and faithful performance of its obligations under the RCA, there are circumstances outside the Company's control that may affect such performance. Considering the extent of the Company's operations *vis-a-vis* its dependence on limited water sources, among others, there can be no assurance that the Company will be able to fully comply with all its obligations under the RCA at all times. The RCA may also be terminated for circumstances affecting the ability of MWSS and/or the Company to perform its obligations under the RCA that are outside the control of Maynilad. See "*Revised Concession Agreement—Termination Events—MWSS Events Of Default; Force Majeure or Upon Mutual Agreement of Parties*" under the section *Maynilad's Business*.

The RCA also contains broad provisions that allow the MWSS to take action that may be adverse to the Company "when the common good so requires." Under the RCA, the "common good" refers to "actions for the promotion of health and safety, enhance the right of the people to a balanced ecology, and preserve the comfort and convenience of those within the service concession area". Among the Company's initiatives that promote the "common good" is the adoption of the Sustainable Finance Framework but there can be no assurance that these and other matters will fully satisfy the standards set forth in the RCA. For a more detailed discussion, please refer to the section "*Maynilad's Sustainable Finance Framework*".

Any unexpected termination of the RCA is likely to have a material adverse effect on the business, operations, results and prospects of the Company. The Company is entitled to receive early termination payments for certain grounds for termination; however, such termination payment may be insufficient to fully cover the cost of the

Company's investments under the CA. See *"Revised Concession Agreement—Termination Events"* under the section *Maynilad's Business*.

2. The Company's legislative franchise may be subject to amendment, alteration, or repeal by Congress.

Pursuant to the mandate of the Philippine Constitution, Congress, as the grantor of Maynilad's legislative franchise, retains the power to amend, alter, or repeal such franchise when the common good so requires. While the Company's franchise is the law between the parties, there is no assurance that the government will not seek to terminate or amend Maynilad's franchise prior to its expiration on terms that would be favorable to the Company. Similarly, the RCA may also be subject to review and amendment by regulators. On January 2020, President Duterte ordered the review of the CA on the ground that the same allegedly contained onerous provisions that were unfavorable to the National Government and the consuming public.

There is no assurance that the Company's legislative franchise and the Concession Agreement will not be reviewed, amended, or terminated due to factors beyond the Company's control. The Company may be affected by changes in regulations that, for example, concern both the East Zone and West Zone concessionaires collectively.

3. There is no assurance of the Company's full recovery of its expenditures on assets and infrastructure.

Pursuant to the RCA, legal title to all fixed assets contributed by the Company to the existing MWSS water distribution system during the RCA remains with the Company until the expiration (or earlier termination) of the RCA, at which time, all rights, titles, and interests, in such assets automatically vest in the MWSS. As mentioned, the RCA provides for grounds for pre-termination of the RCA. Because of the risk of pre-termination of the RCA, there is no guarantee that the Company will be able to recover its investments.

The Company implements the capital expenditure program detailed in its business plan reviewed and approved by MWSS RO every five (5) years. The suite of projects and activities in the business plan are lined up based on the water demand studies, customer satisfaction survey, service needs, and the corresponding determination of what assets and resources are needed to address projected water demand while, at the same time, enhancing customer experience. The MWSS RO reviews the business plans and the accomplishments of Maynilad, and engages Maynilad's customers via public consultations, dialogues, and roadshows prior to determining which projects and activities are to be included in the approved business plan. The MWSS RO sets the appropriate water tariff based on the performance of Maynilad vis-à-vis the agreed targets, as well as the prudence and efficiency of the execution of projects and activities specified in the business plan for the prior five-year period.

The Company believes that the risk of early termination can be mitigated by the recently enacted R.A. No. 11600 on 10 December 2021, which granted a franchise to the Company to establish, operate, and maintain a waterworks system and sewerage and sanitation services, and affirmed its authority to provide such services within the West Zone of Metro Manila. R.A. No. 11600 confirms that the provisions of the CA shall govern the Company's obligations and rate-setting methodology under the franchise. The Company further believes that the revocation of the franchise or pre-termination of the RCA granted by the Government may require consultations with regulators and various stakeholders. In case of pre-termination of the RCA, the Company is likewise entitled to early termination payment, although it may be insufficient to fully cover its investments. For a more detailed discussion, please refer to *"The RCA may be terminated before the end of the concession period"* under this section.

4. The Company's financial performance may be adversely affected if increases in customer tariffs are not granted or are deferred.

The Company is entitled to recover over the concession period its operating, capital maintenance and investment expenditures efficiently and prudently incurred, business taxes, (except corporate income tax), concession fees, and earn a nominal rate of 12%. The mechanics for seeking these adjustments are set out in the RCA, and the increases in tariff rates are also subject to a Rate Rebasing every five (5) years. Under the RCA, adjustments to the tariff are made based on movements in the Philippine CPI ("C"), rebasing adjustment ("R"), during Rate Rebasing, and extraordinary price adjustment. As provided for under the RCA, any rate adjustment requires approval by the MWSS. As a result, there can be no assurance that any rate increase requested will ultimately be granted.

During the fifth rate rebasing period, Maynilad was able to implement both R and C for the 2018 tariff adjustment. However, subsequent R adjustments were suspended in 2020 and 2021. The long-term financial effect of this

tariff freeze has been mitigated as the Company has implemented the 2024 R, which is planned to be the largest tranche for the sixth rate rebasing period.

Nonetheless, Maynilad has historically engaged the MWSS in advance for the review of the periodic tariff adjustments. The Company intends to continue working with MWSS for the implementation of its tariff adjustments and endeavors to resolve and settle disputes thereunder through amicable settlement, mediation or arbitration.

To offset the impact of the delay in the implementation of such tariff adjustment, Maynilad may further tighten its cost control measures, recalibrate capital expenditures, or undertake continued investments in technological innovations to realize operational efficiencies.

Risks Related to Compliance with Other Regulations

1. The Company's operations are subject to developments and changes in safety, health and environmental laws and regulations.

Apart from Maynilad's compliance with the terms and conditions of the RCA, the Company is also subject to the constantly evolving safety, health and environmental laws and regulations. These laws and regulations address, without limitation, air emissions, wastewater discharges, generation, handling, storage, transportation, treatment and disposal of sludge and oil products, workplace conditions and employee exposure to hazardous substances (see also "*Regulatory Framework*"). There is no assurance that changes in the Company's regulatory environment would not be detrimental to the Company's operations or financial performance.

Maynilad will continue to incur expenditures to comply with these laws and regulations. If environmental regulations are amended, Maynilad's cost of complying with relevant regulations may increase in the future as a result of increased capital expenditures and expenses.

Furthermore, Maynilad may be affected by changes in law, policies, rules, and regulations and the interpretation thereof, such as changes in regulatory, labor, and environmental requirements.

Although Maynilad has dedicated specific compliance teams to assess the potential effects of changes in regulations and in developing adequate responses to such changes, there is no assurance that Maynilad will be able to adequately address any adverse regulatory developments.

2. The Company may be unable to fulfill the terms and conditions of its franchise, licenses, permits and other authorizations.

The Company is required to obtain and maintain licenses, permits and other authorizations, including local business permits, and permits from several government agencies such as the National Water Resources Board ("**NWRB**"), the Department of Environment and Natural Resources ("**DENR**"), Environmental Management Bureau ("**EMB**"), Department of Health ("**DOH**"), Laguna Lake Development Authority ("**LLDA**"), and the various local government units where the Company operates in. The Issuer's licenses, permits and other authorizations contain various requirements that must be complied with to keep such licenses, permits and other authorizations valid. If the Issuer fails to meet the terms and conditions of any of its licenses, permits or other authorizations necessary for its operations, these may be suspended or cancelled, leading to suspension of activities or other adverse consequences.

Any delay or restriction, suspension, revocation on the issuance of required permits by the relevant government agencies may restrict or delay the construction of water supply and sewerage facilities, thereby impacting Maynilad's execution of its business plans. If the Company is unable to complete its projects, it may impact its ability to meet service obligations and comply with its regulatory commitments.

Under the terms of the legislative franchise granted to the Company, and in accordance with the constitutional provision to encourage public participation in public utilities, the Company is required to offer to Filipino citizens at least thirty percent (30%) of its outstanding capital stock, or such other percentage that may hereafter be required by law, through any securities exchange in the Philippines within five (5) years from the effectivity of its franchise or by 21 January 2027. Failure to do so will result in the ipso facto revocation of its franchise. The Company has initiated certain steps to be in a position to comply with this requirement within the period provided in its franchise. Nonetheless, a successful offer and listing of the Company's shares will require regulatory approvals and

favorable market conditions outside of its control and no assurance can be given that the Company will be able to obtain such approvals or that such conditions would be favorable at any given time.

There can be no assurance that it will continue to be able to retain, secure or renew, as the case may be, its franchise or the necessary licenses, permits and other authorizations for its operations as necessary or that such franchise, licenses, permits and other authorizations will not be revoked. If it is unable to retain, obtain or renew them or is only able to do so on unfavorable terms, it may lose its authority to offer services, which would materially and adversely affect its business, financial condition and results of operations. However, the Issuer endeavors to comply with the terms and conditions of its franchise, licenses, permits and authorizations, and devotes resources to closely monitor such compliance.

In addition, Maynilad may be subject to fees and penalties in the event that it fails to comply with the terms of its permits and licenses. For instance, the MWSS RO has the authority to assess and enforce the financial penalties against the Concessionaire should it fail to meet its service concession obligations, as provided under the RCA. In the event the Concessionaire fails to make timely payment of an assessment, the MWSS RO may draw an equivalent amount under the performance bond or treat such non-payment as a basis for downward adjustment in the rates. There is no assurance that any such assessment by the MWSS RO would not be material to the Company's operations and financial performance. Because the amount of assessment is proportional to the severity of a breach of any service obligation, the Company strives to minimize risk by meeting or exceeding its targets to the extent practicable.

3. Adverse results of any pending or future litigation and/or disputes may impact Maynilad's cash flows, results of operations and financial condition.

In the ordinary course of business, the Company is subject to risks related to litigation and administrative proceedings that could adversely affect its business and financial performance in the event of an unfavorable ruling.

The nature of the Company's business exposes it to litigation relating to public-interest, labor, health and safety matters; customer claims; regulatory, tax and administrative proceedings; governmental investigations; and tort claims and contract disputes. Litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome. Litigation could result in substantial costs to, and a diversion of effort by, the Company and/or subject the Company to significant liabilities to third parties. While the Company establishes provisions as it deems necessary, the amounts that the Company reserves could vary significantly from any amount the Company actually pays due to the inherent uncertainties in the estimation process. There can be no assurance that these or other legal proceedings will not materially affect the Company's business or reputation, or that the Company will be able to recover any losses incurred from third parties, regardless of whether or not the Company is at fault. In such cases, there can be no assurance that losses relating to litigation would not have a material adverse effect on the Company's business, financial condition and results of operation, or that provisions made for litigation related losses will be sufficient to cover the Company's ultimate loss or expenditure.

The Company adheres to corporate best practices including appropriate risk management in its operations to further manage these risks. As a matter of policy, the Company strives to maintain good relations with its customers, employees, regulators and other parties with whom the Company regularly deals with, and to resolve disputes amicably to avoid lengthy and expensive litigation.

Please see section on "*Legal Proceedings*" for details on relevant cases and proceedings.

Risks Related to Service Operations

1. The Company may not successfully implement its capital expenditures program.

In the course of fulfilling its service obligations, Maynilad continually implements projects to maintain and upgrade its water and wastewater service operations. In order to make such service improvements, the Company regularly undertakes capital expenditure plans, employee training, new technology acquisition, and process improvement programs, among others. There is no assurance that any of the Company's projects will be completed on time or that delays could be avoided or other risks eliminated during execution. Failure to successfully implement projects may result in increased costs or disruptions in water and wastewater service operations that would have an adverse effect on the Company's financial position. The Company's implementation of capital expenditures is also dependent on third party contractors. For a complete discussion,

please refer to “*The Company relies on third parties, including contractors and suppliers, in the course of business operations*” under this section.

Maynilad believes its experienced management and staff possess the necessary experience and qualifications to minimize execution risks. Prior to Maynilad privatization, less than half of the served population in the West Zone had access to reliable water supply, and about 7% of the served population was connected to a sewerage system and water losses were staggering at 68%. Maynilad was also faced with various infrastructure challenges which include concentration of raw water and major water treatment facilities in the north end of the West Zone, densely populated streets that made pipe-laying difficult, a century-old Central Manila Sewerage System, and faster corrosion of pipelines as the West Zone borders coastal areas that are prone to flooding and saltwater intrusion, among others.

Since the entry of MPIC and DMCI as Maynilad’s shareholders, the Company has seen significant improvement in financial and operating metrics which include, among others improvement on sewerage coverage from 6.8% in 2007 to 30.7% in 2023, 7-psi availability from 45% to 89.5%, 24-hour availability from 32% to 97.5%. After launching one of the largest and most ambitious NRW reduction programs in Asia, Maynilad successfully brought down its average Total NRW from 68.0% in 2007 to 42.9% in 2023.

The Company’s program management group is tasked with the implementation of capital expenditure projects and has developed procedures for dealing with foreseen and unforeseen issues. The Company’s human resources group also ensures that employees are well trained in project management.

2. The Company’s operations are dependent on facilities that require sufficient maintenance.

Maynilad’s operating assets include water treatment and wastewater treatment facilities, reservoirs, and 7,596 kms of water pipelines. Structural damage to any of the Company’s facilities may result in added costs, disruptions to operations, injuries, or property damage. Such failures would require maintenance that may involve the temporary shutdown of parts of the Company’s operations. Should such a shutdown be prolonged, the Company may be liable to the RO for failure to achieve service quality. In addition, pipe leaks throughout the West Zone are a major factor causing NRW.

The Company undertakes regular risk management exercises to plan business continuity in cases of damage to facilities. The Company also allots significant budget for the maintenance, upgrading, and replacement of existing assets. Since 2007, Maynilad has repaired more than 500,000 leaks and replaced around 27,000km of pre-existing pipe network.

Thus, Maynilad has teamed up with the consortium of JGC Philippines Inc. and Hitachi Asia. Ltd through a P998-million contract to upgrade five wastewater facilities located at Bagbag, Congressional, Project 7, Tatalon in Quezon City, and at Paco in Manila.

All properties necessary for the Company’s operations are insured and such insurance against operational risks, liabilities and business interruption, are in force, with coverage and amounts as are customary for businesses of like nature.

3. The Company’s business operations require significant consumption of electricity.

Maynilad’s energy-intensive operations incur significant electricity costs every year. An unexpected increase in the price of electricity in the areas where the Company operates may affect the Company’s ability to achieve its projected financial results. In 2023, through power saving initiatives, the Company has been able to manage its overall cost of electricity, resulting in 3,558,656.62KWH savings which is equivalent to ₱21,368,447.18 compared to its 2016 consumption. The accounted savings is from the 10-Energy Management System Certified sites which consume around 80% of the total electricity of the Company. A team within the Company has been tasked to manage the Company’s power consumption and to implement various initiatives to improve the efficiency of its power consumption, including, but not limited to, installation of solar panels.

Also, the Philippines has historically experienced energy crises, during which electricity supply is rationed by the government. If such an event reoccurs, and the Company experiences a shortage of electricity, it may have to operate its own electrical generators or otherwise secure alternative sources of power at a higher cost.

4. The Company’s operations depend on an adequate supply of chemicals used for water treatment.

The chemicals for Maynilad's water treatment and wastewater treatment operations are supplied by third parties. Certain specialized chemicals are manufactured by a limited number of suppliers. Delays in the delivery, or deficiencies in the quantity or quality, of such chemicals may result in disruptions to the Company's operations or increased costs.

Maynilad's supply chain management group ensures that the Company has a wide range of vendors from which to source necessary chemicals. The supply chain management group has developed procedures for managing unforeseen variances in the delivery of chemicals.

5. Contamination of water sources or soil related to the Company's water supply may result in additional costs and termination of the RCA.

Maynilad's sources raw water from the Umiray-Angat-Ipo river system, Laguna Lake, and underground deep wells. In addition, the Company also maintains a 7,596-km network of underground water pipes. There is no assurance that the Company's water sources, and underground network would not be susceptible to contamination from man-made pollution (including toxic chemicals and heavy metals) or pathogens which may pose a risk to public health. If such a contamination event occurs, the Company may have to restrict its provision of water to customers in order to conduct treatment, at the Company's expense which could result in revenue losses. Such an event may also expose the Company to the risk of financial penalties from RO or other government agencies under various environmental laws, or termination of the RCA.

Maynilad conducts regular water sampling activities at its water sources and throughout the West Zone to minimize the risk of a contamination event. The Company's WTPs have consistently produced water that meets the PNSDW, and the effluents produced by the Company's wastewater treatment plants have passed the effluent standards set by the DENR.

Maynilad also has a Water Safety Plan ("WSP"), which details programs in ensuring the safety of drinking water, including risk assessment and contingency procedures in case of water contamination due to landslides, clogging of tunnels, El Niño, chemical forest fire, illegal logging, and security threats, such as terrorist sabotage.

Being the first of its kind in the Philippines, the Maynilad was used as a model for the formulations of WSP's in other water districts in the country. Likewise, in its 2009 Training Workbook on Water Safety Plans in Urban Systems for the Western Pacific Region, the World Health Organization made Maynilad's WSP as illustrative case study to aid in facilitating the formulation of WSPs in the region.

General Risks

1. The Company may face risks associated with debt financing and refinancing activities to support its operations and capital requirements.

Maynilad is party to several loan agreements. Consequently, it may be subject to risks normally associated with debt financing, including the risk that it may not be able to meet required payments of principal and interest under such financing. If there is a failure or delay in the payment, it could be declared in default resulting in all amounts becoming immediately due and demandable.

The Company may also be subject to the risk that it may not be able to refinance its indebtedness or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness. In addition, the Company may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations.

Although historical collections of the Company are relatively high and credit exposure is widely dispersed, receivable balances are monitored on an ongoing basis as it seeks to ensure its ability to repay its obligations as they fall due. With respect to credit risk arising from the other financial assets of the Company, the Company transacts only with institutions or banks that have demonstrated financial soundness for the past five years.

2. The Company enters into contractual arrangements, in the regular course of business, which impose various obligations and penalties for non-compliance.

The Company is party to various contracts with regulatory authorities, customers, contractors, and suppliers. In the regular course of business, claims and disputes may be brought against the Company for breach of contract which, if substantiated, could adversely affect the Company's financial position and/or operations.

The Company believes that it can manage the risk of contractual disputes by maintaining good relationships with its various stakeholders. In cases of contractual disputes, the Company aims to minimize legal expenses by concluding negotiation or litigation in a timely manner.

3. The Company is subject to certain risks relating to information technology.

Maynilad relies on various computer software and IT infrastructure for both operational and administrative functions. The Company uses information technology systems to prepare customer bills, detect leaks and manage NRW, maintain accounting records, and operate water facilities. These computer systems may be vulnerable to cyber-attacks, misuse by employees, physical hardware loss or damage as may be caused by natural disasters or power outages, among other risks. Any failure in Maynilad's information technology systems may disrupt the Company's ability to conduct normal business operations, or cause it to be liable for loss of data or theft of information.

4. The Company relies on third parties, including contractors and suppliers, in the course of business operations.

Maynilad's operations are dependent on the services of various third parties, including contractors and suppliers. Although Maynilad employs a rigorous vetting process in the awarding of contracts, there is no assurance that third parties will be able to provide goods and services that meet contractual requirements of the Company. Furthermore, subsequent to the award of contracts, independent contractors and other third parties may experience insolvency, labor disputes, workplace accidents, or other factors that could result in delays, cost overruns, or cancellation of their contractual obligations. The occurrence of any of these events could have an adverse effect on the Company's operations and financial condition.

Maynilad also faces the risk that qualified contractors may not be available. Many of the Company's projects involve scale and technical complexity, and there is no guarantee that any contractor would be able to meet contract specifications at a cost acceptable to the Company. In such a case, the Company may face project delays, budget overruns, or curtailment of the scope of its projects to widen the available pool of contractors, any of which may have an adverse impact on the company's operations and financial condition.

The Company manages counterparty risk by maintaining strong relationships with its existing suppliers and contractors, and by working closely with third parties to monitor whether acceptable service standards are being achieved. The Company has developed a procurement process that awards contracts to contractors that are qualified to provide goods or services up to contractual specification at an acceptable cost.

5. The Company is highly dependent on certain directors and members of senior management.

The Company's directors and members of its senior management have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart would be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. If the Company loses the services of its key people and is unable to fill any vacant key executive or management positions with qualified candidates, its business and results of operations may be adversely affected.

The Company has strong leadership development and retention programs to continuously develop future leaders of the organization. Moreover, a succession plan is in place and the identified key talents are constantly being developed to be capable of higher responsibilities. These interventions will help to ensure business continuity, even amidst change of leadership in the organization.

6. The Company is subject to labor-related risks.

- a. Labor activism and unrest, or failure to maintain satisfactory labor relations, could adversely affect our business, prospects, financial condition and results of operations.*

The Company has a rank-and-file union as well as a supervisors' union. If a strike or work stoppage were to occur in connection with negotiations of the Company's collective bargaining agreements, or as a result of disputes

under its collective bargaining agreements with such labor unions, the Company's business, financial condition and results of operations could be materially and adversely affected.

The Company has maintained healthy relationships with both the rank & file, and supervisor unions. Regular Labor-Management Council (LMC) are done to discuss matters / issues, with the intent to resolve these matters at the earliest possible time.

Moreover, the Company is laying down plans to implement joint activities between Management and the unions that will build even stronger and healthier relationships.

b. The Company may be unable to attract new talents and retain skilled personnel in a competitive job market, which may negatively affect the Company's business.

Like other companies in the industry, Maynilad is also exposed to risks in relation to staffing its critical functions with competent management and technical expertise, should employee attrition not be managed effectively. The Company believes that to succeed in its charter to provide water and wastewater services to the West Zone, it needs to ensure that it is able to attract talents, retain and motivate its key employees. Going south of this intent will result in the Company's inability to provide the required product and services to its customers.

To effectively manage this risk, the Company has developed and constantly improves its various employee development and retention programs such as the Technical Ladder program, Management and Supervisory Development program, and Rewards and Recognition. In addition to this, the Company has an ongoing Cadet Engineer Program, where newly-graduated engineers are trained in all the facets of the Company's operations prior to being deployed in each of the operating divisions of the Company. This ensures a steady pool of potential technical and leadership professionals. As such, the Company also implements a continuing program of innovation, known as the Innofest, where participating employees are provided with the platform to submit plausible work innovations to future-proof the Company. This program in turn, motivates and recognizes employees for the innovations that they submit. Participation in various Technical Working Groups ("TWG") also develops employees to be well-rounded in all areas of operations.

All these contribute to enabling the Company to be agile and therefore weather any challenge, especially externally driven challenges.

7. The outbreak, or threatened outbreak, of any severe communicable disease, such as the COVID-19 pandemic, could have a material adverse effect on the Company's business, financial condition and results of operations. Further, the continuing impacts of the COVID-19 pandemic are highly unpredictable and uncertain and have caused and will continue to cause disruptions in the Philippine and global economy and financial markets.

On 21 July 2023, the President lifted the state of Public Health Emergency throughout the Philippines, signaling an end to restrictions caused by the COVID-19 Pandemic. The end of the COVID-19 pandemic has left lasting economic damage and created economic uncertainty, all of which have damaged and will continue to impact the Company. Due to numerous uncertainties and factors surrounding the pandemic that were beyond the Company's control, it may be difficult to predict the pandemic's long-term bearing on the Company, its businesses, results of operations, cash flows, and financial condition. These factors and uncertainties include, but are not limited to:

- the severity and duration of the COVID-19 pandemic or other additional periods of increases or spikes in the number of COVID-19 cases in future periods in the areas in which the Company operates, the mutation of the COVID-19 virus, and the deployment and effectiveness of vaccines for COVID-19;
- the duration and degree of governmental, business or other actions in response to the pandemic, including but not limited to quarantine, stay-at-home or other lockdown measures;
- restrictions on operations up to and including complete or partial closure of offices, stores, plants, facilities and distribution centers;
- economic measures, fiscal policy changes, or additional measures that have not yet been effected;
- the health of, and effect of the pandemic on, the Company's personnel and the Company's ability to maintain staffing needs to effectively operate its businesses;
- evolving macroeconomic factors, including general economic uncertainty, unemployment rates and recessionary pressures;
- the impact of the pandemic and related economic uncertainty on consumer confidence, economic well-being, spending and shopping behaviors, both during and after the crisis;
- volatility in the credit and financial markets during and after the pandemic;

- the impact of any litigation or claims from customers, suppliers, regulators or other third parties relating to COVID-19 or the Company's actions in response thereto;
- the pace of recovery when the pandemic subsides; and
- the long-term impact of the pandemic on the Company's businesses.

The above factors and uncertainties, may result in adverse effects to the Company's businesses, results of operations, cash flows, and financial condition due to, among other factors:

- decline in consumer demand, specifically non-residential demand, due to the general decline in business activity and closure of businesses brought about by government restrictions;
- further destabilization of the markets and decline in business activity negatively impacting customers' ability to pay for the Company's products and services;
- government moratoriums or other regulatory or legislative actions that limit changes in pricing;
- disruptions in billings and collections due to government restrictions and moratoriums;
- delays or inability to access equipment or the availability of personnel to perform planned and unplanned maintenance, which can, in turn, lead to disruption in operations;
- delay or inability to receive the necessary permits for the Company's development projects due to delays or shutdowns of government operations;
- increased volatility in commodity markets and foreign exchange;
- deterioration of economic conditions, demand, and other related factors resulting in impairments to goodwill or long-lived assets; and
- delay or inability in obtaining regulatory actions and outcomes that could be material to our business.

Given the imposition of Enhanced Community Quarantine and other community quarantine measures for the duration of 2020, the Company's performance in 2020 and 2021 reflect the impact of the different forms of lockdown on the customer's habits and demand for Maynilad's services. While the quarantine measures have significantly eased since 1 March 2022, COVID-19 cases in the country are expected to continue to impact the Company's performance.

The outbreak, or continued or threatened outbreak, of any other severe communicable disease, such as Middle East Respiratory Syndrome-Coronavirus, avian influenza (commonly known as bird flu), H1N1 or another similar disease (such as the Zika Virus) could also materially and adversely affect overall business sentiment and environment, particularly if such outbreak is inadequately controlled. In addition, the Company's revenue and profitability could be materially reduced to the extent that a health pandemic, epidemic or other outbreak harms the Philippine and global economy in general.

The extent to which the COVID-19 pandemic will continue to impact the Company will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the economic effects of COVID-19, in the Philippines and internationally, by governments, central banks, other businesses, and individuals, all of which are highly uncertain and unpredictable. To the extent the COVID-19 pandemic adversely affects the business and financial results of the Company, it may also have the effect of heightening many of the other risks described in this Preliminary Prospectus.

RISKS RELATING TO THE PHILIPPINES

1. A significant downturn in the Philippine economy could adversely affect the Company

Results of operations of the Company are generally influenced by the performance of the Philippine economy. Any severe deterioration in the economic conditions in the Philippines may adversely affect the purchasing power of consumers and businesses, which in turn, could affect the Company's collection efficiency. There can also be no assurance that current or future governments will adopt economic policies that are conducive to sustaining economic growth. As a result, the Company's results of operations may vary from period to period in accordance with fluctuations in the Philippine economy which is in turn influenced by a variety of factors, including political, economic, and international developments, among others.

Given that water is a basic human need, the Company anticipates that the impact of such risk on its business and results of operations may be less compared to other businesses that do not provide basic necessities. The Company also solely operates the concession over the West Zone as provided under the CA. While the CA allows the Company to adjust tariff on a periodic basis every five (5) years in accordance with the rate rebasing mechanism and following movements in the CPI, foreign currency fluctuations and extraordinary price adjustment, such increase is subject to the RO's approval.

The Company continually monitors the country's key economic indicators in order to formulate appropriate strategies to address potential adverse developments. Nevertheless, there is no assurance of adequate mitigation of such systemic risk.

2. Political or social instability could adversely affect the financial results of the Company.

The Philippines has from time to time experienced political, social and military instability and no assurance can be given that the future political environment in the Philippines will be stable. Political instability could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material impact on the Company's business, financial condition and results of operation.

In the last decade, there has been political instability in the Philippines, including extra-judicial killings, alleged electoral fraud, impeachment proceedings against two former presidents and a chief justice of the Supreme Court of the Philippines, the removal of another chief justice of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by previous administrations. In addition, a number of officials of the Philippine government are currently under investigation or have been indicted on corruption charges stemming from allegations of misuse of public funds, extortion, bribery, or usurpation of authority. There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy.

On 10 July 2020, a majority of a committee of the Philippine House of Representatives rejected the request for a 25-year extension of the franchise of one of the Philippines' largest broadcasters, ABS-CBN. There can be no assurance that entities operating under congressional franchises including public utilities will be granted extensions or renewals of such franchises. The Philippine general elections for national and local officials took place on 9 May 2022 with Ferdinand Marcos, Jr. being proclaimed president and Sara Duterte being proclaimed vice-president. Although the vice-president is the daughter of the former president Rodrigo Duterte, there can be no assurance that the current administration will continue the policies or platforms of the previous administration or adopt economic policies conducive to sustaining economic growth, or that the future political environment in the Philippines will be stable. The growth and profitability of the Company may be influenced by the overall political and economic situation of the Philippines. Any political instability in the Philippines could negatively affect the country's general economic conditions which in turn could adversely affect the business, financial condition, or results of operations of the Company.

An unstable political environment, whether due to the 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.

Further, the franchise of the Company reserves a right exercisable by the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace and order, to temporarily take over and operate the waterworks and sewerage system of the Company, to temporarily suspend the operation of any portion thereof in the interest of public safety, security, and public welfare, or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the Company, for the use of said waterworks and sewerage system during the period when they shall be so operated.

There is no guarantee that future events will not cause political instability in the Philippines. Such instability may disrupt the country and its economy and could materially and adversely affect the business, prospects, financial condition and results of operations of the Company.

While the Company continually monitors the country's key political landscape in order to formulate appropriate strategies, as necessary, to address potential adverse developments, the Company cannot provide assurance of effective mitigation to such systemic risk.

3. Terrorist activities may have an adverse impact on the Company's results of operations and financial performance.

The Philippines has been subject to sporadic terrorist attacks in the past several years. The Company's assets could be vulnerable to terrorist attacks due to their significant impact on local and national economic activity. The occurrence of a terrorist attack at one of the Company's assets could have a significant impact on the Company's business. There can be no assurance that the Philippines will not be subject to further terrorist or criminal activities

in the future, and violent acts arising from, and leading to, instability and unrest may have a material adverse effect on the Company's financial condition, results of operations and prospects.

Similarly, the Company continually monitors the country's key political landscape in order to formulate appropriate strategies, as necessary, to address potential adverse developments. Moreover, most terrorist attacks have mostly occurred in the Mindanao region. No threats from such terrorist activities have so far been made on the Company's facilities and plants. Nonetheless, the Company cannot provide assurance of effective mitigation to such systemic risk.

4. A downgrade in the sovereign credit ratings of the Philippines may have an adverse impact on the Company's results of operations and financial performance.

In November 2023, Fitch Ratings ("Fitch") affirmed the country's BBB rating with a Stable outlook. This is in line with the country's credit rating of BBB+ Stable and Baa2 Stable from Standard & Poor's Financial Services ("S&P") affirmed in November 2023 and Moody's Investor Service ("Moody's") affirmed in September 2023, respectively. Currently, the country holds investment grade ratings from S&P, Moody's, and Fitch. The sovereign credit ratings of the Government directly and adversely affect resident companies in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that S&P, Moody's, Fitch, or any other international credit rating agency will not downgrade the credit ratings of the Government in the future and, therefore, of Philippine companies. Any such downgrades could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available.

The Company endeavors to prudently manage its balance sheet maintaining conservative leverage and debt service coverage ratios, which are all within the limits provided under its financing agreements. Furthermore, its existing indebtedness has long-dated tenors that carry fixed interest rates, in an effort to insulate the Company from interest rate risk. Nevertheless, the Company cannot provide assurance of effective mitigation to such systemic risk.

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

Competing and overlapping territorial claims by the Philippines, China, Taiwan and several Southeast Asian nations (such as Vietnam, Brunei and Malaysia) over certain islands and features in the West Philippine Sea have for decades been a source of tension and conflicts. China claims historic rights to nearly all of the West Philippine Sea based on its so-called "nine-dash line" and in recent years dramatically expanded its military presence in the sea which has raised tensions in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the international arbitration tribunal based at the Hague, the Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea ("UNCLOS"). In July 2016, the tribunal rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea and that the "nine-dash line" claim of China is invalid. The Philippine government has taken action to de-escalate tensions concerning the territorial dispute with China. On 9 June 2019, a fishing boat manned by Filipino fishermen was rammed by a Chinese vessel at Recto Bank, an underwater feature being claimed by both the Philippines and China in the portion of the West Philippine Sea. The Filipino fishermen were abandoned in open sea and were eventually rescued by a Vietnamese vessel. This incident increased tensions between China and the Philippines. The owners of the Chinese vessel have since apologized to the Filipino fishermen and remuneration is being arranged for the fishermen.

In early August 2023, a Chinese coast guard ship used a water cannon against Philippine supply boats to prevent it from approaching Second Thomas Shoal in the Spratly Islands, where Filipino military personnel are stationed. The move, which was caught on video, outraged President Marcos, Jr. and prompted the Department of Foreign Affairs in Manila to summon the Chinese ambassador to convey a strongly worded protest. In September 2023, the Philippine coastguard removed a floating barrier at a disputed reef that was deployed by China to block Filipinos from the traditional fishing ground within the exclusive economic zone of the Philippines. In November 2023, a Chinese ship fired water cannons at M/L Kalayaan while the latter was on a resupply mission to troops stationed at BRP Sierra Madre in the Second Thomas Shoal. The Philippines also claimed that ships belonging to a Chinese maritime militia were involved in the harassment and that inflatable boats belonging to the Chinese coast guard were similarly involved. BRP Sierra Madre, a former US Navy ship, has been grounded in the contested Second Thomas Shoal (Ayungin Shoal to the Philippines and Ren'ai Reef to China) since 1999. The Philippine Embassy in Beijing has protested to the Chinese Foreign Ministry over the latest incident.

There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further, as China has taken steps to exercise control over the disputed territory. Should territorial disputes between the Philippines and other countries in the region continue or escalate further, the Philippines and its economy may be disrupted, and the Company's operations could be adversely affected as a result. There is no assurance that the Company will be able to manage such risk.

8. Volatility in the value the Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect the Company's business.

The Philippine economy has experienced volatility in the value of the Peso as well as limitations to the availability of foreign exchange. In July 1997, the BSP announced that the Peso can be traded and valued freely on the market. As a result, the value of the Peso underwent significant fluctuations between July 1997 and December 2004 and the Peso declined from approximately ₱29.00 to U.S.\$1.00 in July 1997 to ₱56.18 to U.S.\$1.00 by December 2004.

The valuation of the Peso may be adversely affected by certain events and circumstances such as the strengthening of the U.S. economy, the rise of the interest rates in the U.S. and other events affecting the global markets or the Philippines, causing investors to move their investment portfolios from the riskier emerging markets such as the Philippines. Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatility in the value of the Peso against the U.S. Dollar and other currencies. As 31 December 2023, according to BSP data, the Peso has appreciated by 0.65% to ₱55.37 per U.S.\$1.00 from ₱55.75 per U.S.\$1.00 at the end of 2022.

A further depreciation of the Peso may increase Maynilad's financing costs and other expenses in respect of its U.S. Dollar-denominated debt and U.S. Dollar-denominated contractual obligations, and may also have an adverse impact on the future growth of the Philippine economy. The CA provides for a tariff mechanism granted to Maynilad to recover or compensate for fluctuations, as the case may be, in the foreign exchange rate of foreign-currency denominated loans. This FCDA mechanism was reinstated in the Amendments to the RCA and limits the recovery to (a) MWSS loans that are being and will be serviced by the Company, and (b) principal payments for drawn and undrawn amounts of the Company's foreign currency denominated loans existing as of 29 June 2022. For loans contracted after 29 June 2022, a modified FCDA will apply which may be availed of only when there is an extraordinary inflation or extraordinary deflation of the Philippine Peso (i.e., more than 20% change in the base exchange rate), subject to a recovery cap. As of 31 December 2023, 90% of the Company's debt is denominated in Philippine peso. Nonetheless, Company cannot provide assurance of complete and effective mitigation to such systemic risk.

RISKS RELATING TO THE BLUE BONDS

1. Liquidity Risk

The Philippine debt securities markets, particularly the market for corporate debt securities, are substantially smaller and less liquid than major global securities markets. The Company cannot guarantee that the market for the Blue Bonds will always remain active or liquid. Even if the Blue Bonds are listed on the PDEx, trading in securities such as the Blue Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets, adverse business developments in the Company, and the overall market for debt securities among other factors. There is no assurance that the Blue Bonds may be disposed at prices, volumes or at times deemed favorable by the Bondholders.

2. Pricing Risk

The market price of the Blue Bonds will be subject to constant market and interest rate fluctuations, which may result in either appreciation or depreciation of the investment in value. When sold in the secondary market, the Blue Bonds are worth more if the interest rates decrease as the Blue Bonds will have a higher interest rate relative to similar instruments being offered in the market, further increasing demand for Blue Bonds. If interest rates increase, however, the Bond might be worth less when sold in the secondary market. As such, a Bondholder could stand to suffer possible losses if they decide to sell in the secondary market.

3. Reinvestment Risk

At redemption date, the Company may redeem the Blue Bonds at the Redemption Price as prescribed in the “Overview of the Bond” of this Preliminary Prospectus. At the time of redemption, there can be no assurance that investors in the redeemed Blue Bonds will be able to re-invest such amounts in securities that would offer a comparative or better yield or terms, at such time.

4. **Credit Rating and Label Retention Risk**

There is no assurance that the Blue Bonds will maintain the credit rating and the Blue Bonds label will be retained throughout the life of the Blue Bonds. The credit 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 SEC reserves the rights to restrict the Issuer from using the [Blue Bond] label if it finds that the Issuer has failed to comply with the requirements under the ASEAN Green Bonds Standards, SEC Memorandum Circular No. 15 Series 2023 and SEC Memorandum Circular No. 9 Series 2019.

5. **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 Maynilad is notarized, such that no other loan or debt facility to which Maynilad is a party shall have preference of priority over the Blue 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 have waived the right to the benefit of any such preference or priority. However, should any bank or bondholder hereinafter have a preference or priority over the Blue Bonds as a result of notarization, then Maynilad shall at its option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Blue Bonds.

6. **Securities issued as “Blue Bonds” may not be a suitable investment for all investors seeking exposure to blue assets.**

Prospective investors should have regard to the information set out in the section “*Maynilad’s Sustainable Finance Framework*” regarding use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment if Blue Bonds issued together with any other investment such investor deems necessary.

In particular, the Issuer may choose to apply the proceeds from the issue of Blue Bonds under the Program for Eligible Blue Activities which are defined in accordance with the broad categorization of eligibility for Blue projects set out by the SEC Memorandum Circular No. 15, Series of 2023 which provides the guidelines on Eligible Blue Activities and activities for the issuance of Blue Bonds in the Philippines based on the Blue Finance Guidelines Framework developed by the IFC and the Green and Blue Bond Framework of the ADB (“**Eligible Blue Activities**”). No assurance is given by the Company or the Joint Lead Underwriters and Joint Bookrunners that the use of such proceeds for any Eligible Blue Activities will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental sustainability or social impact of any projects or uses the subject of or related to, any Eligible Blue Activities.

There can be no assurance that the relevant project(s) or use(s) (including those the subject of, or related to, any Eligible Blue Activities) will be capable of being implemented in or substantially in the manner described in Maynilad’s Sustainable Finance Framework, the Preliminary Prospectus and/or the applicable pricing supplement and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such project(s) or use(s). Nor can there be any assurance that any such projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Company. Any such event or failure by the Company will not constitute an Event of Default under the Blue Bonds. In addition, it would not be a default under the Blue Bonds if (i) the Company were to fail to comply with such undertaking or were to fail to allocate the proceeds in the manner specified in the Preliminary Prospectus and/or (ii) any Second Party Opinion issued in connection with such Blue Bonds were to be withdrawn. The Second Party Opinion for the Sustainable Finance Framework was issued by Sustainalytics on 29 February 2024.

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a green or sustainable or blue or an equivalently labelled project or

as to what precise attributes are required for a particular project to be defined as green or sustainable, or blue or such other equivalent label, nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any project(s) or use(s) the subject of or related to any Eligible Blue Activities will meet any or all investor expectations regarding such green or blue, or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any project(s) or use(s) the subject of, or related to, any Eligible Blue Activities.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Company) which may be made available in connection with the issue of the Blue Bonds and in particular with any Eligible Blue Activities to fulfil any environmental and/or other criteria. For the avoidance of doubt, any such opinion or certification (i) is not, nor shall be deemed to be, incorporated in and/or form part of the applicable pricing supplement or this Preliminary Prospectus, (ii) is not, nor should be deemed to be, a recommendation by the Company or the Joint Lead Underwriters and Joint Bookrunners or any other person to buy, sell or hold any the Blue Bonds and (iii) would only be current as of the date that it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Blue Bonds. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that the Blue Bonds will be listed or admitted to trading on any dedicated green, environmental, sustainable or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Company or the Joint Lead Underwriters and Joint Bookrunners or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, for example with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Blue Activities. Additionally, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Company, the Joint Lead Underwriters and Joint Bookrunners or any other person that any such listing or admission to trading will be obtained in respect of the Blue Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of the Blue Bonds.

Any such event or failure to apply the proceeds of the Blue Bonds for any project(s) or use(s), including any Eligible Blue Activities, and/or the withdrawal, modification or downgrade of any opinion or certification as described above or any such opinion or certification attesting that the Company is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on, and/or the Company no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of the Blue Bonds and also potentially the value of any other Blue Bonds which are intended by the Company to finance Eligible Blue Activities and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. Any material deviation for the use of proceeds as disclosed under “Use of Proceeds” will be disclosed in accordance with the relevant rules of the SEC and/or PDEX.

RISKS RELATING TO STATEMENTS IN THIS PRELIMINARY PROSPECTUS

1. This Preliminary Prospectus contains certain statistical and industry information.

Certain statistical or industry information in this Preliminary Prospectus relating to the Philippines and other jurisdictions, the industries and markets in which the Company operates, and other data used in this Preliminary Prospectus was obtained or derived from internal surveys, market research, governmental data, publicly available information and/or industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable. However, there is no assurance that such information is accurate nor complete. Similarly, internal surveys, industry forecasts and market research have not been independently verified by the Company and may not be accurate, complete, up-to-date, balanced or consistent with other information compiled within or outside the Philippines.

2. There may be possible deviation in the Use of Proceeds.

The intended use of proceeds from the Offer is set out under “*Use of Proceeds*” on page [71] of this Preliminary Prospectus. It is the Company’s current intention to apply the net proceeds from the Offer in the manner as described

in that section. However, as new business opportunities arise, or as unforeseen events occur, the Company may opt to reallocate a portion or all of the net proceeds to other business plans or new projects or to other uses or hold such funds in bank accounts or short-term securities, if such action is considered to be in the best interests of the Company. As a consequence, the actual application of the proceeds from the Offer may deviate from the intended use as described in this document. Any such material deviation, however, will be disclosed in accordance with the relevant rules of the SEC and/or PDEX. In addition, the business plans of the Company as described herein are based on assumptions of future events, which by their nature, are subject to uncertainty. As such, while the Company exerts reasonable efforts in planning, there is no assurance that the plans of the Company will materialize as intended.

3. Certain information contained herein is derived from unofficial publications.

Certain information in this Preliminary Prospectus relating to the Philippines and jurisdictions, the industries in which the Company's businesses compete and the markets in which the Company develops its projects, including statistics relating to market size, are derived from various government and private publications.

USE OF PROCEEDS

The proceeds from the Offer shall be used primarily to finance Eligible Blue Activities per SEC Memorandum Circular No. 15, Series of 2023 (“Guidelines on Eligible Blue Activities and Activities for the Issuance of Blue Bonds in the Philippines”).

Particulars	Total (₱)
Estimated Gross Proceeds from Base Offer	[12,000,000,000.00]
Underwriting and Selling Fees	[37,894,736.84]
Documentary Stamp Taxes	[90,000,000.00]
PDEX Listing and Processing Fees	[100,000.00]
SEC Registration Fee and Legal Research Fee	[4,355,655.00]
Credit Rating Fee	[2,880,000.00]
Other Expenses ^A	[4,865,000.00]
Less: Total Estimated Expenses	[140,095,391.84]
Estimated Net Proceeds	[11,859,904,608.16]

Particulars	Total (₱)
Estimated Gross Proceeds assuming the full exercise of the Oversubscription Option	[15,000,000,000.00]
Underwriting and Selling Fees	[47,368,421.05]
Documentary Stamp Taxes	[112,500,000.00]
PDEX Listing and Processing Fees	[100,000.00]
SEC Registration Fee and Legal Research Fee	[4,355,655.00]
Credit Rating Fee	[3,600,000.00]
Other Expenses ^(A)	[4,865,000.00]
Less: Total Estimated Expenses	[172,789,076.05]
Estimated Net Proceeds	[14,827,210,923.95]

^A “Other Expenses” shall refer to the expenses with the creation of this Preliminary Prospectus, roadshows, legal fees of the Issuer’s legal counsel, fees of the Auditor, Second-Party Opinion Provider, Trustee, Registrar and Paying Agent, and miscellaneous related expenses for the Offer.

Particulars	Total (₱)
Other Expenses	
Issuer’s Legal Counsel and Auditor Fees	[3,000,000.00]
Second-Party Opinion Provider	[1,265,000.00]
Trustee Fees	[300,000.00]
Registry and Paying Agency Fees	[200,000.00]
Miscellaneous Expenses	[100,000.00]
Total Other Expenses	[4,865,000.00]

The Issue Price shall be at par, which is equal to the face value of the Series A and Series B Blue Bonds. Maynilad expects that the net proceeds from the issuance shall amount to ₱[11,859,904,608.16] for the Base Offer and ₱[14,827,210,923.95] from a full exercise of the Oversubscription Option. In each case, Net Proceeds come after deducting fees, commissions, and expenses.

In addition to these one-time costs, the Company expects to also incur annual expenses related to the Blue Bonds as follows:

- The Issuer shall pay an annual maintenance fee of ₱[180,000.00] charged by PDEX for the continued listing in the Exchange.
- The Issuer shall pay an annual retainer fee to the Trustee amounting to ₱250,000.00 per annum.
- The issuer shall incur Paying Agency fees amounting to ₱[100,000.00] payable each Interest Payment Date. The Registrar will charge based on the face value of the Blue Bonds and the number of Bondholders.
- The Issuer shall incur annual monitoring fees of ₱[560,000.00] for its credit rating with PhilRatings. It should be noted, however, that this fee is paid in relation to all of the bonds that the Company has or will issue.

The net proceeds from the Offer will be allocated to below projects and is stated in order of priority:

Project Classification	Project Description and Location	Net Proceeds from the Offer (in PHP millions)		Disbursement Schedule	Status of Development	Estimated Completion Date
		Base Offer	Assumes Oversubscription Option is Fully Exercised			
Sustainable water and wastewater management	2023 Primary Pipelaying of 1800mm along Bilibid Road and within NBP, Poblacion, Muntinlupa, City	639.1	799.0	Q2 2024 - Q4 2026	On-Going	Jul-25
	Proposed Construction of Parada Pump Station and 40ML Reservoir in Valenzuela City	1,026.3	1,283.0	Q2 2024 - Q4 2026	On-Going	Jul-25
	2023 Primary Pipelaying of 1800mm along M. Gawaran Ave., Queens Ave., Area "A" Road., Queen's Park Rotonda, West Side Road, Dela Costa St. and Madrid St., Bacoor City, Cavite	695.9	870.0	Q2 2024 - Q4 2026	On-Going	Jun-25
	2023 Primary Pipelaying of 1800mm along Rizal St., Katihan Road and Bilibid Road, Poblacion, Muntinlupa City	909.5	1,137.0	Q2 2024 - Q4 2026	On-Going	Nov-25
	2023 Primary Pipelaying of 1800mm along Molino Road and Daang Hari Road, Bacoor City, Cavite	935.9	1,170.0	Q2 2024 - Q2 2027	On-Going	Jan-26
	Construction of Las Piñas Package 2 Conveyance	1,443.0	1,804.0	Q2 2024 - Q2 2027	Newly Awarded	Sep-26
	2023 Primary Pipelaying of 1400mm, 1200mm & 1000mm along Daang Hari Road, Aguinaldo Highway and Daang Hari Extension (Open Canal), Imus City, Cavite	813.5	1,017.0	Q2 2024 - Q2 2027	On-Going	Dec-26
	Design and Construction of the Conveyance System for Central Manila Sewerage System Water Reclamation Facility	713.5	892.0	Q2 2024 - Q2 2027	On-Going	Jan-27
	Proposed Process, Electro-Mechanical and Instrumentation Works for the Design and Construction of Central Manila Sewerage System Water Reclamation Facility and Rehabilitation of Tondo Sewage Pumping Plant	1,801.4	2,252.0	Q2 2024 - Q2 2027	On-Going	Jun-29
	Proposed Civil Works for the Design and Construction of Central Manila Sewerage System Water Reclamation Facility and Rehabilitation of Tondo	1,691.0	2,114.0	Q2 2024 - Q2 2027	On-Going	Jun-29
	Design and Build of Ligas Modular TP	895.9	1,120.0	Q2 2024 - Q4 2026	To be awarded (Mar-24)	Jun-25
	Construction of Las Piñas Conveyance Package 2 (Sub-Package)	294.9	369.2	Q2 2024 - Q2 2027	To be awarded (May-24)	Feb-27
	Total		11,859.9	14,827.2		

The Company intends to allocate the amount of ₱[11.9] billion of the net proceeds of the Base Offer or ₱[14.8] billion of the net proceeds if the Oversubscription Option is fully exercised, to finance sustainable water and wastewater management projects as consistent with the Company's Sustainable Finance Framework.

Pending the deployment of the proceeds from the Offer, the Company intends to invest such net proceeds in short-term liquid investments including, but not limited to, short-term government securities, bank deposits and money market placement which are expected to earn at prevailing market rates. In the event such investments should incur losses, any shortfall will be financed from the Company's internally generated funds.

No amount of the proceeds is to be used to reimburse any officer, director, employee, or shareholder, for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

No amount of the proceeds will be used to repay the outstanding indebtedness of the Company.

If the expected gross proceeds are not realized, the Company shall use internally generated funds and/or available bank lines to the extent the proceeds of the Offer are insufficient to fund its requirements.

Except for the underwriting fees and expenses related to the Blue Bonds, no amount of the proceeds will be utilized to pay any outstanding financial obligations to the Joint Lead Underwriters and Joint Bookrunners. Please see section on "*Distribution Plan*".

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 that 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 substantial deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC, the stockholders, and PDEx in writing at least thirty (30) days before such deviation, adjustment or reallocation is implemented.

MAYNILAD'S SUSTAINABLE FINANCE FRAMEWORK

Maynilad is the largest water and wastewater services provider in the Philippines in terms of customer base, with over 1.5 million water service connections. Under R.A. No. 11600, which took effect on 22 January 2022, Maynilad has a twenty-five (25) year franchise to establish, operate, and maintain the waterworks system and the sewerage and sanitation services in the West Zone concession area of Metro Manila and portions of the Province of Cavite. This area is composed of 17 cities and municipalities which include Caloocan, Malabon, Navotas, Valenzuela, parts of Quezon City, parts of Manila, parts of Makati, Pasay, Parañaque, Las Piñas, Muntinlupa, Bacoor, Imus, Kawit, Rosario, Noveleta, and Cavite City.

The Company's vision is to be the leading water solutions company in the Philippines with a strong presence across Asia. Its mission is to provide safe, affordable, and sustainable water solutions that enable those the Company serves to lead healthier, more comfortable lives. In relation thereto, the Company seek to develop optimal water and wastewater solutions toward the attainment of the United Nations Sustainable Development Goals (the "SDGs") to ultimately ensure availability and sustainable management of water and sanitation for all.

To support the Company's sustainability objectives, Maynilad has created a Sustainable Finance Framework ("SFF") to outline its approach to issuing Green, Social, and/or Sustainability Bonds and/or Loans (each a Sustainable Finance Transaction ("SFT") and collectively Sustainable Finance Transactions ("SFTs").

Proceeds from the SFTs will be earmarked to finance or refinance, in whole or in part, projects that meet the Eligibility Criteria (defined below) under the SFF. Net proceeds of an SFT may likewise be used to refinance Eligible Projects that are financed by previous SFTs of the Company and its subsidiaries.

SFTs will include bonds, loans with structures tailored to contribute to sustainable development by application of the proceeds to eligible green projects and/or eligible social projects as defined in the framework.

- With respect to bonds, bonds issued under the SFF will be aligned with the 2021 International Capital Markets Association ("ICMA") Green Bond Principles³ ("GBP"), 2023 ICMA Social Bond Principles ("SBP")⁴, 2021 ICMA Sustainable Bond Guidelines⁵, as well as the 2018 ASEAN Green⁶, Social⁷, and Sustainability Bond Standards⁸. Blue bonds, as a sub-category of Green bonds, may also be issued under the relevant green categories and will be in alignment with the 2022 Guidelines from Blue Finance from the International Finance Corporation ("IFC")⁹
- With respect to loans, loans issued under the SFF will be aligned with the 2023 Loan Market Association ("LMA") Green Loan Principles¹⁰ ("GLP"), 2023 LMA Social Loan Principles¹¹

The SFF comprises the following four core components pursuant to the aforementioned principles and standards that will govern all SFTs of Maynilad and, if applicable, its subsidiaries:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

1. Use of Proceeds

The net proceeds from the issuance of Maynilad's SFTs shall be earmarked to finance or refinance, either fully or partially, a range of projects that meet the Eligibility Criteria below. Refinancing activities will have a maximum lookback period of 24 months. These initiatives may be executed within Maynilad or within its subsidiary companies.

³ [Green-Bond-Principles-June-2022-060623.pdf \(icmagroup.org\)](https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf)

⁴ [icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf](https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf)

⁵ [icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf](https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf)

⁶ [4.1-ASEAN-Green-Bond-Standards.pdf](https://www.icmagroup.org/assets/documents/Sustainable-finance/2018-ASEAN-Green-Bond-Standards.pdf)

⁷ [4.2-ASEAN-Social-Bond-Standards.pdf](https://www.icmagroup.org/assets/documents/Sustainable-finance/2018-ASEAN-Social-Bond-Standards.pdf)

⁸ [4.3-ASEAN-Sustainability-Bond-Standards.pdf](https://www.icmagroup.org/assets/documents/Sustainable-finance/2018-ASEAN-Sustainability-Bond-Standards.pdf)

⁹ <https://www.icmagroup.org/assets/documents/Sustainable-finance/Learning-resources/IFC-Blue-Finance-Guidance-Documents-January-2022-270122.pdf>

¹⁰ [Green Loan Principles 23 February 2023.pdf \(lma.eu.com\)](https://www.lma.eu.com/guides/social-loan-principles)

¹¹ <https://www.lma.eu.com/guides/social-loan-principles>

There are two (2) major project categories that can meaningfully contribute to various SDGs as follows: (i) Green Project and (ii) Social Project.

Green projects are subdivided into different sub-categories with the following eligibility criteria:

- a. Sustainable water and wastewater management
 - i. Water supply: Construction, development, implementation and upgrading of:
 - (a) Water treatment and distribution projects for potable water (rehabilitation, maintenance and expansion);
 - (b) Water efficiency projects (water-related upgrades and technologies) including investments to reduce NRW;
 - (c) Projects to improve water security (includes, but not limited to, water source development, potable reuse, desalination (where energy used is primarily from low carbon or renewable sources and do not utilize fossil fuels, projects will have an appropriate waste management plan in place prior to funding), water quality, supply, and reliability projects, and water loss reduction projects);
 - ii. Water sanitation: Construction, development, implementation, renovation and upgrading of wastewater management projects (including, but not limited to, wastewater treatment facilities and other sanitation projects);
- b. Sustainable management of living / natural resources
 - i. Investments in the maintenance, protection, and development of watersheds that Maynilad uses as water sources;
- c. Energy efficiency
 - i. Investments related to the acquisition, development, implementation, and operation of technologies that result in an improvement in energy efficiency of 20% when compared to relevant baseline or the original energy consumption of the fixture being replaced;
- d. Renewable energy
 - i. Investments related to the acquisition, construction, development, and operation of renewable energy assets such as solar power farms; and
- e. Climate change adaptation
 - i. Investments in projects augmenting the climate-change resiliency of Maynilad and its operations, including measures to mitigate the effects of climate change.

The SDGs targeted under the Green Projects is focused on:

- SDG 6 – Clean Water and Sanitation
- SDG 7 – Affordable and Clean Energy
- SDG 9 – Industry, Innovation, and Infrastructure
- SDG 13 – Climate Action
- SDG 14 – Life Below Water

On the other hand, Social Projects focus on obtaining affordable basic infrastructure with the following eligibility criteria:

- i. Water and wastewater projects targeting disadvantaged populations, including but not limited to:
 - (a) Water, sewerage, and sanitation projects to the urban poor (e.g. Samahang Tubig Maynilad (“STM”) projects);
 - (b) Water, sanitation, and hygiene programs (i.e. provision of drinking water and sanitation infrastructure in public establishments); and

- (c) Water conservation, rain harvesting, and similar projects for communities.

Targeted population: Future programs will continue to be in support of marginalized communities and populations. These populations (or “**Urban Poor**”) are defined as those living below the poverty threshold set by the Philippine Statistics Authority or as certified by their local government units.

Maynilad commits to not knowingly be involved in financing any of the following projects/activities through the proceeds from the Maynilad SFTs:

- a. Large-scale hydroelectric projects (i.e. projects that generate greater than 20 MW of electricity);
- b. Technology and equipment for large scale hydroelectric projects; or
- c. Desalination projects whereby the primary source of energy is fossil fuels.

The SDGs targeted under the Social Projects is focused on:

- SDG 3 – Good Health and Well-Being
- SDG 11 – Sustainable Cities and Communities

2. Process for Project Evaluation and Selection

As a concessionaire of the MWSS, Maynilad is duty-bound to provide water and wastewater services that meet agreed targets. Said targets emanate from an approved business plan, submitted to the MWSS RO in a regular cycle of five (5) years, that details a suite of projects and activities to be pursued in the succeeding five-year period. These suite of project and activities are lined up based on the water demand studies, customer satisfaction survey, service needs, and the corresponding determination of what assets and resources are needed to address projected water demand while, at the same time, enhancing customer experience. The MWSS RO reviews the business plans and the accomplishments of Maynilad, and engages Maynilad’s customers via public consultations, dialogues, and roadshows prior to determining which projects and activities are to be included in the approved business plan. The MWSS RO sets the appropriate water tariff based on the performance of Maynilad vis-à-vis the agreed targets, as well as the prudence and efficiency of the execution of projects and activities specified in the business plan for the prior five-year period.

Eligible Projects are identified, evaluated, and selected by the Chief Financial Officer and the Chief Sustainability Officer based on the crafted sustainable financing criteria.

Projects undergo an evaluation and selection process based on various criteria, including but not limited to:

- a. The Maynilad Sustainable Financing Framework
- b. Maynilad's vision, mission, chosen direction, strategy, and objectives
- c. Technical, financial, and commercial feasibility
- d. Enterprise Risk Management framework

Additional guidance may be provided by Maynilad’s parent companies, MPIC, DMCI, and Marubeni.

In line with Maynilad's commitment to adhere to the IFC Performance Standards on Environment and Social Sustainability, these projects are required to undergo environmental and social impact assessment and implement an environmental management system to assess, prevent, and mitigate risks.

Furthermore, these projects must adhere to Maynilad's policies and comply with applicable local, national, and international laws as approved by regulatory authorities.

3. Management of Proceeds

Maynilad will maintain a sustainable finance asset register of eligible projects. The register will include details of the current value of eligible assets, the notional allocation of net proceeds from the SFT against each eligible asset, and the disclosure of any unallocated proceeds from the SFT. Maynilad will regularly monitor this allocation using its internal information system.

The Company will seek to allocate the proceeds from an SFT project(s) that meet the eligibility criteria within 36 months post disbursement. Maynilad will regularly monitor this allocation using its internal information system.

If a project included in the register no longer meets the eligibility criteria, is sold or otherwise disposed of, Maynilad will remove it as soon as practicable from the portfolio and replace it with other project/s that meet the eligibility criteria.

Until the full allocation is achieved, any unallocated proceeds from the issuance of an SFT may be utilized for investments in cash or cash equivalents, debt repayment, or in accordance with the Company's internal liquidity management policies and strategies.

4. Reporting

Allocation Reporting

Maynilad will regularly disclose details about the utilization of the net proceeds and remaining unallocated funds from an SFT issued under Maynilad's SFF. This reporting will commence one year after the issuance or first disbursement of an SFT and will continue until all funds are fully allocated or in the event there are material changes. The information will be made available on Maynilad's official website (www.mayniladwater.com.ph) and/or in the Company's Sustainability Report. The information will contain at least the following details:

1. List of approved Green/Social/Sustainable Projects, including allocated amounts; and
2. Remaining balance of unallocated proceeds.

Where possible, Maynilad will also provide additional information such as case studies or examples of select projects, subject to considerations such as competition and confidentiality agreements. The annual reporting will be reviewed and approved by the Sustainable Council and Maynilad's senior management.

Maynilad intends to engage an external auditor to provide independent verification on our reporting and management of proceeds in accordance with this Framework.

Impact Reporting

When applicable and feasible, Maynilad will provide updates on specific impact metrics, either on a per-project basis or collectively for all projects funded through an SFT. The Company will release concise descriptions of the Eligible Projects and their anticipated effects, encompassing factors such as installed capacity, population served, and adherence to established standards.

Eligible Project Category	Potential Impact Metrics
Sustainable water and wastewater management	<ul style="list-style-type: none"> • Number of people with access to improved sanitation facilities under the project • Reduction in total lost water
Sustainable management of living / natural resources	<ul style="list-style-type: none"> • Area covered by sustainable land and water resources management practices
Energy Efficiency	<ul style="list-style-type: none"> • Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings)
Renewable Energy	<ul style="list-style-type: none"> • Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy)
Climate Change adaptation	<ul style="list-style-type: none"> • Reduction in lost operations • Additional water availability
Affordable Basic Infrastructure	<ul style="list-style-type: none"> • Number of additional target residents provided service

CAPITALIZATION

The following presents a summary of the Maynilad's short-term debt, long-term debt, and capitalization as of 31 December 2023, and as adjusted to reflect the issue of the Blue Bonds. The table should be read in conjunction with the Company's audited consolidated financial statements and supporting notes. Other than the movement described below, there has been no material change in Maynilad's capitalization since 31 December 2023.

<i>(in ₱ millions)</i>	As of 31 December 2023	Adjusted for Base Offer of ₱12.0 billion upon issuance of the Blue Bonds	Adjusted for maximum Offer of ₱15.0 billion upon issuance of the Blue Bonds
Liabilities			
Total Current Liabilities	24,560.6	24,560.6	24,560.6
Total Noncurrent Liabilities	70,972.6	82,972.6	85,972.6
Total Liabilities	95,533.2	107,533.2	110,533.2
Equity			
Capital Stock	4,547.0	4,547.0	4,547.0
Additional Paid-In Capital	10,041.7	10,041.7	10,041.7
Treasury Shares	(391.9)	(391.9)	(391.9)
Other Equity Adjustments	(309.2)	(309.2)	(309.2)
Other Comprehensive Income (Loss)	(108.4)	(108.4)	(108.4)
Retained Earnings (Deficit)	54,391.2	54,391.2	54,391.2
Total Equity	68,170.4	68,170.4	68,170.4
Total Capitalization	163,703.6	175,703.6	178,703.6

Debt-to-Equity Ratio

<i>(in ₱ millions)</i>	As of 31 December 2023	Adjusted for Base Offer of ₱12.0 billion upon issuance of the Blue Bonds	Adjusted for maximum Offer of ₱15.0 billion upon issuance of the Blue Bonds
Interest-Bearing Loans			
Short-term and current portion of interest-bearing loans	2,587.7	2,587.7	2,587.7
Interest-bearing loans - net of current portion	59,214.2	71,214.2	74,214.2
Total Interest-Bearing Loans	61,801.9	73,801.9	76,801.9
Equity			
Capital Stock	4,547.0	4,547.0	4,547.0
Additional Paid-In Capital	10,041.7	10,041.7	10,041.7
Treasury Shares	(391.9)	(391.9)	(391.9)
Other Equity Adjustments	(309.2)	(309.2)	(309.2)
Other Comprehensive Income (Loss)	(108.4)	(108.4)	(108.4)
Retained Earnings (Deficit)	54,391.2	54,391.2	54,391.2
Total Equity	68,170.4	68,170.4	68,170.4
Total Debt to Equity Ratio¹²	0.481	0.52	0.53

¹² The key financial data presented herein aims to provide insights to the investors in relation to the Company's financial performance and financial health. Please refer to "Description of Bonds – Financial Covenants" for the detailed computation with regard to the Company's compliance with its financial covenants,

DETERMINATION OF OFFER PRICE

The Blue Bonds shall be issued on a fully-paid basis and at an issue price that is at par.

The final Interest Rate of the Series A Blue Bonds was computed based on the sum of (a) [•]% p.a. as the 5-year PHP BVAL reference rate, as published on the relevant webpage of the Philippine Dealing System Group (or its successor) for the three (3) consecutive Business Days immediately preceding and inclusive of [•] 2024; and (b) the spread of [•] basis points per annum.

The final Interest Rate of the Series B Blue Bonds was computed based on the sum of (a) [•]% p.a. as the 10-year PHP BVAL reference rate, as published on the relevant webpage of the Philippine Dealing System Group (or its successor) for the three (3) consecutive Business Days immediately preceding and inclusive of [•] 2024; and (b) the spread of [•] basis points per annum.

MAYNILAD'S BUSINESS

COMPANY OVERVIEW

Maynilad is the water and wastewater services provider for the West Zone of the Greater Metro Manila area. It is the largest water concessionaire in the Philippines in terms of customer base. Maynilad, led by the consortium of Benpres and Suez Lyonnaise de Eaux, was incorporated on 22 January 1997 in the Philippines primarily to bid for the privatized operation of the system of waterworks and wastewater services of MWSS for Metropolitan Manila. On 26 October 2011, the Securities and Exchange Commission (“SEC”) approved the amendment of its Articles of Incorporation to amend its primary purpose to include the provision of allied and ancillary services and undertaking such other activities incidental to its secondary purposes.

As of 31 December 2023, the principal shareholder of Maynilad is Maynilad Water Holdings Company, Inc. (“MWHCI”), which owns 93.56% of Maynilad’s shares. MWHCI is, in turn, owned by 51.27%-owned Metro Pacific Investments Corporation (“MPIC”), 27.19%-owned by DMCI Holdings Inc. (“DMCI”), and 21.54%-owned by Marubeni Corporation (“Marubeni”). MPIC also has a 5.23% direct shareholding in Maynilad, while the remaining 1.21% shareholding is owned by beneficiaries under Maynilad’s employee stock option plan (1.20%) and Metropolitan Bank & Trust Company (0.01%).

In February 1997, Maynilad entered into a CA with MWSS, with respect to the West Zone. Under the CA, MWSS grants Maynilad the sole right to manage, operate, repair, decommission and refurbish all fixed and movable assets required to provide water and sewerage services in the West Zone for 25 years ending in May 2022. On 22 April 2010, Maynilad and MWSS entered into a Memorandum of Agreement and Confirmation whereby the MWSS Board of Trustees approved the extension of the CA for an additional 15 years, or from 2022 to 2037.

On 18 May 2021, Maynilad and MWSS signed the RCA that will govern, upon its effectivity, the provision by Maynilad of water and wastewater services in the West Zone. Among the highlights of the RCA are the following: (a) confirmation of the continuation of the concession period until 31 July 2037; (b) imposition of a tariff freeze until 31 December 2022; (c) removal of CIT from among Maynilad’s recoverable expenditures as well as the foreign currency differential adjustment; (d) capping the annual inflation factor to 2/3 (then revised to 3/4 under the Amendments to the RCA) of the consumer price index; (e) imposition of rate caps for water and sewerage services to 1.3x and 1.5x, respectively, of the previous standard rate; (f) removal from the Republic of the Philippines’ Letter of Undertaking of the non-interference of the Government in the rate-setting process, change in the nature of the RoP’s liability from being a primary obligor to being a guarantor, and the limitation of the RoP’s financial guarantees to cover only those loans that are existing as of the signing of the RCA; (g) replacement of the market-driven Appropriate Discount Rate with a 12% fixed nominal discount rate; (h) retention of the Rate Rebasing mechanism where, subject to the rate caps, the rates for the provision of water and wastewater services will be set at a level that will allow Maynilad to recover, over the term of the concession, expenditures efficiently and prudently incurred (except CIT) and to earn a reasonable rate of return (i.e., 12% fixed nominal discount rate). As a condition precedent for the effectivity of the RCA, the Company waived certain arbitral awards against the RoP and MWSS.

The West Zone is composed of 17 cities and municipalities consisting of Manila (certain areas), Quezon City (certain areas), Makati (certain areas), Caloocan, Pasay, Parañaque, Las Piñas, Muntinlupa, Valenzuela, Navotas and Malabon - all in Metro Manila; the cities of Cavite, Bacoor and Imus, and the municipalities of Kawit, Noveleta and Rosario - all in Cavite province.

Maynilad’s concession area covers a total of 540 square kilometers. As of 31 December 2023, it caters to approximately 10.3 million people comprising a broad range of residential, commercial, and industrial customers through its over 1.5 million water service connections.

97.5% of Maynilad's customers enjoy 24-hour uninterrupted water supply, while 100% are provided with water service at an average of 7 pounds per square inch (“psi”) pressure. After launching one of the largest and most ambitious NRW reduction programs in Asia, Maynilad successfully brought down its average Total NRW from 68.0% in 2007 to 42.9% in 2023.

In terms of its infrastructure and facilities, Maynilad currently operates and maintains 8 water treatment plants, 23 wastewater facilities (including 20 sewage treatment plants, 2 joint sewage & septage treatment facilities, and 1 septage treatment facility), 129 water pumping stations/lift stations, 13 deep well pumping stations, 39 reservoirs, 39 mini boosters and pumping stations and 7,596 kilometers of water pipelines.

VISION

The Company aims to be the leading water solutions company in the Philippines with a strong presence across Asia.

MISSION

The Company aims to provide safe, affordable, and sustainable water solutions that enable those we serve to lead healthier, more comfortable lives.

REVISED CONCESSION AGREEMENT

Terms used in this section not otherwise defined in the “*Definition of Terms*” of this prospectus shall refer to the terms used in the RCA, as applicable.

Overview of the RCA

On 21 February 1997, Maynilad entered into the CA with the MWSS. Under the CA, MWSS granted Maynilad, as contractor to perform certain functions and as agent for the exercise of certain rights and powers under the MWSS’s Charter, the sole right to manage, operate, repair, decommission and refurbish all fixed and movable assets required (except certain retained assets of MWSS) to provide water and wastewater services in the West Zone.

The CA sets out in detail the rights and obligations of Maynilad, as Concessionaires, and of MWSS and the Regulatory Office. The CA also prescribed in detail the mechanisms for adjusting the water rates and fees that will be charged and collected by the Company to its customers in the West Zone.

In the latter part of 2019, the then President Rodrigo Duterte ordered the review of the terms of the CA, and in January 2020, formed the Concession Agreements Review Committee (“**RevCom**”) to review the CA as well as the concession agreement of Manila Water and to submit its recommendations to the President. The RevCom was composed of the Executive Secretary, the Secretaries of the Departments of Justice and Finance, the Solicitor General, the Government Corporate Counsel and the Presidential Adviser on Flagship Programs and Projects.

On 18 May 2021, Maynilad and MWSS signed the RCA.

On 10 May 2023, the MWSS and Maynilad signed the Amendments to the RCA, the effectivity of which retroacts to 29 June 2022.

On 4 December 2023, MWSS RO and Maynilad conducted a public consultation in connection with Maynilad's application for the extension of the term of the Revised Concession Agreement until 2047, to align it with the term under its legislative franchise.

The key terms of the RCA are provided below:

Key Terms	Details
Term	<p>The Concession, which commenced on 1 August 1997 (the “Commencement Date”), was initially for a period of twenty-five (25) years or until the Early Termination Date. Pursuant to the Memorandum of Agreement and Confirmation dated 22 April 2010, the term of the concession was extended for fifteen (15) years, or until 6 May 2037 from its original expiration date of 6 May 2022 (“CA Expiration Date”).</p> <p>The RCA confirmed the term of the concession until 31 July 2037.</p>
Service Area	<p>The service area is the West Zone, which is composed of 17 cities and municipalities.</p> <p>The West Zone includes Caloocan, Malabon, Navotas, Valenzuela, parts of Quezon City, parts of Manila, parts of Makati, Pasay, Parañaque, Las Piñas, Muntinlupa, Bacoor, Imus, Kawit, Rosario, Noveleta, and Cavite City.</p>
Ownership of Assets	<p>While the Company has the right to manage, operate, repair, decommission and refurbish certain specified MWSS facilities, the legal title to these assets remains with MWSS. The legal title to all property, plant and equipment contributed to the existing MWSS system by the Company during the concession period remains with the Company until the Expiration Date or</p>

an early termination date at which time, all rights, titles and interest in such assets will automatically vest in MWSS.

The Company is entitled to charge its customers Standard Rates, which is calculated to enable Maynilad to recover during the life of the concession all operating, capital maintenance and investment expenditures efficiently and prudently incurred, Philippine business taxes (excluding CIT), and payments corresponding to debt service on the MWSS Loans (i.e., Concession Fees), and to earn a fixed 12% nominal rate of return.

The Standard Rate is adjusted each year due principally to:

- an annual standard rate adjustment equal to 3/4 of the percentage change in CPI;
- an extraordinary price adjustment to account for the financial consequences of the occurrence of certain unforeseen events as stipulated in the Revised Concession Agreement; and
- a rate rebasing mechanism, which allows rates to be adjusted every five (5) years.

Tariff Adjustments

The RCA, as amended, imposed rate caps for water and sewerage services to 1.3x and 1.5x, respectively, of the previous Standard Rate.

The FCDA is a tariff mechanism granted to Maynilad to recover or compensate for fluctuations, as the case may be, in the foreign exchange rate of foreign-currency denominated loans. The FCDA mechanism is based on the principles of “no over or under recovery” and has no impact on the revenue position of the Company.

The FCDA was reinstated when the Amendments to the RCA was executed. It applies only to (a) MWSS loans that are being and will be serviced by the Company, and (b) principal payments for drawn and undrawn amounts of the Company’s foreign currency denominated loans existing as of 29 June 2022. For loans contracted after 29 June 2022, a modified FCDA will apply which may be availed of only when there is an extraordinary inflation or extraordinary deflation of the Philippine Peso (i.e., more than 20% change in the base exchange rate), subject to a recovery cap.

The Company is required to pay MWSS Concession Fees equal to the sum of the following:

- The percentage of the aggregate peso equivalent due under any MWSS Loan which has been disbursed during the Concession Period, including MWSS Loans for existing projects and the Umiray-Angat Transbasin Project (“UATP”), on the relevant payment date set forth on the pertinent schedule of the RCA; and
- An amount equal to one-half of the annual budget for MWSS for that year, provided that such annual budget shall not, for any year, exceed ₱200 Million (as at 1997), subject to annual CPI adjustments.

Concession Fees

If the Concession Fees are not paid on time within the time specified above, the US Dollar equivalent of such unpaid amount may be drawn on the Performance Bond. In addition, the unpaid amount shall be subject to penalties or default interest.

The Concession Fee shall be treated as an Expenditure of the Concession and the Concessionaire’s payment obligation in respect thereof shall rank at least *pari passu* with its unsecured payment obligated under all other debt instruments that may be executed by the Concessionaire.

The RCA may be terminated ahead of the Termination Date and the relevant party may receive payment for such early termination (“Early Termination Amount”) as defined for each event:

Termination Events

i) MWSS Events of Default

The Company has a right to terminate the RCA at any time before the end of the concession period should any of the enumerated MWSS Events of Default, e.g. dissolution of MWSS, expropriation of all or any material part of or shares in the Concessionaire, and failure to perform obligations under the RCA, occur and upon failure of the MWSS to remedy the same within the prescribed grace period.

Following a termination due to MWSS' fault, the Concession shall revert to MWSS for an Early Termination Payment to the Concessionaire equal to the amount of (i) value of assets which have not been transferred to MWSS, capped at Net Debt plus Breakage Cost of Concessionaire Loans, plus (ii) the shareholders' equity adjusted for the net book value of fixed assets based on the Concessionaire's latest reported audited financial statements, costs of which have been approved by the RO as an expenditure, without prejudice to MWSS demanding payment for penalties and liquidated damages which the Concessionaire is liable for.

ii) Concessionaire Events of Default

MWSS has a right to terminate the RCA at any time before the end of the concession period should any of the enumerated Concessionaire Events of Default, i.e., insolvency, abandonment, and failure to meet and perform its service obligations and maintain insurance coverage reasonable and customary for the industry, unauthorized charging of tariff rates, among others, occur and upon failure of the Company to remedy the same within the prescribed grace period.

In the case of an event of termination due to Concessionaire default, the Concessionaire shall forfeit the full amount of the Performance Bond in favor of MWSS, and all of the Company's rights, title and interest in the concession may be assigned to a qualified replacement operator or revert to MWSS. MWSS shall pay the Concessionaire an Early Termination Amount equal to (i) 75% of the value of assets left behind which has not been transferred to MWSS, capped at Net Debt plus (ii) 75% of book value of the shareholders' equity as determined by an Appraiser based on the Concessionaire's latest audited financial statements, adjusted for the net book value of fixed assets contributed to the MWSS system in the service area by the Concessionaire, costs of which have been approved by the RO as an expenditure, without prejudice to MWSS demanding payment for penalties and liquidated damages which the Concessionaire is liable for.

In the event that the concessionaire lenders do not nominate a qualified replacement operator, the Company would be entitled to receive an early termination payment.

iii) Force Majeure or Upon Mutual Agreement of Parties

The RCA provides the MWSS and the Concessionaire the right to terminate the agreement if the parties are unable to resolve issues arising from an event of force majeure which prevents one of the parties from performing any of its material obligations under the RCA for a period of one hundred and eighty (180 days). Upon termination of the RCA due to a prolonged event of force majeure, the MWSS shall return to the Concessionaire the Performance Bond net of amounts drawn, and the Concession shall revert to MWSS following its payment to the Concessionaire an Early Termination Amount equal to (i) the value of assets left behind which have not been transferred to the MWSS, as determined by an Appraiser, capped at Net Debt plus 50% of Breakage Cost for Concessionaire Loans plus (ii) the shareholders' equity adjusted for the net book value of fixed assets based on the Concessionaire's latest reported audited financial statements, costs of which have been approved by the RO as an expenditure, without prejudice to MWSS demanding payment for penalties and liquidated damages which the Concessionaire is liable for.

iv) MWSS Additional Termination Right

Under the RCA, the MWSS is entitled to terminate the RCA "when the common good so requires." For this purpose, common good means those actions for "the promotion of health and safety, enhance the right of the people to a balanced ecology, and preserve the comfort and convenience of those within the service concession area." Upon termination of the RCA by MWSS for "common good", the Early Termination Amount shall be computed in the same manner as termination under Force Majeure or termination Upon Mutual Agreement of Parties described above.

Any Early Termination Amount shall be applied by the Concessionaire to repay the outstanding Concessionaire Loans, and the value of the assets that have already been transferred to MWSS are not included in the Early Termination Amount.

Concession Fees

As consideration for the Concession, MWSI shall pay MWSS a Concession Fee. As of 31 December 2023, the Concession Fees, including the accrued interest, is at ₱7,363.6 million.

Service Obligations in the West Zone

Particularly, the Service Obligations of Maynilad under the RCA include the following:

1. Offer water supply services to all existing customers;
2. Make sufficient connections to meet the coverage target percentages of the population;
3. Ensure the availability of an uninterrupted 24-hour supply of water to all connected customers;
4. Ensure supply of water at a minimum of 16 psi;
5. Ensure that the water supplied complies with the PNSDW;
6. Make available an adequate supply of water for public purposes, as determined by the MWSS-RO;
7. Provide water supply other than through the water main in circumstances where supplies through the water main have been or will be interrupted for more than 24 hours or have been or will be subject to contamination;
8. Maintain non-revenue water at the acceptable industry standard and as provided in the approved business plan;
9. Offer to supply sewerage services to all customers and provide connection to a public sewer;
10. Comply with all national and local environmental laws and standards relating to treated wastewater;
11. Offer septic and sanitation cleaning services;
12. Operate and manage the assets comprising the water and sewerage system; and
13. At all times provide the highest quality services to its customers such as (i) giving prompt responses to customer inquiries and complaints; (ii) giving notices to customers at least 48 hours in advance of any planned interruptions in water supply; (iii) making alternative water supplies available for planned interruptions in service to schools, hospitals and key public buildings, and to all customers for interruptions in service of more than 24 hours; (iv) effecting urgent restoration of water supplies for any unplanned interruptions in service and informing customers on progress in making necessary repairs and treatment of potentially contaminated supplies; (v) taking measures to prevent sewage flooding from the sewerage network; and (vi) providing invoices to customers which clearly identify services, charges, period covered, forms of payment and penalties for late or non-payment.

Failure of Maynilad to meet any Service Obligation which continues for more than 15 days (or three (3) days in cases where the failure could adversely affect public health or welfare) from written notice from the MWSS-RO entitles the MWSS-RO to assess the following penalties, the amount of which shall be equal to the highest of:

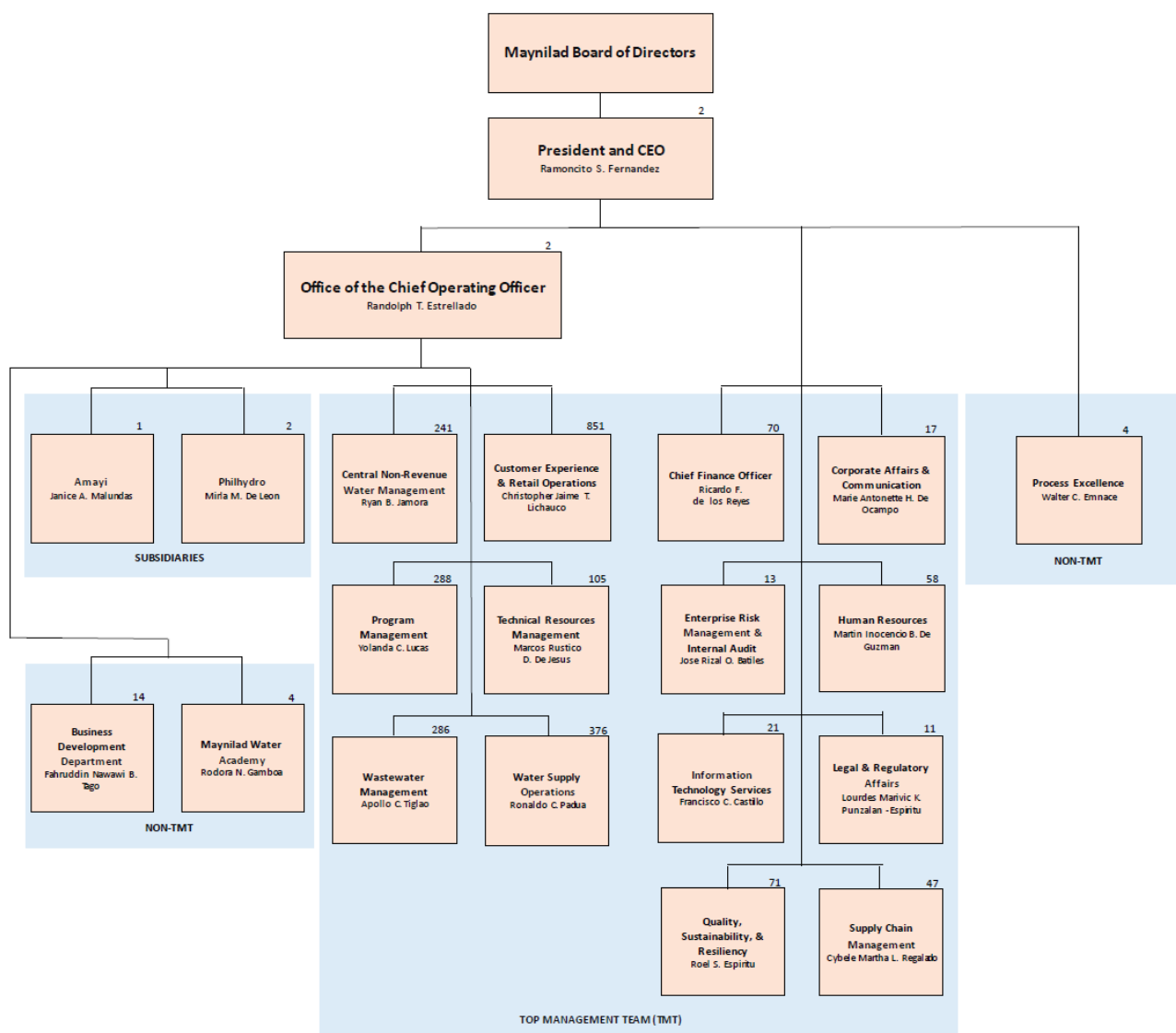
- 25% of the costs that, in the reasonable opinion of the MWSS-RO, Maynilad will incur in order to meet the Service Obligation in question;
- in respect of each of the following obligations:
 - (i) Water availability – average water tariff x two cubic meters/day for each affected connection x number of days;
 - (ii) Water quality – Fifty percent (50%) of average water tariff x volume of water discharged by the affected water distribution center;
 - (iii) Water pressure – Twenty percent (20%) of average water tariff x volume of water discharged by the affected water distribution center;
 - (iv) Effluent Quality – Fifty percent (50%) of average sewerage tariff x volume of wastewater received by the affected plant;
 - (v) Non-Revenue Water – Fifty percent (50%) of average water tariff x volume of water computed to be lost due to leakages; or
- Liquidated Damages equal to one-tenth of one percent (equivalent to 0.1%) of the cost of the underperformed portion for every day of delay of the work or satisfaction of obligation, from the date of notice by the MWSS-RO. The approved expenditure for the project not completed or implemented as contained in the spending plan shall be the basis in computing the liquidated damages.

The penalties are payable within 10 days from demand by the MWSS-RO. In the event that Maynilad fails to make timely payment of an assessment, the MWSS-RO may draw the equivalent of such unpaid amount on the performance bond, or may treat such non-payment as a basis for downward adjustment in the rates.

In addition, MWSS can consider such failure as a Concessionaire Event of Default (as defined under the RCA), which entitles the MWSS to terminate the RCA.

ORGANIZATIONAL STRUCTURE

The chart below sets forth the Company's organizational structure as of 31 December 2023:



SUBSIDIARIES, ASSOCIATES, AFFILIATES, AND JOINT VENTURES

The table below sets forth the Company's subsidiaries, affiliates, and other investments as of 31 December 2023:

Company	Classification	Year of Incorporation	% Ownership
Philippine Hydro, Inc.	Subsidiary	1999	100%
Amayi Water Solutions Inc.	Subsidiary	2012	100%
Subic Water and Sewerage Company, Inc.	Affiliate	1997	10%

Maynilad and its subsidiaries serve customers in the Philippines, and do not source any revenue from foreign sales.

Philippine Hydro, Inc.

Philippine Hydro, Inc. ("**PhilHydro**") became a wholly owned subsidiary of Maynilad on 3 August 2012. Upon acquisition, the new management implemented major financial and operational improvements to boost supply availability and expansion in its served areas.

PhilHydro is engaged in waterworks construction, engineering, and engineering consulting services. It is currently undertaking water supply projects outside Metro Manila in line with Presidential Decree No. 198, otherwise known as the

“Provincial Water Utilities Act of 1973”, which mandates local government units to create and operate local water utilities and provide potable water to the public.

It owns and operates four WTPs that supply treated bulk water to the Legazpi City Water District in Albay, Norzagaray Water District, Santa Maria Water District in Bulacan, and, starting March 2017, Bocaue Water District in Bulacan; and municipal waterworks of Bambang, Nueva Vizcaya. PhilHydro also owns and operates the treated water supply and distribution system of Rizal, Nueva Ecija. All PhilHydro WTPs are under Public-Private Partnership (“PPP”) Contracts with the government, either directly contracting the Local Government Unit or with Government-Owned and Controlled Corporations, such as Water Districts. PhilHydro has a total plant capacity of 61 MLD and is currently operating at around 48 MLD as shown in the table below.

Plant / Site	Capacity (in MLD)	Actual Production / Billed Volume (in MLD)										
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Legazpi, Albay	25.0	17.4	15.0	15.9	15.7	16.4	19.0	14.5	13.9	13.9	16.0	16.2
Norzagaray, Bulacan	32.0	9.1	11.2	14.7	16.4	25.2	28.5	30.0	28.9	28.9	28.2	30.0
Bambang, Nueva Vizcaya	2.5	0.9	1.1	1.6	1.6	1.8	2.1	2.0	2.1	2.2	2.2	2.1
Rizal, Nueva Ecija	1.5	0.5	0.5	0.6	0.7	0.8	0.9	0.9	0.9	1.0	1.0	1.1
	61.0	27.9	27.8	32.6	34.4	44.2	50.5	47.4	47.9	45.9	47.4	49.3

PhilHydro’s billed volumes increased 4.0% to 49.3 MLD versus 47.4 MLD at the end of 2022, driven primarily by growths from Norzagaray Water District and Iglesia Ni Cristo’s Ciudad de Victoria development both of which have been performing exceedingly well since loosening of restrictions and resumption of events. Bulacan’s overall performance would have been better had the deterioration of Sta. Maria Water District’s filtration media been resolved sooner. Also lagging is the billed volume performance of operations in Bambang, Nueva Vizcaya due to Bambang Waterworks’ intensified mitigation of NRW on its distribution lines and service disconnection of nonpaying customers. As of 31 December 2023, PhilHydro generated revenues of ₱255 million while contribution to Maynilad after amortization of goodwill from acquisition was ₱64 million to core EBITDA.

The following sets forth a summary of PhilHydro’s contracts and service areas:

Client	Service Area	Type of Service	Contracted Years	Contracted Volume
Legazpi City Water District	Legazpi City, Albay	Bulk Water Supply	2007 - 2032	20 - 50 MLD
Norzagaray Water District	Municipality of Norzagaray, Bulacan	Bulk Water Supply	2009 - 2033	1 -10 MLD
Bambang, Nueva Vizcaya Water District	Municipality of Bambang, Nueva Ecija	Bulk Water Supply	2009 - 2033	1.5 MLD
Sta. Maria Water District	Municipality of Sta. Maria, Bulacan	Bulk Water Supply	2010 - 2034	4 - 30 MLD
Residents of Rizal, Nueva Ecija	Municipality of Rizal, Nueva Ecija	Water Distribution	2010 - 2034	2.5 MLD
New Era University	Ciudad de Victoria, Bocaue, Bulacan	Bulk Water Supply	2014 - 2033	2 - 10 MLD
Bocaue Water District	Municipality of Bocaue, Bulacan	Bulk Water Supply	2017 - 2027	2 MLD

Amayi Water Solutions Inc.

Amayi Water Solutions, Inc., doing business under the trade name, “Maynilad Boac,” (hereafter, “**Maynilad Boac**”), a wholly owned subsidiary of Maynilad incorporated in the Philippines on 18 July 2012, is engaged in the distribution of water in Boac, Marinduque (outside West Zone). Maynilad Boac was incorporated for the purpose of operating, managing, maintaining and rehabilitating waterworks, wastewater and sanitation system and services outside the concession area.

On 19 February 2019, Maynilad Boac entered into a 25-year Concession Agreement with the Municipality of Boac, Marinduque. The Concession Agreement covers financing, rehabilitation, development, expansion, improvement, operation, and maintenance of the water supply system in the 41 barangays of the Municipality of Boac.

Maynilad Boac plans to implement capital expenditure projects focusing on the rehabilitation and expansion of the current water system in the said municipality. The existing pipelines, which covers 24.0% of the service area, will be replaced with new pipes of higher capacity designed to accommodate the increasing demand in the area.

Maynilad Boac will also lay new pipelines that will enable it to expand services in 15 barangays, thus increasing the service coverage in the area to 76.0%. A total of 77 kilometers of pipelines will be laid after the rehabilitation and expansion program.

To cater to the future demand of the municipality, Maynilad Boac will also increase its water supply capacity to almost 17 MLD. This will be done through the rehabilitation of two existing deep wells and the construction of eight (8) new deep wells.

The concession agreement shall be effective for a period of 25 years beginning on the commencement date.

As of 31 December 2023, Maynilad Boac’s commercial operations have not yet started, and operations from the local government unit to Maynilad Boac has recently been turned over on 23 January 2024.

Subic Water and Sewerage Company, Inc.

On 28 January 2013, Maynilad won the bid to acquire 10% of Subic Water and Sewerage Company Inc. (“**Subicwater**”) from the city of Olongapo for ₱211 million. After the expiry of the right of first refusal of Subicwater’s existing shareholders to acquire the shares, Maynilad signed the deed of sale for the acquisition on 15 March 2013.

Subicwater operates the water supply and sewerage system in the Subic Bay Freeport Zone and the water system in Olongapo City, under a franchise agreement expiring in 2027. Billed connections at the end of December 2023 reached 49,956 accounts while the average NRW stood at 22.8%.

BUSINESS AND OPERATIONS

Concession Area

The West Zone covers an area of 540 square kilometers, and includes the following cities and municipalities: Manila (except portions of San Andres and Sta. Ana), Quezon City (including areas west of San Juan River, West Avenue, EDSA, Congressional, Mindanao Avenue, the northern part starting from the Districts of Holy Spirit and Batasan Hills), Makati (west of South Super Highway), Caloocan, Pasay, Parañaque, Las Piñas, Muntinlupa, Valenzuela, Navotas and Malabon — all in Metro Manila; and the cities of Cavite, Bacoor and Imus, and the towns of Kawit, Noveleta and Rosario — all in the Province of Cavite.

Figure 1: Map of the West Zone



Water Source

Maynilad principally sources its water supply from the Angat and Ipo Dams, the water of which comes from the Umiray, Angat, and Ipo Rivers.

Angat Dam is a multi-purpose dam operated by Angat Hydro Power Corporation – a subsidiary of Korea Water Resources Corporation. Water from this facility is used for irrigation, power generation, and domestic consumption. Completed in 1984, Ipo Dam, on the other hand, is a reinforced concrete dam structure with spillway gates, all of which are floodgates used to control the water level in the dam. Ipo Dam has a maximum elevation of 101 m., a height of 32 m., and a designed holding capacity of 6,000 MLD.

MWSS has water rights to 4,000 MLD from Angat Dam. Under Maynilad’s CA, MWSS supplies raw water to Maynilad’s distribution system and is required to supply a minimum quantity of raw water, currently, at 2,400 MLD or equivalent to 60% of the total allocation from the Angat Dam. The remaining 40% is distributed by MWSS to the East Concessionaire. Approximately 86.00% of the water supplied by MWSS to Maynilad originates from the Angat Dam.

Aside from the foregoing, the Company also sources its water from Laguna de Bay. It is the largest lake in the Philippines, which has a watershed that cuts across five (5) provinces, nine (9) cities, and 66 municipalities, including parts of Metro Manila. It has 21 major river tributaries and a single outlet into Manila Bay through the Napindan Channel. Its surface area is 900 sq. kms., and has a volume of 2.25 million cubic meters (or 2,250,000 ML). Of Maynilad’s total water sources, the water obtained from Laguna de Bay accounts for approximately 13.98%.

Lastly, the remaining 0.02% of the Company’s total water supply is obtained from ground-sourced water from deep wells. As of 31 December 2023, the Company has thirteen (13) deep wells pumping stations, of which ten (10) are operational, while three (3) are on stand-by.

Figure 2: Ipo Dam



Water Treatment

Maynilad maintains and operates eight (8) WTPs, which produce water that meets the PNSDW of the DOH. These WTPs are the LMTP 1 and 2, Paranaque NEW WATER Treatment Plant, Anabu MTP, Putatan WTP 1 and 2, Poblacion WTP, and Valenzuela MTP. All these have a total operating capacity of 2,777 MLD (capacity is based on max treatment capacity). Once all treatment plants are fully operational, the Company will have a total capacity of 3,215 MLD by 2028.

Figure 3: La Mesa Treatment Plant



Water Distribution & Non Revenue Water

As of 31 December 2023, Maynilad maintained and operated 7,596 kms of primary, secondary and tertiary pipelines. Along this network are 39 reservoirs and 39 mini boosters and pumping stations that enhance holding capacity and ensure efficient distribution of supply. The Maynilad water distribution system is the longest ISO certified facility of its kind in the Philippines. It stretches from North Caloocan to Cavite Province and delivers about 2,777 million liters of potable water per day to the Company's over 10.3 million customers.

The West Zone is divided into two districts: North and South. The North District is a combination of gravity and pump-fed distribution area because of its high elevation in North Caloocan, Valenzuela, Commonwealth and Novaliches. Large pumps in the La Mesa Pump Station boost the treated water to maintain service level. The South District is basically a gravity-fed area where the supply comes from the 200ML Bagbag reservoir. Major pump stations like the Pagcor, Pasay, and Villamor Pump Stations boost the water to the southern-most portions of the concession in Pasay, Parañaque, Las Piñas, and Cavite. The Putatan WTP also supplies portions of Las Piñas and Muntinlupa through the Putatan water pump station.

Given the continued capital investments of Maynilad in its facilities and service connections, this has resulted in improvements in its water service coverage from 80.5% in 2007 to 94.8% on 31 December 2023. Average Total NRW has also significantly decreased from 68.0% in 2007 to 42.9% in 2023. The Company aims to reduce Total NRW to 25% by 2027, and to 20% by 2030. The target 20% level of NRW will be maintained until the end of the concession period.

Total NRW is the difference between the volume of treated water produced by the Company's WTPs and the volume of water billed to customers. Water losses may be the result of leaks (physical losses) or of inaccurate water metering and illegal connections (commercial losses).

Maynilad's NRW management strategy uses the DMA approach, which breaks down the West Zone network into smaller, more manageable geographic areas. DMAs are small, isolated areas where the volume of water entering and leaving the system is measured. DMAs are further clustered into hydraulic systems ("HS"). Formation of DMAs and HS is necessary to quantify and distinguish the losses in primary mains and secondary lines.

DMA NRW is the difference between the volume of treated water that enters the DMA and the billed volume. It represents the losses in the primary distribution system ("PDS"), and secondary and tertiary distribution system ("TDS").

The Company's NRW management strategy is implemented through:

- a. Integrated meter management overview - focuses on improving the accuracy and reliability of measurement of water consumption. It includes periodic replacement of customer water meters, testing of meters, selection of the proper meter technology, and correct sizing of meters
- b. Data management – through the use of i) Pi system, data from plants, pumping stations, flow meters, district meters, and pressure points – the data is readily available online via Field Monitoring User system; ii) SAP, iii) Global Information System, stores data regarding Maynilad's pipelines, iv) Workflow Management System, monitor the implementation of job orders, such as leak repair and other maintenance activities
- c. Pressure management - involves regulating water pressure through the installation of pressure regulating valves ("PRV") installed at meter-entry points and variable frequency drives installed at pumping stations
- d. Active leakage detection technologies – uses i) ground microphones to amplify sound generated by leaks; ii) tethered leak detection equipment that utilizes audio and video output to locate leaks, illegal connections, and other network anomalies. The Sahara System is used for large pipes, while the JD7 Investigator is used for small pipes; iii) leak noise loggers and correlators which uses sensors installed along the pipe to calculate the leak location; iv) Infrawise which is a computerized system that identifies areas of the network with high likelihood of failures; v) Asterra which utilizes satellite images to detect the signature of drinking water and identifies the leaking portion of the network
- e. Selective pipe replacement – prioritization of pipe replacement based on potential water recovery, frequency of bursts, age of pipes, maintenance cost and pipe materials (i.e. asbestos cement pipes and galvanized iron pipes)

Resource Recovery (Wastewater Treatment)

Maynilad maintains and operates twenty (20) sewage treatment plants, two (2) sewage and septage treatment plants, and one (1) septage treatment plant that process (i) wastewater conveyed from the sewer lines and (ii) septage collected by desludging trucks from customers. The sewage treatment plants and the septage treatment plants have a combined capacity

of 683,517 CMD and 1,190 CMD, respectively. All, but one, wastewater facilities are Integrated Management System (IMS)-certified by international auditing firm TUV Rheinland Philippines. These facilities passed the strict audit process for (i) Quality Management Systems (ISO 9001:2015), (ii) Environmental Management Systems (ISO14001:2015), and (iii) Occupational Safety and Health Management Systems (BS OHSAS 18001:2007) – proof that these facilities are operated in accordance with stringent international standards. Aside from the IMS Certification, Tondo Sewage Pumping Plant was also certified under the Energy Management Systems (ISO 15001).

Maynilad, likewise, maintains and operates a sewer network consisting of 643.22 kms of sewer lines, 89 vacuum trucks, and 129 sewage pumping stations, lift stations and appurtenances. These facilities allow for the efficient collection and conveyance of wastewater from the customers to the treatment facilities for processing prior to discharge to the receiving bodies of water.

Since its re-privatization, sewerage coverage has increased from 6.8% in 2007 to 30.7% in 2023, serving over 3.2 million customers. Sanitation coverage, which represents the number of people that have been offered desludging services over a five (5)-year period, has increased from 57.7% for the period ending 2020 to 64.4% of customers with water service accounts for the period ending 2023, catering to over 6.2 million customers.

Figure 4: Water Reclamation Facility



Figure 5: Desludging Services



Types of Services

1. Water Service

Maynilad provides water supply services and ensures an uninterrupted 24-hour supply to the West Zone population and is obligated to make sufficient connections (net of any disconnections) to meet its coverage targets of the designated city/municipality. The water supplied is compliant with the current PNSDW as set by the DOH.

2. Waste Services

a. Sewerage

For customers connected to Maynilad's sewerage system, wastewater is conveyed to one of seven catchment facilities where it is then treated before being released into a receiving body of water.

- i. Pre-treatment: Bar screens to remove solid waste and grit chambers to remove sand and rock particles
- ii. Primary treatment: Primary clarifiers to remove solid particles using settling velocity
- iii. Secondary treatment: Aeration basins to remove organic matter
- iv. Secondary clarifiers: Final removal of solids and biological matter

- v. Disinfection: Disinfection of water using chlorine, ozone, or ultraviolet light

Commercial and Industrial customers connected to a sewer line are levied a Sewerage Charge equivalent to 20% of Basic Charge.

b. Sanitation

Maynilad is obliged under the CA to provide septic and sanitation services to customers not connected to the separate sewerage system; services include the emptying of domestic septic tanks and sludge removal to be transported to septage treatment facilities for processing. Sludge removal may either be through programmed desludging where it is a proactive desludging service in an identified program area at no additional cost or desludging-on-demand where it is done at a customer’s request and comes at no cost if no desludging service has been done in the last five (5) years.

The desludging operations of Maynilad require the use of Vacuum Truck Units (“VTU”) with capacities of 10 cu.m and 4 cu.m to collect septage from septic tanks. VTUs are vehicles installed with desludging equipment to siphon septage and transport it to the nearest septage treatment facility to separate the solid from the liquid and further reduce the pollutants. The liquid component of the septage will undergo treatment before disposal to bodies of water. The solid component or sludge is eventually hauled, and disposed of in a fertilizer-processing plant, by a service provider.

Service Area Division and Clustering

To improve the management of water supply and the coordination with the LGUs, Maynilad divided the West Zone into ten (10) Business Areas (“BA”) based on territorial boundaries. The cities/municipalities that each BA covers are presented below:

Business Area	City / Municipality Coverage
Manila (MNL)	Manila
North Quezon City (NQC)	Northern part of Quezon City
South Quezon City (SQC)	Southern part of Quezon City
North Caloocan (NCAL)	North Caloocan
Navotas – South Caloocan (NSCAL)	South Caloocan, Navotas, and a small portion of Quezon City
Malabon – Valenzuela (MVAL)	Malabon, Valenzuela, and a small portion of Caloocan City
Paranaque – Pasay – Makati (PPM)	Makati, Paranaque, Pasay, and a portion of Muntin
Muntinlupa – Las Piñas (MLP)	Muntinlupa-Las Piñas
East Cavite (ECav)	Bacoor and Imus
West Cavite (WCav)	West Cavite

In the first quarter of 2021, Maynilad’s Customer Experience and Retail Operations Division (“CXRO”) reorganized its 10 BAs into two business districts (i.e., North and South) to better manage the water supply allocation and the network maintenance activities in their respective locations. The reorganization was also implemented to further improve the review and evaluation of the BA’s financial targets and performance.

The North and South Business Districts are each comprised of five (5) BAs. Each BA has four sections, namely, Commercial Management, Technical Management, Zone Management, and Administrative Services.

The CXRO also has three departments to provide strategic support to other facets of customer experience and retail operations, namely, Key Accounts Relations (“KAR”), Customer Experience (“CX”) and Business Operations Central Services (“BOCS”). KAR serves as the main touchpoint of Maynilad’s top accounts and provides them the necessary account management services. CX develops and implements customer service strategies, and customer-focused programs and projects, aimed at further raising the level of overall customer experience for Maynilad customers. BOCS serves as the overall support to CXRO and provides strategic and support services to the business districts, BAs and external customers through contact center operations, including social media interactions.

The following shows the BAs in the West Zone with their corresponding number of billed services, average consumption, service levels and average DMA-NRW, as of 31 December 2023

Business Area	Billed Services	Ave. Daily Consumption (in cu.m.)	Ave. Pressure (24/7 min. psi)	District Metered Area (DMA) NRW (Ave %)
Manila	192,835	1.37	92.91%	41.57%
North Quezon City	180,520	0.83	99.12%	17.57%
South Quezon City	166,384	0.92	98.04%	38.69%
North Caloocan	159,915	0.84	88.83%	22.64%
Navotas – South Caloocan	131,018	0.85	99.00%	30.27%
Malabon – Valenzuela	182,885	0.85	92.73%	34.15%
Paranaque – Pasay – Makati	179,401	1.36	71.72%	24.90%
Muntinlupa – Las Piñas	178,346	0.87	86.36%	26.91%
East Cavite	110,475	0.68	72.26%	19.19%
West Cavite	50,684	0.83	93.32%	20.29%
Overall	1,532,463	0.97	89.55%	30.50%

The following lists the locations of each business area's offices. These point-of-contact offices help the Company facilitate transactions and inquiries with its customers in each of its perspective areas of coverage.

Business Area	Office Address
Manila	Arroceros Bldg., 176 A. Villegas St., Brgy. 659, Zone 071, Ermita, Manila
North Quezon City	Blk. 114, Lot 13, Regalado Ave., Greater Lagro, Novaliches, Quezon City
South Quezon City	203 Cordillera St., Brgy. Maharlika, Sta. Mesa Heights, Quezon City
North Caloocan	Camarin Rd. cor. Del Rey Ville 2, Brgy. 177, Caloocan City
Navotas – South Caloocan	554 HGL Bldg., EDSA cor. Biglang Awa St., East Grace Park, Caloocan City
Malabon – Valenzuela	Ponciana Center Building, MacArthur Highway cor. Del Monte Ave., Potrero, Malabon City
Paranaque – Pasay – Makati	8390 Dr. A. Santos Ave., BF Homes, Parañaque City
Muntinlupa – Las Piñas	100 Marcos Alvarez Ave, Talon Singko, Las Piñas City
East Cavite	Km 17 E. Aguinaldo Highway, Brgy. Palico IV, Imus, Cavite
West Cavite	

Collection

Because of the basic service that Maynilad provides, historical collections of Maynilad are relatively high with a collection efficiency of almost 100%. Hence, credit risk exposure is widely dispersed. Maynilad billings are payable on the due date, which is normally 7 days from the billing date. However, and in accordance with the RCA, customers are given 60 days to settle any unpaid bills before disconnection. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Types of Customers

The Company receives all of its revenues from customers within the Philippines. Water/sewer service accounts are classified into four categories, depending on the economic activity being undertaken in the dwelling or establishment. These categories are (i) Residential, (ii) Semi-Business, (iii) Commercial and (iv) Industrial.

- (i) **Residential:** This classification is for water/sewer service for the domestic/sanitary use of a person, family or group of families living in one structure, compound, apartment, multi-storey building or subdivision which is clearly designed, built and used only as a domicile. This also applies to charitable institutions that use water exclusively for domestic/sanitary purposes.

Domestic/sanitary purposes include cooking, washing, bathing, flushing, laundry, and maintaining the swimming pool, lawn and/or garden, all for the use of the permanent residents, their guests and domestic helpers only

(workers are excluded). The Residential type is either (i) “individual dwelling units” or (ii) “multiple dwelling units” which may either be vertical or horizontal. Vertical dwellings include high-rise buildings (condominiums) and low-income housing projects (BLISS Housing). On the other hand, horizontal dwellings include subdivisions, villages, townhouses, low-income housing projects and blighted/low income communities.

(ii) **Semi-Business:** This classification is for water/sewer service that is for the use of any person, establishment or institution engaged in small or marginal non domestic/economic activity. Small scale (home-based) businesses, premises devoted to religious worship and/or activities, and certain government institutions that meet the requirements under the RO’s Implementing Rules and Regulations Nos. 2013-02, 2013-03 and 2013-07, respectively, fall under this category.

(iii) **Commercial:** This classification is for water/sewer service that is for the use of any person, establishment or institution, whether private or public, that is engaged in non-domestic/economic activities (e.g., banks, shopping malls, hospitals, schools, restaurants, hotels and others).

Establishments that are classified in the Philippine Standard Industrial Classification (“PSIC”) under agriculture, fishery and forestry, wholesale and retail trade, transportation, storage and communication, financing, insurance, real estate and business services, community, social and related services are all included under the Commercial group.

(iv) **Industrial:** This classification is for water/sewer service that is for the use of any person, establishment and institution, both private and government, that is engaged in the conversion, transformation or processing of goods from one form to another of higher economic value.

Establishments classified in PSIC under mining and quarrying, manufacturing, electricity, gas and water, and construction are included in the Industrial group.

Condominiums, high-rise and other multiple dwellings still under construction and are intended for sale or lease shall be classified under this category.

As of 31 December 2023, Maynilad has 1.53 million water service connections

Customers can also be classified as Domestic and Non-domestic accounts.

Domestic

Domestic demand is the volume of water that residential and semi-business customers consume. Residential customers are those who use water for personal and household needs only. Semi-business customers are those who use water while operating small enterprises out of their homes. These small enterprises include sari-sari stores, repair shops, and small backyard/ cottage industries.

Non-Domestic

Maynilad identifies non-domestic customers as commercial and industrial customers. Commercial customers are those that consume water for any of the following activities: (a) wholesale and retail trade; repair of motor vehicles and motorcycles; (b) hotels and restaurants; (c) financial intermediation; (d) education services; (e) real estate, renting and business activities; (f) health and social work; and (g) other community, social and personal services. Industrial customers are those that consume water for any of the following activities: (a) construction; (b) manufacturing; (c) transportation; and (d) communication.

COMPANY STRENGTHS

The Company’s strengths include the following:

Pure-play sustainable solutions provider, delivering positive environmental and social returns for stakeholders

Maynilad’s has developed its Sustainability Finance Framework, which embodies the Company’s efforts to address economic, environmental, and social/sustainability targets, aligning with the United Nations’ Sustainable Development goals. The Company believes its water and wastewater services can be provided while minimizing adverse effects that may arise from its operations on the environment and the community.

The Company has established its Climate Neutrality Plan that is comprised of four (4) main targets it aims to achieve by 2037: (i) a 35% renewable energy mix; (ii) 50% e-vehicles; (iii) 180,000 tCO₂ carbon sink; and (iv) 2,615 hectares reforested from 2007 to 2037.

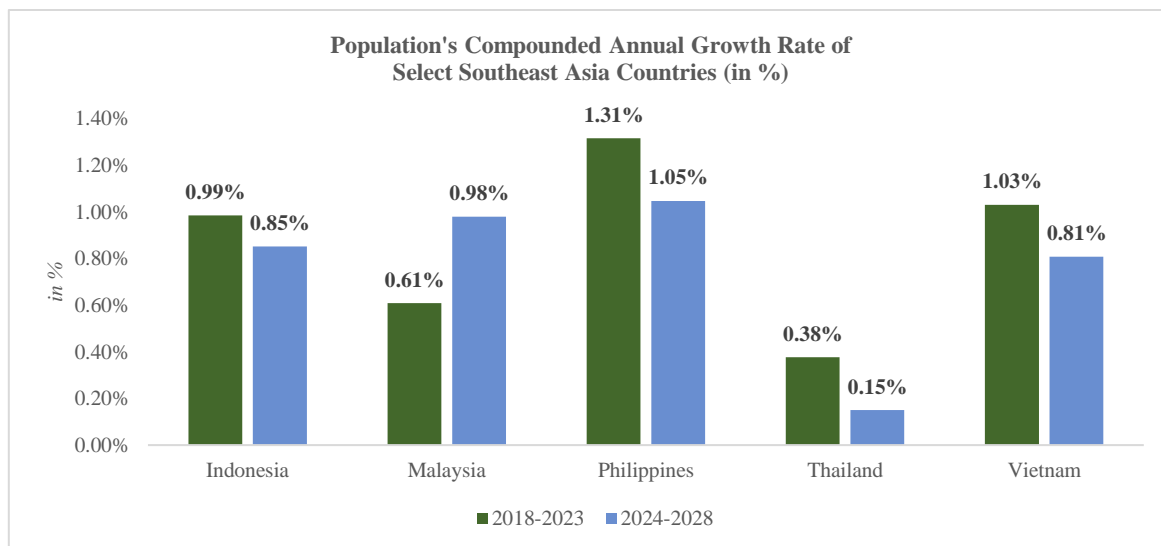
The Company founded the Maynilad Water Academy (“MWA”), a world-class capacity-building and learning hub devoted to uplifting the quality of water and sanitation professionals in the Philippines and in Asia. With access to a vast pool of experts in various technical and non-technical aspects of the water and sanitation industry, MWA provides different classroom and hands-on training courses that aim to improve the way water districts and water operators serve their customers.

As the Company continues new ways to augment its water supply in a more sustainable manner, Maynilad developed its NEW WATER Project. It is the conversion of used water for potable application—a first in the Philippines, and also the first in Asia to apply the “direct potable reuse” scheme—in line with the Company’s effort to enhance water security and reliability by maximizing the use of available water resources. This project was given Water Reuse Project of the Year” at the 2023 Global Water Awards during the Global Water Summit in May 2023, Berlin, Germany.

As a testament to its continued commitment towards sustainable solutions, the Company also received the 2022 SAG Award by Environmental Systems Research Institute, the Investors in People – Gold Level accreditation, and Project of the Year Award in the 2022 FIDIC Contract Users’ by the International Federation of Consulting Engineers. It was also declared as a “climate smart utility” by the International Water Association during its Climate Smart Utilities Recognition Program last December 2023 citing the Company’s efforts in diversifying its raw water sources, upgrade of treatment facilities in response to the worsening raw water quality, and reduction of NRW. Maynilad is one of 20 utilities from 12 different countries that was recognized as “climate smart” following a robust review by industry experts and independent jury members.

Water utility operating in one of the largest water concessions in Southeast Asia

Maynilad operates in a desirable concession as it has been the fastest growing economy among its neighboring countries in the Southeast Asia from 2018 to 2023¹³ and with one of the largest concessions in terms of active service connections. The Philippines’ population is also projected to remain one of the fastest growing from 2024 to 2028 in terms of projected population CAGR and projected real GDP per capita CAGR¹⁴.

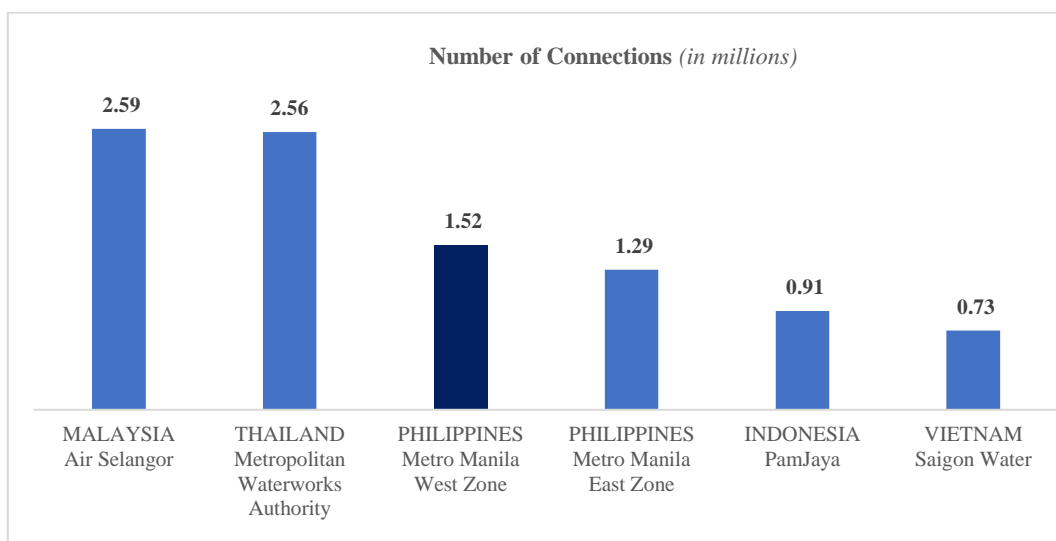


Source: GlobalData analysis

Maynilad is one of the largest water concessionaires in Southeast Asia in terms of active connections. As of 31 December 2023, Maynilad has over 1.5 million active connections.

¹³ Select Southeast Asian countries; GlobalData

¹⁴ Select Southeast Asian countries; GlobalData



Source: Company information for Maynilad data; GlobalData research (as of 2022) for Metropolitan Waterworks Authority, Manila Water, and Air Selangor; GlobalData research (as of 2021) for PamJaya

The West Zone is comprised of densely populated areas. This allows the Company to reach a stronger customer base within the area it services, and manage a shorter pipe network compared to the other concession area. The West Zone covers 540 square kilometer area comprising 17 cities and municipalities kms and services over 10.3 million customers as of 31 December 2023. The East Zone spans 1,400 square kilometer area that encompasses 23 cities and municipalities, and services more than 7.6 million customers as of 31 March 2023. These translate to a population density of more than 18,000 persons per square kilometer for the West Zone, and over 5,000 persons per square kilometer for the East Zone.

Region, Province/Highly Urbanized City, and City/Municipality	Population as of 2020	Land Area (square kilometers)	Population Density (persons per square kilometer)
City of Manila	1,846,513	24.98	73,920
Quezon City	2,960,048	171.71	17,239
City of Caloocan	1,661,584	55.80	29,777
Pasay City	440,656	13.97	31,543
City of Las Piñas	606,293	32.69	18,547
City of Malabon	380,522	15.71	24,222
City of Muntinlupa	543,445	39.75	13,672
City of Navotas	247,543	8.94	27,689
City of Parañaque	689,992	46.57	14,816
City of Valenzuela	714,978	47.02	15,206
Kawit, Cavite	107,535	25.15	4,276
Rosario, Cavite	110,807	7.61	14,561
City of Bacoor, Cavite	664,625	46.17	14,395
City of Cavite, Cavite	100,674	10.89	9,245
City of Imus, Cavite	496,794	171.66	2,894
Maynilad	11,572,009	718.62	16,103
City of Makati	629,616	21.57	29,189
City of Mandaluyong	425,758	9.29	45,830
City of Marikina	456,059	21.52	21,192
City of Pasig	803,159	48.46	16,574
City of San Juan	126,347	5.95	21,235
City of Taguig	886,722	45.21	19,613
Pateros	65,227	10.40	6,272
Angono, Rizal	130,494	26.22	4,977
Baras, Rizal	87,637	84.93	1,032
Binangonan, Rizal	313,631	66.34	4,728
Cainta, Rizal	376,933	42.99	8,768
Cardona, Rizal	50,143	19.27	2,602

Jala-Jala, Rizal	34,017	44.12	771
Morong, Rizal	71,151	37.58	1,893
Pililla, Rizal	71,535	69.95	1,023
Rodriguez, Rizal	443,954	172.65	2,571
San Mateo, Rizal	273,306	55.09	4,961
Tanay, Rizal	139,420	200.00	697
Taytay, Rizal	386,451	38.80	9,960
Teresa, Rizal	64,072	18.61	3,443
City of Antipolo	887,399	306.10	2,899
Manila Water	6,723,031	1,345.05	4,998

Defensive and predictable cash flows underpinned by the legislative franchise until 2047

The Company believes that the RCA provides for long-term regulated return over the concession period. Maynilad operates within an established and defined regulatory framework and maintains necessary dialogues with the RO on a regular basis.

The Company is entitled to charge its customers Standard Rates, which is calculated to enable Maynilad to recover during the life of the concession all operating, capital maintenance and investment expenditures efficiently and prudently incurred, Philippine business taxes (excluding CIT), and payments corresponding to debt service on the MWSS Loans (i.e., Concession Fees) and Concessionaire Loans incurred to finance such expenditures, and to earn a fixed 12% nominal rate of return.

Under the RCA, the Company has the ability to recover 75% of CPI of its overall cost incurred from eligible capital expenditures, collection and treatment of the water, and operating and maintaining its distribution network, along with ability to recover foreign exchange currency risk from eligible foreign-denominated loans contracted prior to 29 June 2022. This is translated to the charged water rate per cubic meter. Any potential fluctuation in revenue, operating expense, capital expenditure or any other allowed expenditures in any single year (if not directly passed-through) will be taken into account in the next rate rebasing period which occurs every five (5) years.

The cost recovery model is subject to a fixed 12% return over the life of the concession or until 2047 and a rate cap of 1.3x for water and a 1.5x for wastewater under the RCA, and under Sec. 12 of the Charter of MWSS. The favorable tariff structure balanced with the Company's ability to meet the current water consumption levels enables the Company to have stable and sound margins.

To implement a more consumer-friendly tariff adjustment, Maynilad has filed an application of concession extension from 31 July 2037 to 21 January 2047 to coincide with Maynilad's 25-year legislative franchise. The application remains pending with MWSS.

Well-positioned to provide clean and reliable water supply, a basic human need

The global standard of population with access to safely managed drinking water stands at 73%, with only 48% of the Philippine population with this level of access as of 2022^{15,16}. Having access to clean water is vital to any economic development. Maynilad is well-positioned to provide water supply and wastewater treatment, deemed to be a basic human need that will be in constant demand, to the West Zone.

Under the RCA, Maynilad, as a concessionaire of the MWSS, is given the exclusive right to manage water and wastewater operations in the West Zone. The MWSS approved the extension of the term of its CA with Maynilad by an additional 15 years, or up to 6 May 2037. The enactment of R.A. No. 11600 which took effect on 22 January 2022 granted Maynilad a 25-year legislative franchise that will end on 21 January 2047, subject to an approval of its application for term extension.

With the Company estimation of a population of over ten million people within the concession area, Maynilad ranks as one of the largest privately-owned water concession in Southeast Asia¹⁷. Since beginning of 2007, the Company has largely invested in the improvement of its water and wastewater services and facilities. Maynilad believes that it has invested adequate capital expenditure to place itself in a position to take advantage of the demands and the opportunities of expected growth in the water industry, having invested over ₱167 billion in service enhancement projects from 2007 to 2023. As of 31 December 2023, the Company maintains eight (8) WTPs, with a combined water treatment capacity of 2,777 MLD. In support of water availability, the Company has 39 reservoirs with a combined water storage capacity of 751 MLD, 39 pumping stations, distributed through 7,596 km of primary, secondary, and tertiary ISO-certified pipelines throughout the

¹⁵ Philippines Department of Finance: Philippines: Paving the Way to a Robust Economic Future

¹⁶ The World Bank: People using safely managed drinking water services (% of population) – Philippines

¹⁷ GlobalData research

WestZone. To comply with DAO on effluent standards, the Company maintains 129 pumping/lift stations, 643 kms of sewer lines, 89 vacuum trucks for desludging, 23 wastewater treatment plants with 684 MLD of sewerage treatment capacity. Prior to the reprivatization in 2007, Maynilad only had two (2) WTPs, with a combined water treatment capacity of 2,400 MLD, 10 reservoirs with a combined water storage capacity of 400 MLD, 8 pumping stations, distributed water through 4,576 km of pipelines throughout the West Zone, 12 pumping/lift stations, and 2 wastewater treatment plants with 458 MLD.

Maynilad's believes that its capital expenditure plans are supported by its robust balance sheet and capital structure. As of 31 December 2023, the Company's debt-to-equity ratio (consolidated) stood at 0.91x, well below the 2.33x required by the Company's existing financial covenants. (For a more detailed discussion of Maynilad's financial position, please refer to the section of this Preliminary Prospectus entitled "*Management Discussion and Analysis – Key Financial Data*"). Currently, fixed-rate loans constitute 100% of the Company's outstanding debt, mitigating the Company's risk related to interest rates.

Maynilad considers the technical expertise and organizational knowledge accumulated by its workforce of over 2,000 permanent employees as a key competitive advantage. 69.1% of the Company's employees have completed at least an undergraduate level of education. Out of the Company's employees with college degrees, 44.9% have degrees in engineering, 9.0% in business management, 7.4% in technology, 4.7% in finance and accounting, 3.1% in sciences, and 30.9% in other disciplines. Maynilad also provides employees extensive training and development through the Organization Development Department of the Company's Human Resources Division, which executes development activities including onboarding, coaching, leadership, and technical skills training. Furthermore, many of the members of Maynilad's top management team have been with the Company for several years, having cultivated direct experience in running a major water utility over a long period of time. (For a more detailed discussion of Maynilad's management, please refer to the section of this Preliminary Prospectus entitled "*Management – Key Officers*")

The continuous deployment of capital expenditures since the re-privatization in 2007, complement of highly-trained personnel with expertise in related fields, and strong financial position, place Maynilad in a position to service the growing demands of its customers. From its reprivatization in 2007, the billed water volume stood at 287 MLD. It grew to 539 MLD by end 2023. Based on the Final Business Plan for the 6th Rate Rebasing Period, Company projects total billed volume of 17,963 MLD from 2023 to 2047.

Strong expertise exhibited by the successful turnaround and significant service improvement amid historical challenges

Prior to the privatization in 1997, less than half of the served population in the West Zone had access to reliable water supply, and about 7% of the served population was connected to a sewerage system and water losses were staggering at 68%. In 1997, Maynilad was made responsible for repayment of 90% of MWSS' debt (approximately USD 732 million) given the more developed infrastructure and larger customer base of the West Zone¹⁸. This was exacerbated by the 1997 Asian financial crisis which saw the peso depreciate against the US Dollar by more than 100% by the end of 1998. Maynilad was also faced by a concentration of its raw water source and major facilities in the north end of the West Zone, a century-old Central Manila Sewerage System and other logistical and structural considerations such as customers being located far from treatment plants, faster corrosion of pipelines as the West Zone borders coastal areas that are prone to flooding and saltwater intrusion.

Following the entry of MPIC-DMCI as shareholders in the Company in 2007, the initial transition challenges consisted of the coverage area infrastructure which were in need of repair or replacement and the lack of connectivity of the customers to the Company's plants and facilities. Maynilad was placed in rehabilitation in 2005 due to the accumulation of financial losses.

With the long-term planning coupled with the teams' technical expertise, Maynilad has also established reliable operations and continues to enhance its performance with all treatment plants being or in the process of becoming ISO-certified. Through prudent financial management, Maynilad exited a court-administered rehabilitation in 2008.

Since its re-privatization, Maynilad has successfully achieved the following key operational metrics, among others, and has shown significant improvement over time.

	7 PSI Water Pressure	24Hr Water Supply	Sewerage Coverage	Average NRW
2006	45%	32%	6.8%	68%
2023	89.5%	97.5%	30.7%	43%

¹⁸ Maynilad on the Mend: Rebuilding Process Infuses New Life to a Struggling Concessionaire. Asian Development Bank

Maynilad shall continue to implement improvements in service coverage until the end of the concession period.

Unparalleled support from strong shareholders and leadership by experienced management

Maynilad Water Holdings Company, Inc. —a joint venture between MPIC, DMCI, and Marubeni. Since its takeover in 2007, Maynilad has risen to become the Philippines' largest private water concessionaire in terms of customer base.

Maynilad has consistently delivered improvements in the provision of water and wastewater services with a highly experienced management team with a proven track record on executing growth strategies. Many of Maynilad's top management have been with the Company for over five (5) years, with varied professional experience both in the water utility industry and in various disciplines. The operations executives have an average of 23 years of experience in the water sector. For a more detailed discussion of Maynilad's management, please refer to the section of this Preliminary Prospectus entitled "*Management – Key Officers*".

Maynilad's board of directors is composed of representatives from MPIC, DMCI, and Marubeni, corporations with deep experience with major infrastructure, large-scale, complex and/or regulated utility business.

Maynilad's largest shareholder, MPIC, is a Philippines-based investment holding company with a diverse portfolio of industry-leading infrastructure and regulated companies/platforms covering water, power, toll road, and light rail. MPIC also has business interest in healthcare, fuel storage, real estate, biogas and food and agriculture. MPIC was incorporated as an investment holding company on 20 March 2006,

Founded on 8 March 1995, DMCI is a leading Philippine conglomerate with business presence in engineering and construction, water, power, toll roads, real estate, and mining. It has considerable experience in the water sector, being the majority owner of Subicwater since 1997. Subicwater is the joint venture company that serves as primary water, sanitation, and sewerage provider for the Subic Bay Freeport, a special economic zone northeast of Metro Manila.

Incorporated on 1 December 1949, Marubeni is an integrated Japanese trading and investment conglomerate with broad business networks, both within Japan and overseas, to conduct importing and exporting (including third country trading), as well as domestic business, encompassing a diverse range of business activities across wide-ranging fields including lifestyle, IT solutions, food, agri-business, forest products, chemicals, metals & mineral resources, energy, power, infrastructure project, aerospace & ship, finance, leasing & real estate business, construction, industrial machinery & mobility, next generation business development and next generation corporate development. It also has a diversified water businesses ranging from water supply and wastewater treatment to desalination.

Maynilad is able to take advantage of its shareholders' experience in various disciplines and support from their strong balance sheet position.

BUSINESS STRATEGIES

The Company's business strategies include the following:

Improve Water Service Coverage and Average Water Pressure

Maynilad was able to add more than 820,000 in water service connections and the pipes laid as of 31 December 2023 is around 7,596 kilometers to its network, since re-privatization in 2007. Since then, water coverage has improved from 80.5% to 94.8%, 24-hour availability has improved from 32% to 97.5%, while customers who receive their water supply at an average pressure of 7 psi has increased from 45% to 89.5% as of end December 2023.

Consistent with its obligations under the RCA, Maynilad will increase the water pressure at a minimum of 16 psi instead of 7 psi. At 16 psi, water supply can reach the fourth floor of a house or establishment without the need for a booster pump instead of the second floor of an establishment at 7 psi.

The Company plans to continue with its initiatives on total or partial pipe replacement, pump station operation adjustments and resetting of the PRVs. With these projects, the Company is targeting to increase the foregoing service indicators to 100% for both the water supply coverage and average water pressure, thereby providing 24-hour water supply at 16 psi to all its customers.

Diversification of Raw Water Sources

In response to the need for alternative water sources serving Metro Manila, MWSS is currently developing Kaliwa Dam Project which is expected to be completed by 2028. The Kaliwa Dam Project has a yield of 600 MLD. The yield from this future water source will be equally allocated between the Concessionaires. Maynilad will receive 300MLD raw water allocation through the construction of the 300MLD Teresa Water Treatment Plant and its conveyance line of 2.2 meter diameter pipe with a total length of around 50 kilometers to distribute supply to the West Zone

Other water sources that will contribute to the reliability of water supply for Maynilad include the NEW WATER in Pasay with a total of 12 MLD production capacity and MTPs in Valenzuela, Julian, Ligas and Molino with a total of 26 MLD production capacity. To manage fluctuations in water supply, the Company is also constructing small-scale water treatment plants as reliability supply for use during unavailability of water supply from the major water treatment plants.

Pursue Further NRW Reduction

After Maynilad was re-privatized in 2007, Maynilad has embarked on a large-scale NRW reduction program that significantly reduced DMA NRW from 66.8% in 2007 to 30.4% in 2023. This can be attributed to the Company's NRW management strategy which uses the DMA approach with its key components being integrated meter management, data management to monitor the implementation of job orders, pressure management at meter-entry points and at pumping stations, active leakage detection technologies such as the Sahara System and Asterra, and selective pipe replacement. This continues to be a work in progress for the Company to further reduce its current NRW level further to 20.0% within the next six (6) years. Maynilad plans to spend around ₱16.5 billion from 2023 to 2027 for NRW reduction initiatives. This will focus on pipe replacement, meter management projects, establishment of more DMAs, leak repairs and diagnostic activities.

Aside from the mechanical meter aspect of meter management projects, non-mechanical (i) inlet and outlet meters will also be installed to reservoirs; and (ii) flow meters to ensure the accuracy of measurement of plant production.

New DMAs will be established by expanding to new areas, converting DMAs with multiple inflows to a single inflow, and splitting large DMAs into more manageable sizes. The new DMAs and the installation of pressure regulating valves, pressure monitoring points, and instrumentation boxes will help the Company improve efficiency with pressure management and active leakage control.

The rest of the budget will be used for leak detection equipment and technical services. Moreover, the Company intends to address illegal connections and faulty meters through a proactive management approach from the different business areas.

Upgrade WTPs and Distribution Networks

Water withdrawal and production rates at Maynilad are dependent on customer demand, and water delivery, in turn, is in response to such demand. To further enhance the efficiency of the Company's water withdrawal and production processes, as well as to alleviate the supply and quality of water over its concession area, Maynilad plans to continue building more WTPs as well as refurbishing existing infrastructure. These include the 150 MLD expansion at Putatan Water WTP, UATP Rehabilitation Phase 2, Design and Build Contract for LMTP 1 Process Improvement Works, and the La Mesa Development Plan Phase 2.

To establish water distribution flexibility and also as part of the Company's NRW reduction plan, Maynilad will strategically interconnect the HS or clusters of DMA to reduce supply disruptions during maintenance activities. New major primary pipelines will also be installed to serve its expansion areas. The primary lines of its pipe network will also be reassessed with a matrix to determine if it is subject to replacement or retrofitting.

These projects also aim to increase the Company's existing capacity and resiliency given the increasing demand of its customer base.

Construct Additional Sewage Treatment Facilities

Aside from providing water to its concession area, under the CA, Maynilad is also required to provide sewerage services to its customers. As such, the Company has, in recent years, been heavily investing in sewerage projects to increase its sewerage coverage, which has grown from 6.8% in 2007 to around 30.7% by 2023. The Company has a target sewerage coverage of 76% by 2047 with sanitation services complementing it at 24%.

Given this, the Company has laid out long-term plans to properly execute this and have set target coverage milestones for every 5-year period. Each phase of the long-term plan considers a distribution of facilities in the North district and the South of the West Zone concession area. The Company will also prioritize the combined sewer system over the separate sewer system approach in most of its future wastewater projects as it is quicker to implement and more cost-efficient.

The Company intends to build more WRFs in the West Zone, install more sewer lines, and develop sewerage systems in order to accelerate the development of the wastewater infrastructure in Metro Manila. To augment areas without sewage treatment, the Company has also increased its sanitation coverage, reaching 64.4% of customers with water service accounts in 2023.

Maynilad plans to spend around ₱178 billion from 2023 to 2046 for its wastewater management program, which aims to expand sewer coverage and management pollution loading into bodies of water. This ₱178-billion spending plan will go toward the construction of 18 new WRFs in different areas within its concession, the installation of around 360 kilometers of new sewer lines that will catch and convey used water from households to treatment facilities, and the upgrade of 17 existing wastewater facilities to meet the revised effluent standards (DAO 2021-19) of the DENR, among other wastewater-related projects.

From 2007 until 2023, Maynilad has already spent ₱40.6 billion in capital expenditures for its wastewater management projects alone, enabling it to add 21 wastewater treatment plants to the existing two (2), as well as expand sanitation service with its construction of new sewage and septage treatment facilities and purchase of new vacuum trucks for septic tank desludging activities.

Improve water availability

As part of the distribution networks, the Company plans to increase its total water storage capacity from 751 million liters in 2023 to 962 million liters by 2026. This 28% jump in capacity will be through the construction of four (4) new reservoirs which will add 211 million liters to its water storage capacity and increase the overall water availability of the customers under Maynilad’s concession area. The four new reservoirs which will rise in Quezon City, Valenzuela and Muntinlupa will form part of Maynilad’s ₱163-billion service enhancement program for the period 2023 to 2027. These locations have been strategically chosen to better meet the demand and will run parallel to the construction of NEW WATER treatment plants in Valenzuela and Muntinlupa.

Since its re-privatization in 2007, Maynilad has been able to increase the water storage capacity by 88%, from 400 million liters to 751 million liters as of 31 December 2023.

Undertake strategic cost management and process efficiency initiatives

Maynilad intends to continue focusing on streamlining internal business processes and performing risk assessments to ensure that investments achieve the desired impact(s). These can be achieved by maintaining and improving its internal processes and risk controls relating to water and supply operations, wastewater management, and information technology including the integration of newly automated water and wastewater facilities in a control room to enable remote monitoring and control. This integration will include pump stations, inline boosters, lift stations, WRFs and WTPs. A digital twin and advance process control shall be developed for the critical facilities to aid plant operators in optimization, training, and optimization.

Conditions-based monitoring sensor which monitors the conditions of costly machinery and equipment will also be installed, rehabilitated, or replaced as more “smart” advanced sensors become available. Signals such as vibration, winding temperature, bearing temperature, and current consumption will provide a trend or a pattern of behavior to help identify a developing fault and prevent the Company from having to replace or repair its major machineries.

DESCRIPTION OF SERVICE CONCESSION ASSETS

Existing Water Facilities

As of 31 December 2023, Maynilad currently operates eight (8) water treatment facilities composed of two (2) Conventional WTPs, three (3) Ultra Filtration Reverse Osmosis WTPs, and three (3) MTPs across six (6) lots which supplies a total of 2,777 MLD to the West Concession Area. The existing water facilities are located across the West Zone.

Facility	Design Capacity (in MLD)	Operational Capacity as of	Technology	Address	Lot Image
----------	--------------------------	----------------------------	------------	---------	-----------

31 December 2023 (in MLD)					
LMTP 1	1,500	1,500	Conventional Type Water Treatment	La Mesa Compound, Novaliches, Quezon City	
LMTP 2	900	900	Conventional Type Water Treatment	La Mesa Compound, Novaliches, Quezon City	
Putatan WTP 1	150	150	Ultrafiltration, and Reverse Osmosis	Putatan, Muntinlupa City	
Putatan WTP 2	150	150	Ultrafiltration, and Reverse Osmosis	Putatan, Muntinlupa City	
Anabu MTP	16	16	Hydropaq Clarifier, Ultrafiltration, and Reverse Osmosis	Imus, Cavite	
Poblacion WTP	150	50	Ultrafiltration, Reverse Osmosis	Muntinlupa City	
Valenzuela MTP	1	1	Dissolved Air Flotation, Multimedia Filters, Ultrafiltration, and Reverse Osmosis	Valenzuela City	

Paranaque NEW WATER MTP	10	10	Pressurized Media Filtration, Ultrafiltration, and Reverse Osmosis	Parañaque City
-------------------------------	----	----	---	----------------



7. LMTP 1 and 2 in Novaliches, Quezon City

The LMTP 1 is situated inside the La Mesa Compound treats 1,500 MLD that supplies potable water to approximately 6 million persons within the west concession area. Meanwhile, LMTP 2 treats 900 MLD that supplies potable water to approximately 3.6 million persons within the west concession area.

8. Putatan Water Treatment Plant 1 and 2 in Putatan, Muntinlupa City

Both Putatan WTP 1 and 2 are situated in Putatan, Muntinlupa City, drawing raw water from Laguna Lake. Considered the largest membrane-based water treatment plant in the Philippines, both plants are capable of producing 150 MLD of potable water each and supplies potable water to approximately 1.6 million persons within the west concession area.

A comparison between the treatment processes used by LMTPs and the Putatan WTPs is shown below:

Process	LMTP (Conventional)	Putatan WTPs (Integrated Membrane System)
Pre-treatment	Coagulation	Coagulation
	Flocculation	Flocculation
	Sedimentation	Dissolved-Air Floatation
		Oxidation
Main Filtration	Rapid-Sand Filtration	Biological Aerated Filtration
		Ultra-membrane Filtration (UF)
		Reverse Osmosis Filtration (RO)
Post-treatment	Chlorination	Chlorination

Putatan WTPs requires more treatment process steps. A reason for this is that the raw water source of the LMTPs is a triple “A” as it comes from the Angat Dam vis-à-vis the raw water source of the Putatan WTPs which comes from Laguna Lake with a “C” classification, hence, requires more treatment.

9. Anabu MTP

The Anabu MTP is a membrane-based water treatment plant with a design capacity of 16 MLD. This facility converts the raw water from the Anabu Dam into drinking water supply that is directly blended with supply in the distribution system.

4. Poblacion WTP

Poblacion WTP situated in Muntinlupa City, draws raw water from Laguna Lake. It is the third WTP abstracting water from Laguna Lake. The Poblacion WTP has commenced production of 50 MLD in December 2023, and is targeted for full operations by the first half of 2024.

5. Valenzuela MTP

Valenzuela MTP can treat 1 MLD of water using Tullahan River or effluent from the Valenzuela WRF and supplies potable water to approximately 329 water service connections at Brgy. Marulas, City of Valenzuela.

6. Parañaque NEW WATER MTP

Parañaque New MTP is a membrane-based water treatment plant with a design capacity of 10 MLD. This facility converts the treated effluent of the Parañaque WRF into drinking water supply that is directly blended with supply in the distribution system—a first in the Philippines and in Asia.

This water treatment plant is the Company’s initial foray into “potable water reuse” that converts used water into potable water supply. It is part of the company’s effort to develop alternative raw water sources, given the need to reduce reliance on Angat Dam, which remains as the single major supply source for 15 million consumers in Metro Manila.

First commissioned in 2022, the plant catches the effluent of Maynilad’s Parañaque WRF and puts it through a rigorous treatment process to fully convert the treated used water into NEW WATER that complies with the PNSDW.

The NEW WATER MTP’s multi-stage treatment process includes pressurized media filtration, ultrafiltration, reverse osmosis, and post-chlorination.

Reusing the treated effluent of the WRF enabled Maynilad to maximize this previously untapped resource to generate more water supply for distribution. This move towards “potable water reuse” closes the loop between water supply and wastewater disposal, promoting a transition to a circular economy that ensures better use of finite resources.

The Parañaque NEW WATER MTP was recently cited as “Water Reuse Project of the Year” at the prestigious Global Water Awards for moving the industry forward through innovative technology adoption. Maynilad is currently working to expand its NEW WATER output by constructing similar treatment facilities that will catch the treated used water from its other WRFs for conversion to potable water supply.

Upcoming Water Facilities

Facility	Design Capacity (in MLD)	Target Commissioning Date	% of Completion	Technology	Facility
Julian MTP	3	Q2 2024	83%	Lamella Clarifier, MMF UF & RO	Imus, Cavite
Pasay NEW WATER WTP	12	Q3 2024	32%	Chlorine Contact Tank, Ultrafiltration, Reverse Osmosis and UV	Pasay City
Molino MTP	5	Q4 2024	66%	Dissolved Flotation, Multimedia Filtration & Ultrafiltration	Bacoor Cavite
Ligas MTP	18	Q1 2025	27%	Biological Aerated Filter, Ultrafiltration, and Reverse Osmosis	Bacoor Cavite
Teresa WTP	300	Q2 2028	0%	Conventional Type Water Treatment	Teresa, Rizal

7. **Julian Water Treatment Plant**

The Julian MTP is a membrane-based water treatment plant with a design capacity of 3 MLD that is expected to be operational in the second half of 2024. This facility converts the raw water from the Julian Dam into drinking water supply that is directly blended with supply in the distribution system. Target completion for the Julian WTP is in the second half of 2024.

8. **Teresa WTP**

In relation to the New Centennial Water Source – Kaliwa Dam Project of the MWSS, Maynilad expects to receive an allocation from the water source of 300 MLD through the construction of the Teresa WTP and its conveyance line of 2.2-meter diameter pipe with a total length of around 50 kms to distribute supply to the Maynilad concession area. Teresa WTP has a planned capacity of 300 MLD, and the plant is targeted for commission by 2028.

9. **Molino MTP**

The Molino MTP is a membrane-based water treatment plant with a design capacity of 5 MLD. This facility converts the raw water from the Molino Dam which water coming from Don Celia River into drinking water supply that is directly blended with supply in the distribution system. Target completion of the plant is in 4th quarter of 2024

10. **Ligas MTP**

The Ligas MTP is a membrane-based water treatment plant with a design capacity of 18 MLD. This facility converts the raw water from the Ligas Dam which water coming from Zapote River into drinking water supply that is directly blended with supply in the distribution system. Target completion of the plant is in 1st quarter of 2025

11. Pasay NEW WATER MTP

12MLD New WTP is the Maynilad 2nd New WTP. Raw water will get to effluent of Pasar Water Reclamation Facility, and can supply up to 72,000 people. Target completion 3rd quarter of 2024

Existing Wastewater Facilities

Maynilad is operating seven sewerage systems or catchments composed of twenty-three (23) wastewater treatments plants with twenty (20) WRFs/Sewage Treatment Plants, 2 Joint Sewage and Septage Treatment Plants, and 1 Septage Treatment Plant) which serve around 30.7% of the total water-served population in the West Zone as of 31 December 2023.

Facility	Daily Capacity (in cu.m)	Technology	Type of Sewer System	Address	Receiving Body of Water
Manila Catchment Facilities					
Tondo Sewage Pumping Plant	432,000	Grit Removal & Aeration System	Separate	Asuncion St. cor. C.M. Recto Ave., Tondo, Manila	Manila Bay
Paco WRF	410	Moving Bed Bioreactor (MBBR)	Combined	Cristobal St. cor. Athena St., Paco, Manila	Estero de Santibanez
Quezon City West Facilities					
Congressional WRF	567	Sequencing Batch Reactor (SBR)	Separate	Congressional Ave. cor. Hereford St., Brgy Bahay Toro, Project 8, Quezon City	Culiat Creek
Legal WRF	409	SBR	Separate	Legal cor. Premium St., GSIS Village, Project 8, Quezon City	Dario Creek
Grant WRF	621	SBR	Separate	Grant St., Brgy. Bahay Toro, Project 8, Quezon City	Dario Creek
Baesa WRF	390	STM Aerotor	Combined	Saint Paul St., Remerville Subd., Brgy. Baesa, Quezon City	Dario Creek
Tandang Sora WRF	1,200	STM Aerotor	Combined	Real Village, Tandang Sora, Quezon City	Dario Creek
Bahay Toro WRF	13,400	MBBR	Combined	Fema Rd., Bahay Toro, Quezon City	Dario Creek
Bagbag WRF	10,400	SBR	Combined	Homeland Townhomes, Tandang Sora Ave., Brgy. Tandang Sora, Quezon City	Dario Creek
Paltok WRF	4,900	MBBR	Combined	Lot 18 Blk 52 of PSD-1650, Bo. San Francisco Del Monte, Quezon City	Mariblo Creek
San Antonio WRF	3,310	MBBR	Combined	San Jose St. cor. West Riverside St., Brgy. San Antonio, Quezon City	San Juan River
Del Monte WRF	3,510	MBBR	Combined	Caragay St., Brgy. Damayan, Quezon City	San Juan River
Samson WRF	1,900	STM Aerotor	Combined	Lorraine St. cor. Cristine St., Parkway Village, Apolonio Samson, Quezon City	San Juan River
Tatalon WRF	8,100	SBR	Combined	G. Araneta Ave. cor. E. Rodriguez Blvd., Brgy. Tatalon, Quezon City	San Juan River
Kapiligan WRF	6,000	MBBR	Combined	37-A Kapiligan St., Brgy. Dona Imelda, Quezon City	San Juan River

Talayan WRF	15,400	Conventional Activated Sludge (CAS)	Combined	P. Florentino St., Brgy. Sto. Domingo, Quezon City	Talayan Creek
Muntinlupa Facility					
Alabang WRF	10,000	CAS	Separate	San Juanico St., Ayala Alabang Village, Alabang, Muntinlupa City	Pasong Diablo River
Pasay - Makati Facility					
Pasay WRF	46,600	CAS	Combined	C. Jose St., Brgy 168, Malibay, Pasay City	Maricaban Creek
Paranaque Facility					
Parañaque WRF	76,000	Conventional Activated Sludge - MLE (CAS- MLE)	Combined	Sucat Road, Brgy. San Dionisio, Parañaque City	Malabon Creek
Valenzuela Facility					
Valenzuela West WRF	60,000	CAS-MLE	Combined	F. Bautista St., Brgy. Marulas, Valenzuela City	Tullahan River

Manila Catchment

The Manila Catchment has a total land area of approximately 39.2 km² servicing 814 barangays in Manila, and six barangays in Quezon City. Approximately 70% of the land area of the City of Manila is covered by an existing separate sewer network. Manila Catchment is divided into three sub-catchments: Manila North, Manila East, and Manila South.

1. Tondo Sewage Pumping Plant

Manila North, formerly known as the Central Manila Catchment, contains one of the oldest sewerage systems in Asia, dating back to the 1900s. The catchment is mainly composed of Tondo Sewage Pumping Plant (“TSPP”) and serves the barangays in Tondo, Sta. Cruz and Legarda.

Wastewater from the customers’ sewer service connections is conveyed to the separate sewer system and enters the TSPP from the following sources: (i) the joint flow from the southern and northern trunk sewers; (ii) the flow from the Tondo Foreshore and (iii) the flow from the Dagupan system. In this facility, wastewater undergoes preliminary treatment before it is pumped into Manila Bay through a 3.9-km outfall.

2. Paco WRF

The 410-CMD Paco WRF utilizes a combined sewer system and is designed to collect storm water runoff, domestic sewage, and commercial wastewater in the same pipe. The facility uses Johkasou technology utilizing a Moving Bed Biofilm Reactor (MBBR) technology which is based on a specially designed plastic biofilm carriers that are suspended and continuously moving within the reactor before discharging the treated wastewater to Estero de Santibañez.

Quezon City West Sub-Catchment

Quezon City is the most populous city in the Philippines with a population of 2,960,048 (2022 Census). The Quezon City Catchment is divided into four sub-catchment areas for the West Zone: the Quezon City North, Quezon City West, Quezon City Central and Quezon City East. Maynilad’s existing wastewater facilities in the city are under the Quezon City West catchment.

Within Quezon City West are 15 decentralized WRFs with a combined capacity of 73,000 CMD.

3. Congressional WRF

This WRF serves portions of Bahay Toro, and was upgraded from a communal septic tank (“CST”) to a WRF in 2010. The Congressional WRF was the first WRF commissioned by Maynilad utilizing the SBR system, and has a capacity of 567 CMD. Residential and semi-business establishments in this sub-catchment are being served by a separate sewerage system.

4. **Legal WRF**

This WRF started operating in October 2012. It is one of the former CSTs upgraded into a full-blown WRF, and is located in a 288 m² lot in Project 8, Quezon City. It utilizes the SBR system and has a capacity of 409 CMD. This sub-catchment uses the existing 4.7 kms of separate sewer lines, which collect and convey the sewage from the households to the WRF for treatment. The treated effluent is discharged to Dario Creek.

5. **Grant WRF**

This WRF started its process-proving in January 2013, and was turned over to Maynilad in August 2013. The Grant WRF is one of the former CSTs upgraded into a full-blown WRF. It utilizes an SBR system, and has a capacity of 621 CMD. It is situated in a 458 m² lot. This sub-catchment uses the existing 4.6 kms. of separate sewer lines, which collect and convey the sewage from the households to the WRF for treatment. The treated effluent is discharged to Dario Creek.

6. **Baesa WRF**

This WRF is the first of the 11 WRFs in the Quezon City West Catchment completed in July 2011. The Baesa WRF is situated in a 287 m² lot, and has a capacity of 390 CMD. Wastewater coming from households in the catchment area is intercepted from the drainage outfalls and conveyed to the Baesa WRF for treatment before its discharge to the Dario Creek.

7. **Tandang Sora WRF**

This WRF is a 1,200 CMD plant utilizing STM-Aerotator technology. STM-Aerotator technology uses the Integrated Fixed Film and Activated Sludge (“IFAS”) system. Treated effluent is discharged to Dario Creek.

8. **Bahay Toro WRF**

This WRF is located at Fema Road, Bahay Toro, Quezon City. It has a design capacity of 13,400 CMD, and uses the MBBR technology. Treated effluent is discharged to Dario Creek.

9. **Bagbag WRF**

This WRF started operating in December 2014. It is located in a 3,516 m² lot in Brgy. Tandang Sora. It has a capacity of 10,400 CMD, and uses the SBR technology. Treated effluent is discharged to Dario Creek.

10. **Paltok WRF**

This WRF started operating in September 2013. It utilizes the MBBR technology, and has a capacity of 4,900 CMD. It is located in a 1,091 m² lot in Paltok, Quezon City, and discharges treated effluent to Mariblo Creek.

11. **San Antonio WRF**

This WRF started operating in May 2013. The facility is located in a 605 m² lot in Project 8, Quezon City. It utilizes MBBR technology, and has a capacity of 3,310 CMD. It discharges treated effluent to the San Juan River.

12. **Del Monte WRF**

This WRF started operating in October 2013. It is located in a 574 m² lot in Project 8, Quezon City. It utilizes MBBR technology, and has a capacity of 3,510 CMD. This WRF discharges treated effluent to the San Juan River.

13. **Samson WRF**

This WRF is a 1,900 CMD plant located at Parkway Village, Brgy. A. Samson, Quezon City. It utilizes STM-Aerotator technology. The STM-Aerotator technology uses the IFAS system. Treated effluent is discharged to San Juan River.

14. **Tatalon WRF**

This WRF is located at E. Rodriguez Ave. corner Araneta Ave., Tatalon, Quezon City. It has a design capacity of 8,100 CMD, and uses the SBR technology. Treated effluent is discharged to San Juan River.

15. Kapiligan WRF

This WRF is located at Kapiligan St., Brgy. Doña Imelda, Quezon City. It has a design capacity of 6,000 CMD, and uses the MBBR technology. Treated effluent is discharged to San Juan River.

16. Talayan WRF

This WRF is located at P. Florentino St., Brgy. Santo Domingo, Quezon City. It has a design capacity of 15,400 CMD, and uses CAS as its mode of treatment process. Treated effluent is discharged to the San Juan River.

Muntinlupa Catchment

The Muntinlupa Catchment consists of nine barangays, covering a total land area of 3,768 ha. This catchment is divided into three sub-catchments: Alabang, Cupang, and Tunasan. The Alabang sub-catchment has an existing sewerage system in Muntinlupa, while the Cupang and Tunasan sub-catchments are still under development.

17. Alabang WRF

The Alabang WRF serves this sub-catchment area and was constructed by Ayala Land, Inc. in 1983 on a three-hectare lot inside the Ayala Alabang Village. It was turned over to Maynilad in 2009.

Pasay – Makati Catchment

The Pasay-Makati catchment area is composed of all the 201 barangays in Pasay and five barangays in Makati, which is part of the West Zone. It covers a land area of 1,747 ha.

18. Pasay WRF

The 46,600 CMD Pasay WRF is the newly-built facility located in the Pasay-Makati South sub-catchment. It was inaugurated in 2018 and completed the process proving stage in 2020.

Parañaque Catchment

The Parañaque catchment area is able to serve the population in Parañaque City covering a land area of 4,488 ha.

19. Parañaque WRF

The Parañaque WRF, located in the Parañaque south sub-catchment area, operates with a capacity of 76,000 CMD, and is presently the largest WRF of Maynilad. It utilizes a Biological Nutrient Removal technology which enables it to comply with the newest effluent standards by DENR. It was inaugurated in 2019 and was turned over to Maynilad in 2020.

Valenzuela Catchment

Located at the Valenzuela West sub-catchment, the Valenzuela West WRF was partially energized in 2022. The facility is currently in the process of commissioning stage.

20. Valenzuela West WRF

The ongoing development of this catchment will consist of a 60,000 CMD WRF and a 28- km sewer network. The project will cover a land area of approximately 1,600 has., serving the population of Karuhatan, Gen T. de Leon, Marulas, Maysan, and some portions of adjacent barangays.

Existing Joint Sewage and Septage Treatment Plants

Facility	Sewerage	Septage	Address
----------	----------	---------	---------

	Daily Capacity (in cu.m)	Technology	Sewer System	Daily Capacity (in cu.m)	Technology	Body of Water
Joint sewage and septage						
Veterans Village WRF	2,400	SBR	Separate	240	Volute (Screw Press)	11 Road A St., Veterans Village, Project 7, Quezon City Culiat Creek
Dagat-Dagatan SSpTP	26,000	Waste Stabilization Period	Separate	450	Dewatering (Screw Press)	Dagat-Dagatan Ave., Sawata Area, Maypajo, Karangalan, Caloocan City Maypajo Creek
Septage treatment plant						
South Septage Treatment Plant	-	-	-	500	Screw type dewatering system	Alabang-Zapote Rd, Brgy. Pamplona Uno, Las Piñas City Zapote River

3. Veterans Village WRF

The Veterans Village WRF (Project 7 Sewage and Septage Treatment Plant) is located at the former Project 7 Imhoff tank and has a design sewage treatment capacity of 2,400 CMD and septage treatment capacity of 240 CMD (at 16 hours operation). It has two acceptance units with screening and grit removal capabilities and screw-type dewatering processes to treat the septage collected from the customers.

4. Dagat-dagatan Sewage and Septage Treatment Plant

The Dagat-dagatan Sewage and Septage Treatment Plant was completed in 1981 by the National Housing Authority and was then handed to MWSS in 1991, before it was turned over to Maynilad in August 1997.

5. South Septage Treatment Plant

The 500 CMD Septage Treatment Plant began its operation in March 2016. It was built to collect septage from septic tanks of customers in the southern portion of the West Zone. It is one of the projects funded by a World Bank loan. This facility uses a flocculation/coagulation/dewatering type of technology. The dewatered sludge is at 20-25% dry solids.

Ongoing Wastewater Facilities Projects

Maynilad has 11 ongoing wastewater facilities projects which are composed of 7 Water Reclamation Facilities, 1 Integrated Sludge Management System, 3 Conveyance System Projects) as follows:

Facility	Daily Capacity (in cu.m)	Technology	Type of Sewer System	Address	Receiving Body of Water
Valenzuela Facility					
Valenzuela West WRF	60,000	CAS-MLE	Combined	F. Bautista St., Brgy. Marulas, Valenzuela City	Tullahan River
Muntinlupa Facility					

Facility	Daily Capacity (in cu.m)	Technology	Type of Sewer System	Address	Receiving Body of Water
Cupang WRF	46,000	CAS	Combined	M. L. Quezon Rd., Brgy. Cupang, Muntinlupa City.	Laguna de Bay
Tunasan WRF	20,000	CAS	Combined	Buendia St., Brgy Tunasan, Muntinlupa City	Laguna de Bay
Camana Facility					
Camana WRF	205,000	CAS-MLE	Combined	Dagat-Dagatan Ave., Sawata Area, Maypajo, Karangalan, Caloocan City	Maypajo Creek
Manila Facilities					
Manila North WRF	180,000	SBR ¹⁹	Separate	Brgy. 101 Vitas, Tondo Manila	Manila Bay
Las Piñas Facility					
Las Piñas WRF	88,000	CAS-A2O	Combined	Alabang Zapote Road, Brgy. Pamplona Uno, Las Piñas City	Zapote River
Bacoor Facility					
Ayala Southvale Village (ASV) WRF	710	SBR	Separate	Along M. Gawaran Ave., Bacoor City, Cavite Province	Zapote River

Valenzuela Catchment

Located at the Valenzuela West sub-catchment, the Valenzuela West WRF was partially energized in 2022. The facility is currently in the process commissioning stage.

1. Valenzuela West WRF

Valenzuela west sub-catchment spans a land area of approximately 3,000 has. and is composed of 31 barangays. The ongoing development of this catchment will consist of a 60,000 CMD WRF and a 28-km sewer network. The project will cover a land area of approximately 1,600 has., serving the population of Karuhatan, Gen T. de Leon, Marulas, Maysan, and some portions of adjacent barangays.

Muntinlupa Catchment

The ongoing project will involve (i) the construction of two WRFs, and (ii) installation of combined interceptor systems. Upon completion, more than 200,000 of the waterserved population will be covered by the sewerage system, helping protect Laguna Lake from untreated wastewater.

2. Cupang WRF

The Cupang sub-catchment covers about 1,300 has. of land and serves barangays of Alabang, Bayanan, Buli, Cupang, and Sucat in Muntinlupa City. The 46,000 CMD Cupang WRF and the combined interceptor system projects are under construction and nearing their completion.

3. Tunasan WRF

The Tunasan sub-catchment covers a slightly smaller land area of 998 has. and caters to a population of Barangay Tunasan. The project involves laying of interceptor pipes, construction of pump stations and a 20,000 CMD WRF.

Camana Catchment

The CAMANA (South Caloocan, Malabon and Navotas) catchment is one of the largest catchment areas in the West Zone, composed of three cities with 199 barangays, and a combined catchment land area of 4,455 has.

¹⁹ SBR is the proposed technology for Manila North WRF. Currently, this facility is undergoing design and review stage.

4. Camana WRF

The wastewater project aims to upgrade the capacity of the existing Dagat-Dagatan SSpTP from 26,000 to 205,000 CMD. From serving small portions of the three cities, the plant will fully cater to the combined cities of South Caloocan, Malabon, and Navotas. Aside from capacity upgrade, the facility will also undergo a technology upgrade from waste stabilization ponds to a Modified Ludzack-Ettinger (“MLE”) process to comply with the DAO 2021-19 standards.

Manila Catchment

The TSPP under the Manila North sub-catchment is designed to comply with the DAO 1990-35 effluent standards. With the updating of these standards, further treatment processes are required. Specifically, the facility must be upgraded to comply with the Class SB effluent standard stated in the newly-implemented DAO 2021-19.

5. Manila North WRF

A new WRF with a capacity of 180,000 CMD will be constructed downstream of the TSPP before discharging into Manila Bay. A new conveyance system will also be constructed to connect the TSPP to the new WRF.

Las Piñas Catchment

The Las Piñas catchment has a land area of 3,214 has. Half of its land area is residential and the remaining half is used for commercial, industrial and institutional purposes.

6. Las Piñas WRF

The 88,000 CMD Las Piñas WRF is the sole wastewater facility to be constructed in the Las Piñas catchment. The original plan was to construct three WRFs in this catchment area, as recommended in the FS conducted by OEC and validated by Nippon Koei. Opportunely, the acquired lot can accommodate the wastewater flow for the entire Las Piñas catchment, allowing Maynilad to opt for a centralized sewerage system.

Bacoor Catchment

The Bacoor Catchment has a total land area of 4,318 has.

7. Ayala Southvale Village (ASV) WRF

In August 2009, Ayala Waterworks turned over to Maynilad the operations and maintenance of the waterworks and sewerage systems of the Ayala Southvale Village (“ASV”) in Bacoor City. The ASV has 3,755 meters of separate sewer network. The ongoing project in this catchment is the ASV WRF which has a design capacity of 710 CMD. The on-going rehabilitation is geared towards compliance with DAO 2021-19 effluent standards.

Conveyance System Projects

Alongside WRF projects, the conveyance of the combined sewer system projects is being implemented to ensure that the wastewater generated by the catchments are intercepted and transported to the facilities for treatment before its disposal.

Facility	Type of Sewer System	Areas Covered
Parañaque South Conveyance System (Flow Enhancement Project)	Combined	Brgy. San Dionisio and Brgy. La Huerta
Las Piñas Conveyance System	Combined	Las Piñas
Manila North Rehabilitation Project (former “CMSS Rehabilitation Project”)	Separate	Sta. Cruz and Malate

8. Parañaque South Conveyance System (Flow Enhancement Project)

The flow enhancement project will cover a land area of 106 has. that will cater to the barangays of San Dionisio and La Huerta. The project will involve the construction of five kms of sewer lines, interceptor systems and pump/lift stations. The project will convey a maximum of 5,000 CMD of wastewater to the 76,000 CMD Parañaque WRF.

9. Las Piñas Conveyance System

The wastewater generated in the Las Piñas catchment will be conveyed to the treatment facility through a sewer network with approximately 74 kms. of sewer lines, three pump stations, and 39 lift stations distributed across four packages, namely, Packages 1A, 1B, 2 and 3. Package 1A covers barangays B.F. International Village, Manuyo Dos, Manuyo Uno, Pamplona Tres, Pulang Lupa Dos, Pulang Lupa Uno, Talon Tres, and Talon Uno, while Package 1B covers barangays Daniel Fajardo, Elias Aldana, Manuyo Dos, Manuyo Uno, Pamplona Uno, Pulang Lupa Dos, Pulang Lupa Uno, and Zapote.

10. Manila North Rehabilitation Project (former “CMSS Rehabilitation Project”)

The sewerage system of Manila North catchment dates back to the 1900s. To ensure the reliability of the sewer network and accommodate additional wastewater from the increasing population of domestic customers and commercial establishments, rehabilitation of the sewer line is necessary. The project is composed of five packages that will cover a part of Sta. Cruz and Malate. It has approximately 7,000 linear meters of sewer lines, ranging from 200 mm to 1200 mm in diameter. It includes 30 affected barangays, and will cater to more than 3,900 unsewered domestic and commercial accounts.

Integrated Sludge Management System (“ISMS”)

1. ISMS

Wastewater treatment produces a semi-solid, nutrient-rich by-product called sludge. Sludge undergoes further treatment to remove pollutants and reduce its volume to an acceptable level to ensure safe and proper disposal. The total volume of sludge produced is directly proportional to the number of treatment facilities and its capacities. This is compounded by the treatment processes involved such as the nutrient removal process, which is required to comply with the latest effluent standard or the DAO 2021-19. Sludge disposal is very costly in terms of operating costs, thus, creating a need to look for alternative solutions for sludge management – an Integrated Sludge Management Program (“ISMP”). The ISMP aims to provide Maynilad a vision on the development of an ISMS, considering all existing and future water and wastewater facilities.

Existing Pipe Overlay

Maynilad continues its pipelaying projects to expand its customer reach within the West Zone. Activities span between replacing legacy pipelines turned over by the MWSS to Maynilad at the start of the Concession Agreement amounting to approximately 1,274.35 km as well as combining and extending the Company’s supply and sewer pipe system throughout its service area.

Supply Pipe (in km)	Active		Decommissioned		Hydrotested	Total (in KM)
	Pipelaying	Replacement	Decommissioned	Replaced		
Primary	555.86	27.93	19.83	74.06	--	677.67
Secondary	655.62	407.04	55.67	408.24	--	1,526.57
Tertiary	2,897.83	2,742.60	499.31	2,797.47	--	8,937.21
Annex ²⁰	0.54	0.00	3.00	14.87	308.33	326.74
Grand Total	4,109.85	3,177.57	577.82	3,294.63	308.33	11,468.20

Figure 6: Supply Pipe Network (as of 31 December 2023)

²⁰ Annexed Pipes pertain to those that have not been integrated to the whole Maynilad pipe system



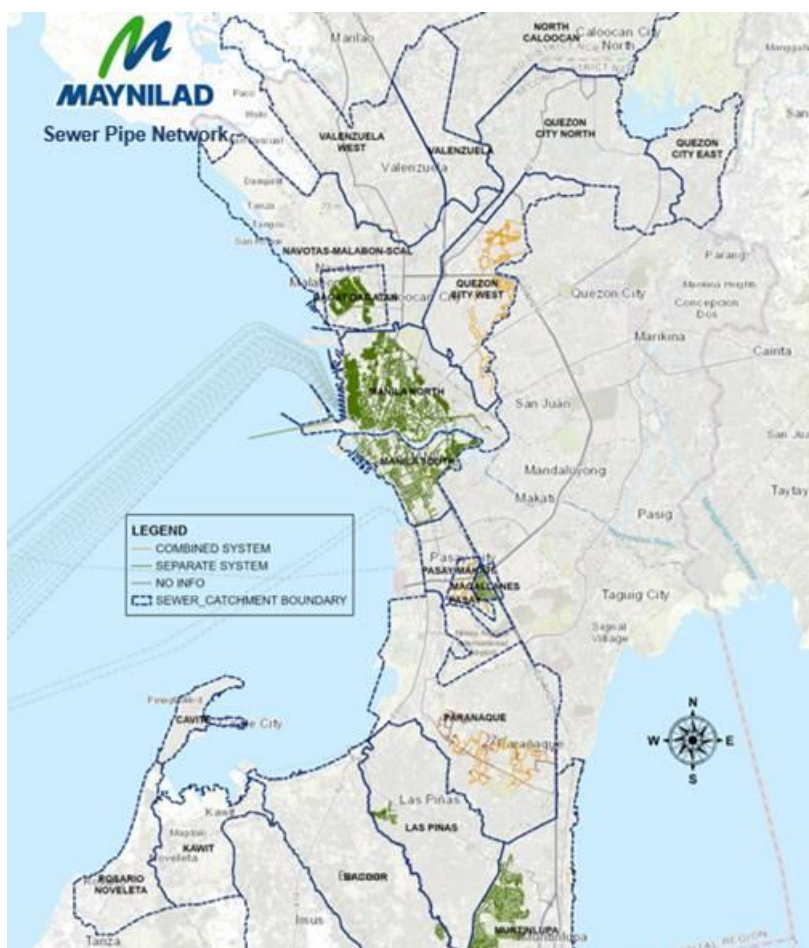
Sewer Type (in km)	Active	Decommissioned	Total
Combined	89.67	0.50	90.17
Separate	532.41	1.86	534.27
Annex	21.14	-	21.14
Grand Total	643.22	2.36	645.58

Combined sewer systems transport both sewage and runoff (e.g. rainfall).

Separate sewer system is a sewer network that collects and conveys sewage.

Annexed sewer system pertains to those that have not been integrated to the whole Maynilad sewerage system.

Figure 7: Sewerage Pipe Network (as of 31 December 2023)



RECENT AWARDS AND MILESTONES

The Company has been lauded for its efforts to continuously serve its customers and innovate. Namely, it has received the following:

Award-Giving Body	Award Received	Program / Awardee
2023		
2023 Global Water Awards	Water Reuse Project of the Year	Parañaque NEW WATER Treatment Plant
2023 Stevie International Business Awards (Stevie® IBA)	Gold Stevie Award Achievement in Product Innovation category	NEW WATER: Maynilad’s Foray into Potable Water Reuse Project
2023 Stevie International Business Awards (Stevie® IBA)	Silver Stevie Award Communications or PR Campaign of the Year – Integration of Traditional and New Media category	Ceremonial Launch of Maynilad’s NEW WATER
2022		
2022 SAG Award by Environmental Systems Research Institute (ESRI)	Special Achievement	Geographic Information System
Investors in People (IiP)	Gold Level Accreditation	Maynilad
International Federation of Consulting Engineers	2022 FIDIC Contract Users’ – Project of the Year Award	Maynilad LMTP1
2021		
Bentley Systems, Inc.’s (Bentley) 2021 Going Digital in Infrastructure Awards	Finalist	Water, Wastewater and Stormwater Networks

Clean Energy Ministerial	CEM Insight Award for Leadership in Energy Management	Energy Management System
2020		
Asia Sustainability Reporting Awards 2019	Finalist	Best Community Reporting Best Workplace Reporting
Asia IoT Business Platform	2020 Philippine Enterprise Innovation Award	Achieving Operational Reliability with BIM and DCS Technologies
Global Water Awards 2020	Water Project of the Year	Putatan Water Treatment Plant 2 (PWTP2)

RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES, INCLUDING RECENT ISSUANCE OF SECURITIES CONSTITUTING AN EXEMPT TRANSACTION

On 1 December 2023, the Board of Directors approved the issuance of 6,514 ESOP shares (out of ESOP shares held in treasury). Pursuant to such approval, the Company issued 6,289 ESOP shares to eligible employees of the Company.

EMPLOYEES

As of 31 December 2023, Maynilad has a total of 2,099 permanent employees (comprised of regular employees and probationary employees) and 384 project-based employees. The following table provides the breakdown of the Company's regular employees according to function:

Regular Employees	2021	2022	2023
Executive	67	70	67
Manager	391	398	422
Supervisor	397	382	375
Rank-and-File	1,197	1,112	1,235
Total	2,052	1,962	2,099

The Company does not anticipate any significant changes in its staffing numbers of regular employees in the next twelve (12) months. The Company has two (2) Collective Bargaining Agreements (“CBA”) - one for supervisors, which is under Maynilad Water Supervisors’ Association, and for rank-and-file employees, which is under Maynilad Water and Sewerage Union-Philippine Trade and General Workers Organization. The CBA with its supervisors and rank-and-file employees will expire on 30 November 2024 and 31 December 2026, respectively. Negotiations for the CBA with labor unions will commence two (2) months prior to the said expiry dates. For the past three (3) years, the labor unions of Maynilad have not staged any strike.

The Company also offers various programs to its employees such as the following:

Program name	Description
Cadet Engineer Program	Cadet Engineer Program is a 6-month program for young engineers. It combines classroom lectures, performance demonstrations, on-the-job training, project management, and research and development. The program prepares and equips the cadet engineers with technical and leadership skills relevant to their specific functions/roles after graduating from the program.
Leadership Development Program	The Leadership Development Program is a multi-tier learning program designed to equip Maynilad leaders with the necessary business and people management competencies as they move from holding supervisory to executive roles. The program is carried out in partnership with external learning institutions such as First Pacific Leadership Academy, University of Asia and the Pacific, and Lee Hecht Harrison among others.
Technical Career Ladder Program	The Technical Ladder Program aims to build industry-leading experts and scientists in the fields of water and wastewater treatment operations and maintenance, non-revenue water management, water solutions design engineering, industrial plant automation, and other fields that are part of Maynilad's core business competencies.

Standard Training Curriculum for Operations Personnel	The Standard Training Curriculum offers curated in-house designed technical courses for Maynilad's operations personnel. The aim is to build well-rounded water professionals capable of providing a wide array of water and wastewater solutions.
Other training programs	<p>Maynilad offers varied training programs that respond to the business needs of the Company. These programs include:</p> <ul style="list-style-type: none"> • Professional and technical certifications • Foundational and compliance-related courses (e.g. Basic Internal Controls, Fraud, Basic Safety) • International and local conferences and seminars

ENVIRONMENT, SAFETY AND HEALTH

The Company is subject to environmental laws and regulations in conduct of its water business. See also “*Regulatory Framework*” in this Preliminary Prospectus. These laws and regulations generally require that government permits and approvals are obtained. The Company incurs costs in the ordinary course of business to comply with these laws, regulations and permit requirements.

Prior to construction or expansion of the Company’s facilities, an application for the ECC must be made and supported by an EIA that studies the overall environmental impact of the proposed project. Preventive, mitigating, and enhancement measures will be implemented are included in the EIA. The issuance of an ECC signifies that the proposed project will not cause significant negative environmental impact. Maynilad continues to meet and exceed statutory and regulatory standards with its environmental programs and has ear-marked a budget based on current trends of facilities management and innovation.

The Company also conducts an annual Greenhouse Gas (“GHG”) and Air Pollutants Inventory to quantify its GHG and take measures to minimize it. This process has also received an ISO 14064:2006 certification as it meets the international standard for GHG accounting and verification.

All the Company’s water treatment plants meet the standards established by the DOH in the National Standards for Drinking Water (PNSDW) which govern the minimum expectations for water supply. Both La Mesa Treatment plants also meet global standards Quality Management (ISO 9001:2015), Environmental Management (ISO 14001:2015), and Occupational Health and Safety (OHSAS 18001:2007).

Currently, Maynilad’s wastewater facilities are required to be maintained in compliance with environmental standards set primarily by the DENR for effluent quality. Effluents from facilities, such as sewage and septage treatment plants, are routinely sampled and tested against DENR standards using international quality sampling and testing procedures.

Maynilad’s regular maintenance procedures involve regular disinfection of service reservoirs and mains and replacement of corroded pipes. Maynilad believes all wastewater treatment processes and effluents meet the current standards of the DENR.






Maynilad’s Dagat-Dagatan Sewage and Septage Treatment Plant in Caloocan is the first facility of its kind in the Asia-Pacific Region to attain triple international standard accreditations on Quality Management (ISO 9001:2008) and Environmental Management (ISO 14001:2004) in January 2007, and Occupational Safety and Health Management (OHSAS 18001:2007).

The Company also has a program aimed at environmental conservation. “Plant for Life” is the flagship environmental conservation program of Maynilad, which aims to recover denuded watersheds and thus protect the water supply of millions of consumers. It rallies volunteers from the public and private sector to help recover forestlands through the annual planting of trees. This multi-site reforestation program has planted over one million trees since its inception.

INTELLECTUAL PROPERTY RIGHTS

The Company’s brand is the company’s representation of its organization to the public. It is the embodiment of the Company, its business operations, its history, its objectives and its plans for growth. To protect its brand identity, the

Company registered the respective trademarks for its logo, tagline and characters, with the Intellectual Property Office. The details of the trademarks registered under the Company's name are set forth below:

Mark	Registration Period	Validity Period		
		From	To	
	Maynilad logo	4/2019/00007795	8 September 2019	8 September 2029
	Higit sa tubig ang aming serbisyo	4/2019/00007798	8 September 2019	8 September 2029
	Mayni-LAD	4/2019/00007796	8 September 2019	8 September 2029
	Tubee	4/2019/00007797	8 September 2019	8 September 2029
	Maynilad logo	<i>Registration being processed</i>	<i>Registration being processed</i>	<i>Registration being processed</i>

The Company has recently launched its new logo, and is currently in the process of completing the application for the registration of the trademark for the new logo.

The Company also registered a utility model for a system for meter reading and on-site utility billing (“**System**”). The System includes a computing apparatus, a portable billing terminal and a portable bill printer. The System can (i) collect information on water consumption; (ii) control the operations of the portable bill printer; (iii) capture and collect images for documentation purposes. The utility model publication for the system was released on 5 April 2021. Based on the IPOPPL database, the utility model is entitled to protection until 2 December 2027.

Further, the Company has a pending patent application for a computing system which has access control to application module functions using assignable permission groups and user profile filed on 7 June 2021. On the same day, the IPO – Bureau of Patents acknowledged the completeness of the submissions by the Company.

COMPETITION

Other private entities also operate in the West Zone, such as within residential subdivisions and villages. However, the operation of these entities does not have a significant impact on the business of the Company.

CUSTOMERS AND SUPPLIERS

Maynilad provides water and sewerage services to the West Zone of Greater Metro Manila under its CA with the government. The West Zone concession covers a 540 square kilometer area comprising 17 cities and municipalities

consisting of Manila (certain areas), Quezon City (certain areas), Makati (certain areas), Caloocan, Pasay, Parañaque, Las Piñas, Muntinlupa, Valenzuela, Navotas and Malabon - all in Metro Manila; the cities of Cavite, Bacoor and Imus, and the towns of Kawit, Noveleta and Rosario - all in Cavite province.

As of 31 December 2023, the Company's billed customers, defined as active water service accounts connected to a water main that is being charged by Maynilad, reached to 1,532,463. The Company estimates that it services over ten million people within the West Zone concession.

Generally, the Company is not and does not expect to be dependent upon one or a limited number of suppliers. Although Maynilad's water service operations necessarily involve the use of specialized equipment and chemicals, the Company has cultivated relationships with multiple vendors per input and is not dependent on a single or limited number of suppliers.

As regards Maynilad's customers, the Company is not and does not expect to be dependent upon a single or a few customers.

DESCRIPTION OF PROPERTY

As of the date of this Preliminary Prospectus, there are no definite plans of acquiring properties in the next twelve (12) months. Nonetheless, the Company plans to continually participate in future projects that become available to it and will disclose the same in accordance with the applicable disclosure rules under the SRC.

There are no other mortgages, liens, or encumbrances over the properties of the Company, except for one (1) pending case in 2008 that was annotated in a Transfer Certificate of Title (TCT) located in Bacoor City and registered under the name of the Company. The Company is currently processing the cancellation of the annotation given that the litigation proceeding in relation thereto has already been terminated.

Locations of principal properties of Maynilad and its subsidiaries are as follows:

Type of Facility	Location	Ownership	Number
1. Water Treatment Plant	Muntinlupa City	Maynilad	Active – 2 Ongoing Construction – 1
	Quezon City	MWSS and others	Active – 2
2. Modular Treatment Plant	Parañaque City, Valenzuela City, Imus City	Maynilad	Active – 1 Standby – 1 Ongoing Construction – 1
3. Pump Station	Quezon City, Las Piñas City, Caloocan City, City of Manila, Makati City, Pasay City, Parañaque City, Valenzuela City, and Imus City	Maynilad	Active – 99 Standby - 2
	Caloocan City, and Parañaque City	MWSS and others	Active – 1 Standby – 1
4. Pump Station and Reservoir	Quezon City, Caloocan City, Pasay City, Muntinlupa City, Parañaque City, Bacoor City, Imus City, and Municipality of Kawit Cavite	Maynilad	Active – 10 Standby – 1
	Quezon City, Caloocan City, City of Manila,	MWSS and others	Active – 18 Standby – 1

	Muntinlupa City, Pasay City, Las Piñas City, Bacoor City, Cavite City and Municipality of Noveleta Cavite		
5. Pumping Station Weir	Quezon City	Maynilad	Active – 3
6. Inline Booster	Quezon City, Valenzuela City, Caloocan City, Malabon City, Parañaque City, Makati City, Muntinlupa City and Bacoor City	Maynilad	Active – 27 Standby – 5
	Muntinlupa City	MWSS and others	Active – 1
7. Inline Booster and Reservoir	Parañaque City	Maynilad	Active – 1
	Cavite City	MWSS and others	Active – 2
8. Reservoir	Caloocan City	Maynilad	Standby – 1
	Quezon City	MWSS and others	Active – 3 Standby – 1
9. Deepwell Station	Imus City	Maynilad	Standby – 1
	Caloocan City, Quezon City, Valenzuela City, Muntinlupa City, Las Piñas City, Parañaque City, Bacoor City, Cavite City, Imus City, Municipality of Noveleta Cavite,	MWSS and others	Active – 4 Standby – 14
10. Laboratory (e.g., Process Laboratory, Meter Laboratory, Training Laboratory, Water Laboratory and Other Laboratory)	Las Piñas City, Quezon City, Parañaque City, Pasay City, Muntinlupa City and City of Manila	Maynilad	Active – 10
11. Water Reclamation Facility	Quezon City, Pasay City, Muntinlupa City, Parañaque City, City of Manila, Caloocan City, Valenzuela City, Las Piñas City and Bacoor City	Maynilad	Active – 17 Standby – 2 Ongoing Construction – 5
	City of Manila	MWSS and others	Active – 1
12. Sewage and Septage Treatment Plant	Quezon City	Maynilad	Active – 1
	Caloocan City	MWSS and others	Active – 1
13. Septage Treatment Plant	Las Piñas City	Maynilad	Active – 1

14. Lift Station	Quezon City and City of Manila	Maynilad	Active – 15
	City of Manila and Muntinlupa City	MWSS and others	Active – 7
15. Depot	Las Piñas City	Maynilad	Active – 1
	Pasay City, Caloocan City, Malabon City, Quezon City, Valenzuela City, Imus City	MWSS and others	Active – 8
16. Business Area	Las Piñas City and Caloocan City	Maynilad	Active – 2
	Quezon City, Malabon City, Caloocan City, Parañaque City, City of Manila and Imus City	MWSS and others	Active – 8
17. Building Office	Muntinlupa City, City of Manila, Quezon City, Bacoor City, and Imus City	Maynilad	Active – 14
	Quezon City, Caloocan City, City of Manila, Pasay City, Malabon City, Caloocan City, Parañaque City, Imus City, Municipality of Angat, Bulacan and Municipality of Norzagaray, Bulacan	MWSS and others	Active – 23
18. Other Facilities (e.g., Sewage Pumping Plant and Communal Septic Tank)	Las Piñas City	Maynilad	Active – 1
	City of Manila	MWSS and others	Active – 1

Locations of principal properties of Maynilad’s subsidiaries are as follows:

Type of Facility	Location	Ownership	Number
1. Water Treatment Plant	Bogtong, Legazpi City, Albay	PhilHydro	Active – 1
2. Water Treatment Plant	Partida, Norzagaray, Bulacan	PhilHydro	Active – 1
3. Pumping Station	Matictic, Norzagaray, Bulacan	PhilHydro	Active – 1
4. Water Treatment Plant	Bambang, Nueva Vizcaya	PhilHydro	Active – 1
5. Water Treatment Plant	Poblacion Norte, Rizal, Nueva Ecija	PhilHydro	Active – 1
6. Administrative Office	Santol, Boac, Marinduque	Boac LGU	Active – 1
7. Production Well	Santol, Boac, Marinduque	Boac LGU	Active – 1

8. Production Well	Santol, Boac, Marinduque	Boac LGU	Active – 1
9. Production Well	Bangbangalon, Boac, Marinduque	Boac LGU	Active – 1
10. Production Well	Mercado, Boac, Marinduque	Boac LGU	Active – 1
11. Production Well	Ihatub, Boac, Marinduque	Boac LGU	Inactive – 1
12. Production Well	Isok 2, Boac, Marinduque	Boac LGU	Inactive – 1
13. Concrete Reservoir	Santol, Boac, Marinduque	Boac LGU	Inactive – 1
14. Concrete Reservoir	Daig, Boac, Marinduque	Boac LGU	Active – 1

Out of the 322 facilities, the Company is actively operating 285 facilities while 30 are not yet operational or on standby. Meanwhile, there are 7 facilities under construction.

RESEARCH AND DEVELOPMENT

Maynilad has a product research and development initiative, the cost and expenses for which are not significant.

PERMITS & LICENSES

As of the date of this Preliminary Prospectus, the Company and its subsidiaries have obtained, or are in the process of obtaining, all governmental approvals, permits and licenses issued by the appropriate Government agencies or authorities necessary to operate their respective businesses.

The Company and its Subsidiaries believe that they have all the permits and licenses necessary to operate their respective businesses as currently conducted and that such permits and licenses are valid, subsisting, or pending renewal.

Below are the relevant material permits obtained by the Company:

Facility Name	Permit Type	Issuing Government Agency	Issued Date	Expiry Date
Aguinaldo Pump Station	Permit to Operate	DENR	17-May-21	17-May-26
	ERC-COC	DOE	28-Oct-22	27-Oct-27
	ECC/CNC	DENR	11-Jun-07	No expiry
	DENR Discharge Permit	DENR	23-Jan-24	23-Jan-25
Alabang Water Reclamation Facility	Hazardous Waste ID	DENR	18-Jan-21	No expiry
	Permit to Operate	DENR	18-Jul-23	17-Jul-28
	Permit to Operate	DENR	5-Jun-22	5-Jun-27
	LLDA Discharge Permit	LLDA	30-May-22	5-Jun-24
	ECC/CNC	DENR	7-Feb-23	No expiry
	LLDA Clearance	LLDA	17-Mar-14	No expiry
	ERC-COC	DOE	16-Oct-23	15-Oct-28
Alabang-Zapote Pump Station	Hazardous Waste ID	DENR	31-Dec-20	No expiry
	ECC/CNC	DENR	11-Jun-07	No expiry
	Permit to Operate	DENR	3-Mar-20	3-Aug-24
	ERC-COC	DOE	23-Dec-22	22-Dec-27
Algeciras Reservoir and Pumping Station	Hazardous Waste ID	DENR	31-Dec-20	No expiry
	Permit to Operate	DENR	7-Oct-21	7-Oct-26
	ERC-COC	DOE	8-Mar-22	7-Mar-27

Facility Name	Permit Type	Issuing Government Agency	Issued Date	Expiry Date
	ECC/CNC	DENR	11-Jun-07	No expiry
Anabu Modular Treatment Plant	ECC/CNC	DENR	7-Jul-23	No expiry
	DENR Discharge Permit	DENR	8-Sep-23	8-Sep-24
Arroceros Compound (covers Manila Business Area, Leak Detection Management, and Water Network Office)	Permit to Operate	DENR	12-Aug-20	22-Feb-25
	Hazardous Waste ID	DENR	26-Nov-20	No expiry
	ERC-COC	DOE	28-Feb-20	27-Feb-25
	LLDA Clearance	LLDA	21-Jul-22	No expiry
	ECC/CNC	DENR	4-Aug-14	No expiry
	LLDA Discharge Permit	LLDA	18-Aug-22	3-Jul-24
Ayala Alabang R1 Pump Station	ERC-COC	DOE	28-Feb-20	27-Feb-25
	ECC/CNC	DENR	11-Jun-07	No expiry
	Hazardous Waste ID	DENR	19-Jul-17	No expiry
Ayala Alabang R2 Pump Station	ERC-COC	DOE	28-Feb-20	27-Feb-25
	Hazardous Waste ID	DENR	10-Aug-22	No expiry
	ECC/CNC	DENR	11-Jun-07	No expiry
	Permit to Operate	DENR	5-Jul-19	15-Mar-24 ²¹
Ayala Southvale Pump Station and Reservoir	ECC/CNC	DENR	11-Jun-07	No expiry
	ERC-COC	DOE	28-Feb-20	27-Feb-25
Bacoor Pump Station and Reservoir	Hazardous Waste ID	DENR	22-Apr-16	No expiry
	ECC/CNC	DENR	11-Jun-07	No expiry
	Permit to Operate	DENR	10-Sep-19	1-Sep-24
Baesa Pumping Station and Reservoir	ECC/CNC	DENR	11-Jun-07	No expiry
	Hazardous Waste ID	DENR	18-Aug-23	No expiry
	ERC-COC	DOE	28-Apr-23	28-Apr-28
Baesa Water Reclamation Facility	LLDA Discharge Permit	LLDA	1-Jul-21	7-Aug-24
	Hazardous Waste ID	DENR	7-Apr-21	No expiry
	ECC/CNC	DENR	26-Aug-10	No expiry
	LLDA Clearance	LLDA	30-Jan-12	No expiry
Bagbag Pump Station and Reservoir	Hazardous Waste ID	DENR	4-Apr-22	No expiry
	ECC/CNC	DENR	11-Jun-07	No expiry
Bagbag Water Reclamation Facility	Hazardous Waste ID	DENR	31-Dec-20	No expiry
	ECC/CNC	DENR	4-Apr-11	No expiry
	ERC-COC	DOE	28-Feb-20	27-Feb-25
	LLDA Discharge Permit	LLDA	5-Jul-21	7-Aug-24
	LLDA Clearance	LLDA	24-Aug-12	No expiry
Bahay Toro Water Reclamation Facility	Hazardous Waste ID	DENR	26-Nov-20	No expiry
	ERC-COC	DOE	28-Feb-20	27-Feb-25
	Permit to Operate	DENR	6-Sep-21	6-Sep-26
	LLDA Discharge Permit	LLDA	5-Jul-21	7-Aug-24

²¹ Currently in the process of renewal.

Facility Name	Permit Type	Issuing Government Agency	Issued Date	Expiry Date
	ECC/CNC	DENR	19-Jul-11	No expiry
	LLDA Clearance	LLDA	31-Jan-13	No expiry
Binuksuk Reservoir	ECC/CNC	DENR	11-Jun-07	No expiry
	Permit to Operate	DENR	22-Feb-21	22-Feb-26
	Hazardous Waste ID	DENR	31-May-21	No expiry
	ERC-COC	DOE	27-Oct-22	28-Oct-27
	ERC-COC	DOE	8-Mar-22	7-Mar-27
Caloocan Pump Station and Reservoir	Hazardous Waste ID	DENR	18-Jul-22	No expiry
	ECC/CNC	DENR	11-Jun-07	No expiry
	Permit to Operate	DENR	28-Jul-22	28-Jul-27
	LLDA Clearance	LLDA	6-Dec-17	No expiry
	LLDA Discharge Permit	LLDA	23-Sep-22	3-Sep-25
CAMANA Water Reclamation Facility (under rehab)	LLDA Clearance	LLDA	19-Oct-20	No expiry
	Hazardous Waste ID	DENR	22-Mar-21	No expiry
	ERC-COC	DOE	31-Jan-22	30-Jan-27
	ECC/CNC	DENR	10-Oct-96	No expiry
	ECC/CNC	DENR	23-May-19	No expiry
	LLDA Discharge Permit	LLDA	19-Sep-22	3-Sep-25
	Environmental Sanitation Clearance	DOH	16-Oct-09	No expiry
Cavite Business Area	Hazardous Waste ID	DENR	14-Dec-20	No expiry
	ERC-COC	DOE	28-Feb-20	27-Feb-25
	ECC/CNC	DENR	8-Jan-16	No expiry
	Permit to Operate	DENR	1-Mar-24	1-Mar-29
	DENR Discharge Permit	DENR	3-May-23	3-May-24
Cavite City Water Reclamation Facility (under construction)	ECC/CNC	DENR	3-Oct-17	No expiry
Central Material Depot	Hazardous Waste ID	DENR	15-Aug-22	No expiry
	ERC-COC	DOE	26-Aug-21	25-Aug-26
	LLDA Clearance	LLDA	21-Jul-22	No expiry
	ECC/CNC	DENR	19-Apr-13	No expiry
	Permit to Operate	DENR	20-Feb-24	20-Feb-29
	LLDA Discharge Permit	LLDA	29-Aug-23	7-Aug-24
Commonwealth Pump Station	Hazardous Waste ID	DENR	8-Jan-21	No expiry
	ERC-COC	DOE	8-Mar-22	7-Mar-27
	ECC/CNC	DENR	11-Jun-07	No expiry
	LLDA Clearance	LLDA	28-Nov-22	No expiry
Congressional Water Reclamation	Hazardous Waste ID	DENR	6-Mar-23	No expiry
	LLDA Discharge Permit	LLDA	15-Aug-22	6-Aug-25
	ECC/CNC	DENR	3-Jun-10	No expiry
	LLDA Clearance	LLDA	6-Feb-12	No expiry

Facility Name	Permit Type	Issuing Government Agency	Issued Date	Expiry Date
Cordillera Material Depot	Hazardous Waste ID	DENR	24-Nov-22	No expiry
	ECC/CNC	DENR	7-Mar-13	No expiry
	LLDA Clearance	LLDA	8-Jun-23	No expiry
	LLDA Discharge Permit	LLDA	29-Aug-23	7-Aug-24
Cupang Water Reclamation Facility (under construction)	Hazardous Waste ID	DENR	8-Jan-21	No expiry
	ECC/CNC	DENR	28-Oct-14	No expiry
	Shoreland Development Clearance	LLDA	8-Jan-16	No expiry
D. Tuazon Pump Station	ERC-COC	DOE	8-Mar-22	7-Mar-27
	Hazardous Waste ID	DENR	1-May-22	No expiry
	ECC/CNC	DENR	11-Jun-07	No expiry
	Permit to Operate	DENR	29-Mar-22	29-Mar-27
Daang Hari Pump Station	Permit to Operate	DENR	3-Nov-20	27-Apr-25
	Hazardous Waste ID	DENR	10-May-22	No expiry
	ECC/CNC	DENR	11-Jun-07	No expiry
	ERC-COC	DOE	31-Jan-19	30-Jan-24
Del Monte Water Reclamation Facility	ERC-COC	DOE	28-Feb-20	27-Feb-25
	Hazardous Waste ID	DENR	26-May-21	No expiry
	LLDA Discharge Permit	LLDA	30-Jun-21	7-Aug-24
	ECC/CNC	DENR	4-Apr-11	No expiry
Ermita Pump Station	LLDA Clearance	LLDA	5-Mar-12	No expiry
	Hazardous Waste ID	DENR	1-May-22	No expiry
	ECC/CNC	DENR	11-Jun-07	No expiry
	Permit to Operate	DENR	2-Aug-19	2-Aug-24
Espiritu Pump Station	LLDA Clearance	LLDA	2-Nov-22	No expiry
	ERC-COC	DOE	28-Apr-23	28-Apr-28
	ECC/CNC	DENR	11-Jun-07	No expiry
Grant Water Reclamation Facility	Hazardous Waste ID	DENR	10-Jul-23	No expiry
	ERC-COC	DOE	9-May-18	8-May-23
	Hazardous Waste ID	DENR	7-Apr-21	No expiry
	LLDA Discharge Permit	LLDA	1-Jul-21	4-Aug-24
Integrated Meter Management	ECC/CNC	DENR	16-Oct-09	No expiry
	LLDA Clearance	LLDA	20-Mar-12	No expiry
	Hazardous Waste ID	DENR	30-Apr-22	No expiry
	LLDA Clearance	LLDA	21-Jul-22	No expiry
JP Ramoy Reservoir	ECC/CNC	DENR	16-May-13	No expiry
	LLDA Discharge Permit	LLDA	20-Jan-23	7-Jan-26
Julian Modular Treatment Plant	ECC/CNC	DENR	11-Jun-07	No expiry
	ECC/CNC	DENR	7-Jul-23	No expiry
	DENR Discharge Permit	DENR	8-Sep-23	8-Sep-24
	ERC-COC	DOE	28-Feb-20	27-Feb-25

Facility Name	Permit Type	Issuing Government Agency	Issued Date	Expiry Date
Kapiligan Water Reclamation Facility	Hazardous Waste ID	DENR	5-Mar-21	No expiry
	LLDA Discharge Permit	LLDA	3-Sep-21	7-Aug-24
	ECC/CNC	DENR	7-Dec-12	No expiry
	LLDA Clearance	LLDA	31-Jul-13	No expiry
Kawit Water Reclamation Facility (project on-hold)	ECC/CNC	DENR	8-Jan-20	No expiry
La Mesa Pump Station	Permit to Operate	DENR	7-Oct-21	7-Oct-26
	Permit to Operate	DENR	16-May-22	16-May-27
	Hazardous Waste ID	DENR	9-Jul-22	No expiry
	ECC/CNC	DENR	11-Jun-07	No expiry
	ERC-COC	DOE	5-Sep-19	4-Sep-24
La Mesa Water Treatment Plant 1	Hazardous Waste ID	DENR	26-Nov-20	No expiry
	Permit to Operate	DENR	4-Aug-22	4-May-27
	Permit to Operate	DENR	16-Mar-23	16-Mar-28
	Permit to Operate	DENR	2-Mar-23	2-Mar-28
	Permit to Operate	DENR	4-Aug-23	4-Aug-28
	ECC/CNC	DENR	11-Jun-07	No expiry
	ERC-COC	DOE	5-Sep-19	4-Sep-24
	LLDA Clearance	LLDA	15-Dec-08	No expiry
La Mesa Water Treatment Plant 2	LLDA Discharge Permit	LLDA	12-Aug-21	7-Aug-24
	ERC-COC	DOE	5-Sep-19	4-Sep-24
	ERC-COC	DOE	7-Jun-22	6-Jun-27
	Permit to Operate	DENR	13-Jun-22	13-Jun-27
	ECC/CNC	DENR	11-Jun-07	No expiry
	Hazardous Waste ID	DENR	23-Jun-09	No expiry
	LLDA Clearance	LLDA	15-Dec-08	No expiry
Laguna Lake Water Treatment Plant	LLDA Discharge Permit	LLDA	12-Aug-21	7-Aug-24
	ECC/CNC	DENR	2-Jul-19	No expiry
	Shoreland Development Clearance	LLDA	18-May-21	No expiry
Las Piñas Water Reclamation Facility (under construction)	Surface Water Permit	LLDA	29-Jan-20	No expiry
	ECC/CNC	DENR	7-Jan-19	No expiry
Legal Water Reclamation Facility	LLDA Discharge Permit	LLDA	1-Jul-21	7-Aug-24
	LLDA Clearance	LLDA	26-Nov-12	No expiry
	Hazardous Waste ID	DENR	7-Apr-21	No expiry
	ECC/CNC	DENR	16-Oct-09	No expiry
Litex Pump Station and Reservoir	Permit to Operate	DENR	12-Aug-20	22-Feb-25
	ERC-COC	DOE	28-Feb-20	27-Feb-25
	Hazardous Waste ID	DENR	4-Apr-22	No expiry
	ECC/CNC	DENR	11-Jun-07	No expiry

Facility Name	Permit Type	Issuing Government Agency	Issued Date	Expiry Date
Ligas Modular Treatment Plant (under construction)	ECC/CNC	DENR	16-Aug-22	No expiry
Magdiwang Pump Station	ECC/CNC	DENR	11-Jun-07	No expiry
	Permit to Operate	DENR	17-May-21	17-May-26
	DENR Discharge Permit	DENR	23-Sep-23	23-Sep-24
	ERC-COC	DOE	28-Oct-22	27-Oct-27
Malabon-Valenzuela Business Area	ECC/CNC	DENR	9-Aug-21	No expiry
	Hazardous Waste ID	DENR	24-Nov-22	No expiry
Marcos Alvarez Pump Station	ECC/CNC	DENR	11-Jun-07	No expiry
	Hazardous Waste ID	DENR	28-Jul-22	No expiry
	ERC-COC	DOE	9-Aug-18	8-Aug-23 ²²
Maynilad Main Office	ECC/CNC	DENR	18-Sep-14	No expiry
	Hazardous Waste ID	DENR	22-Oct-20	No expiry
	ERC-COC	DOE	28-Feb-20	27-Feb-25
	Permit to Operate	DENR	7-Oct-19	5-Sep-24
	LLDA Discharge Permit	LLDA	10-Oct-23	6-Aug-25
	LLDA Clearance	LLDA	25-Sep-23	No expiry
	Molino Modular Treatment Plant (under construction)	ECC/CNC	DENR	13-Oct-23
Molino-Paliparan Pump Station	ECC/CNC	DENR	11-Jun-07	No expiry
	DENR Discharge Permit	DENR	3-May-23	3-May-24
Muntinlupa - Las Piñas Business Area	ECC/CNC	DENR	30-Aug-22	No expiry
	Permit to Operate	DENR	17-Nov-23	17-Nov-28
	ERC-COC	DOE	28-Feb-20	27-Feb-25
	Hazardous Waste ID	DENR	21-Sep-21	No expiry
Navotas-South Caloocan Business Area	ECC/CNC	DENR	23-Jul-21	No expiry
	Hazardous Waste ID	DENR	9-Oct-22	No expiry
	LLDA Clearance	LLDA	14-Dec-22	No expiry
North Caloocan Business Area	ECC/CNC	DENR	17-Nov-21	No expiry
	LLDA Clearance	LLDA	29-Apr-22	No expiry
	LLDA Discharge Permit	LLDA	13-Jun-23	2-Sep-26
	Permit to Operate	DENR	29-Sep-23	29-Sep-28
	Hazardous Waste ID	DENR	19-Jun-23	No expiry
North Quezon City Business Area	ECC/CNC	DENR	17-Nov-21	No expiry
	Hazardous Waste ID	DENR	18-Jan-21	No expiry
	LLDA Clearance	LLDA	29-Apr-22	No expiry
	LLDA Discharge Permit	LLDA	4-Dec-23	7-Aug-24
Novaliches Pump Station	ECC/CNC	DENR	11-Jun-07	No expiry
	Hazardous Waste ID	DENR	19-Jan-21	No expiry
	Permit to Operate	DENR	4-Oct-22	4-Oct-27
	ERC-COC	DOE	31-Jan-23	30-Jan-28

²² Currently in the process of renewal.

Facility Name	Permit Type	Issuing Government Agency	Issued Date	Expiry Date
Noveleta Reservoir and Pump Station	ECC/CNC	DENR	11-Jun-07	No expiry
	Permit to Operate	DENR	21-Sep-20	21-Sep-25
	Hazardous Waste ID	DENR	28-Mar-22	No expiry
	ERC-COC	DOE	8-Mar-22	7-Mar-27
Paco Water Reclamation Facility	ECC/CNC	DENR	18-Feb-21	No expiry
	Hazardous Waste ID	DENR	7-Apr-21	No expiry
	LLDA Discharge Permit	LLDA	8-Aug-23	3-Jul-24
	LLDA Clearance	LLDA	26-Oct-12	No expiry
Pagcor Pump Station	ECC/CNC	DENR	11-Jun-07	No expiry
	Hazardous Waste ID	DENR	18-Jan-21	No expiry
	Permit to Operate	DENR	9-Nov-19	2-Apr-24
	ERC-COC	DOE	28-Apr-23	28-Apr-28
Paltok Water Reclamation	ECC/CNC	DENR	14-Apr-11	No expiry
	Hazardous Waste ID	DENR	31-Dec-20	No expiry
	Permit to Operate	DENR	24-Apr-19	31-Mar-24
	LLDA Clearance	LLDA	24-Apr-12	No expiry
	LLDA Discharge Permit	LLDA	15-Aug-22	6-Aug-25
	ERC-COC	DOE	16-Oct-23	15-Oct-28
Paranaque Water Reclamation and NEW WATER Facility	ECC/CNC	DENR	27-Jun-22	No expiry
	Hazardous Waste ID	DENR	7-Apr-21	No expiry
	DENR Discharge Permit	DENR	2-Jan-24	2-Jan-25
	Permit to Operate	DENR	13-Jul-22	13-Jul-27
	ERC-COC	DOE	5-Sep-19	4-Sep-24
Paranaque-Pasay-Makati Business Area	ECC/CNC	DENR	23-Jul-21	No expiry
	Hazardous Waste ID	DENR	15-Jul-22	No expiry
	Permit to Operate	DENR	27-Sep-22	27-Sep-27
	ERC-COC	DOE	30-Mar-23	29-Mar-28
Pasay Pump Station	ECC/CNC	DENR	11-Jun-07	No expiry
	Hazardous Waste ID	DENR	30-Jul-22	No expiry
	ERC-COC	DOE	28-Feb-20	27-Feb-25
Pasay Water Reclamation Facility	ECC/CNC	DENR	20-Nov-12	No expiry
	Hazardous Waste ID	DENR	18-Dec-20	No expiry
	ERC-COC	DOE	26-Aug-21	25-Aug-26
	LLDA Clearance	LLDA	14-Oct-15	No expiry
	LLDA Discharge Permit	LLDA	21-Jan-22	1-Jan-25
Patindig Araw Pump Station	ECC/CNC	DENR	11-Jun-07	No expiry
	Hazardous Waste ID	DENR	22-Apr-16	No expiry
	Permit to Operate	DENR	1-Mar-24	1-Mar-29
	DENR Discharge Permit	DENR	23-Jan-24	23-Jan-25

Facility Name	Permit Type	Issuing Government Agency	Issued Date	Expiry Date
Project 7 Sewage and Septage Treatment Plant	ERC-COC	DOE	9-Aug-18	8-Aug-23 ²³
	ECC/CNC	DENR	16-Oct-06	No expiry
	Hazardous Waste ID	DENR	18-Dec-20	No expiry
	Permit to Operate	DENR	24-Apr-19	30-Mar-24
	LLDA Clearance	LLDA	11-Jul-13	No expiry
	LLDA Discharge Permit	LLDA	15-Aug-22	6-Aug-25
	Environmental Sanitation Clearance	DOH	15-Nov-13	No expiry
Putatan Water Treatment Plant	ECC/CNC	DENR	3-Jan-24	No expiry
	Hazardous Waste ID	DENR	1-Dec-20	No expiry
	Permit to Operate	DENR	10-Aug-21	10-Aug-26
	Permit to Operate	DENR	24-Jan-22	24-Jan-27
	Surface Water Permit	LLDA	15-Jul-09	No expiry
	LLDA Discharge Permit	LLDA	31-May-23	3-Jun-26
	LLDA Clearance	LLDA	1-Sep-16	No expiry
Sacred Heart Pump Station and Reservoir	ERC-COC	DOE	28-Oct-22	27-Oct-27
	ECC/CNC	DENR	11-Jun-07	No expiry
	Hazardous Waste ID	DENR	10-Aug-22	No expiry
	ERC-COC	DOE	28-Feb-20	27-Feb-25
Samson Water Reclamation Facility	LLDA Clearance	LLDA	2-Nov-22	No expiry
	ECC/CNC	DENR	4-Apr-11	No expiry
	Hazardous Waste ID	DENR	26-May-21	No expiry
	Permit to Operate	DENR	2-Mar-22	1-Mar-27
	LLDA Discharge Permit	LLDA	1-Jul-21	7-Aug-24
	LLDA Clearance	LLDA	22-Feb-13	No expiry
San Antonio Water Reclamation Facility	ERC-COC	DOE	20-Sep-22	29-Sep-27
	ECC/CNC	DENR	3-Mar-11	No expiry
	Hazardous Waste ID	DENR	5-Mar-21	No expiry
	LLDA Clearance	LLDA	5-Mar-12	No expiry
South Quezon City Business Area	LLDA Discharge Permit	LLDA	15-Aug-22	21-Aug-24
	ERC-COC	DOE	28-Feb-20	27-Feb-25
	ECC/CNC	DENR	22-Jul-21	No expiry
	Hazardous Waste ID	DENR	20-Aug-22	No expiry
	Permit to Operate	DENR	5-Oct-22	5-Oct-27
South Septage	LLDA Clearance	LLDA	11-Oct-22	No expiry
	LLDA Discharge Permit	LLDA	20-Jan-23	6-Aug-25
	ERC-COC	DOE	30-Mar-23	29-Mar-28
	ECC/CNC	DENR	4-Aug-14	No expiry
	Hazardous Waste ID	DENR	15-Mar-21	No expiry
	Permit to Operate	DENR	22-Jul-21	22-Mar-26

²³ Currently in the process of renewal.

Facility Name	Permit Type	Issuing Government Agency	Issued Date	Expiry Date
	DENR Discharge Permit	DENR	25-Aug-23	25-Aug-24
	Environmental Sanitation Clearance	DOH	28-Oct-20	No expiry
	ERC-COC	DOE	31-Jan-22	30-Jan-27
Southvale WRF (under construction)	ECC/CNC	DENR	12-Aug-16	No expiry
Talayan Water Reclamation Facility	ECC/CNC	DENR	7-Dec-12	No expiry
	Permit to Operate	DENR	26-Feb-20	13-Jan-25
	Hazardous Waste ID	DENR	31-Dec-20	No expiry
	LLDA Clearance	LLDA	7-Aug-13	No expiry
	LLDA Discharge Permit	LLDA	1-Jul-21	4-Aug-24
	ERC-COC	DOE	28-Feb-20	27-Feb-25
Tandang Sora Water Reclamation Facility	ECC/CNC	DENR	14-Apr-11	No expiry
	Hazardous Waste ID	DENR	7-Apr-21	No expiry
	LLDA Clearance	LLDA	2-Sep-13	No expiry
	LLDA Discharge Permit	LLDA	25-Aug-22	6-Aug-25
Tatalon Water Reclamation Facility	ECC/CNC	DENR	14-Apr-11	No expiry
	Hazardous Waste ID	DENR	18-Dec-20	No expiry
	LLDA Clearance	LLDA	3-Dec-12	No expiry
	LLDA Discharge Permit	LLDA	30-Jun-21	7-Aug-24
	ERC-COC	DOE	28-Feb-20	27-Feb-25
Toclong Pump Station	ECC/CNC	DENR	11-Jun-07	No expiry
	Permit to Operate	DENR	17-May-21	17-May-26
	DENR Discharge Permit	DENR	23-Jan-24	23-Jan-25
	ERC-COC	DOE	28-Oct-22	27-Oct-27
Tondo Pump Station	ECC/CNC	DENR	11-Jun-07	No expiry
	Hazardous Waste ID	DENR	4-Apr-22	No expiry
Tondo Sewage Pumping Plant	ECC/CNC	DENR	10-Oct-96	No expiry
	Hazardous Waste ID	DENR	8-Mar-21	No expiry
	LLDA Discharge Permit	LLDA	9-Sep-21	03-Jul-24
	ERC-COC	DOE	5-Sep-19	4-Sep-24
Tunasan Water Reclamation Facility (under construction)	ECC/CNC	DENR	28-Oct-14	No expiry
	Hazardous Waste ID	DENR	8-Mar-21	No expiry
	Shoreland Development Clearance	LLDA	8-Jan-16	No expiry
Valenzuela Water Reclamation Facility	ECC/CNC	DENR	4-Aug-14	No expiry
	Hazardous Waste ID	DENR	12-Aug-21	No expiry
	DENR Discharge Permit	DENR	18-Jan-24	18-Jan-25
Victoria Homes Pump Station	ECC/CNC	DENR	23-Mar-16	No expiry
	Hazardous Waste ID	DENR	18-Jan-21	No expiry
	Permit to Operate	DENR	15-Jul-22	15-Jul-27
	ERC-COC	DOE	23-Dec-22	22-Dec-27
Villamor Pump Station	ECC/CNC	DENR	11-Jun-07	No expiry

Facility Name	Permit Type	Issuing Government Agency	Issued Date	Expiry Date
Water Laboratory	Hazardous Waste ID	DENR	11-Aug-23	No expiry
	ECC/CNC	DENR	11-Jun-07	No expiry
	Hazardous Waste ID	DENR	7-Aug-23	No expiry
	Permit to Operate	DENR	7-Aug-23	6-Aug-28
	Permit to Operate	DENR	3-Jan-21	3-Jan-26
	Permit to Operate	DENR	18-Nov-20	17-Jul-25
	ERC-COC	DOE	26-Aug-21	25-Aug-26
	Chemical Control Order	DENR	18-May-22	No expiry
	Chemical Control Order	DENR	1-Jun-22	No expiry
	Chemical Control Order	DENR	30-Nov-10	No expiry
	Chemical Control Order	DENR	30-Nov-10	No expiry
	Chemical Control Order	DENR	7-Oct-20	No expiry
	Chemical Control Order	DENR	25-Jul-14	No expiry

Below are the relevant permits obtained by the Subsidiaries:

Facility Name	Permit Type	Issuing Government Agency	Issue Date	Expiry Date
Philippine Hydro (pH), Inc.				
Water Treatment Facility, Legazpi City, Albay	Water Permit	NWRB	06/28/2013	No Expiry
	ECC/CNC	DENR	03/05/2013	No Expiry
	Permit to Operate	DENR	For Filing of Application	
	Discharge Permit	DENR	For Filing of Application	
Water Treatment Facility, Norzagaray, Bulacan	Water Permit	NWRB	09/02/2009	No Expiry
	ECC/CNC	DENR	01/08/2009	No Expiry
	Permit to Operate	DENR	For Filing of Application	
	Discharge Permit	DENR	For Filing of Application	
Water Treatment Facility, Bambang, Nueva Vizcaya	Water Permit	NWRB	Pending with NWRB	
	ECC/CNC	DENR	04/27/2009	No Expiry
	Permit to Operate	DENR	For Payment of Fees	
	Discharge Permit	DENR	For Filing of Application	
Water Treatment Facility, Rizal, Nueva Ecija	Water Permit	NWRB	Pending with NWRB	
	CPC	NWRB	For Filing of Application	
	ECC/CNC	DENR	01/08/2009	No Expiry
	Permit to Operate	DENR	For Payment of Fees	
Boac Operations	Discharge Permit	DENR	For Filing of Application	
	Water Permit	NWRB	For Assignment of Water Permits	
	CPC	NWRB	For Filing of Application	
	ECC/CNC	DENR	For Filing of Application	
	Permit to Operate	DENR	For Filing of Application	

The Company and its Subsidiaries have also secured, or in the process of securing, business permits from the relevant local government units where their facilities are located. These business permits will expire on 31 December 2024.

The Company has pending applications with the Environmental Management Bureau (“**EMB**”) for the environmental compliance certificate amendment of Putatan WTP and Pasay **WRF**. There are also pending application for permit to operate air pollution source installations for Ayala Alabang R1 Pump Station (“**PS**”), Commonwealth PS, Espiritu PS, Marcos Alvarez PS, Pasay PS, Sacred Heart PS, Tondo PS, Villamor PS, La Mesa Treatment Plant 2, Putatan Water Treatment Plant, Bagbag Water Reclamation Facility (“**WRF**”), Del Monte WRF, Kapiligian WRF, Pasay WRF, San

Antonio WRF, Tandang Sora WRF, , Tatalon WRF, Valenzuela WRF and North Quezon City Business Area. There are also pending discharge permit application for Daang Hari PS, Pagcor PS, Julian Modular Treatment Plant and Valenzuela WRF.

The Company has submitted all requirements for, and has been following up with EMB the status of, the foregoing applications. Related to these pending applications, notices of adverse findings and violations were issued to Maynilad.

The Company is constantly coordinating with EMB for the resolution of any issues with each pending application.

CAPITAL EXPENDITURES

The Company's capital expenditure program is set out in its Business Plan for the sixth rate rebasing period. Projects part of the program are classified as Water Sources, Operations Support, Non-Revenue Water Management, Sewerage, Sanitation, and Customer Service and Information. The Company expects to source funds for its Capex program through a combination of internally-generated funds, bank loans, and capital markets transactions.

The Company's annual total project cost of its capital expenditure program for the years 2023-2027 are shown below:

	2023	2024	2025	2026	2027	Total
Total Capex (₱ Billions)	26.0	31.4	38.9	34.6	32.4	163.3

OTHER PROCEEDINGS

The Company has not been involved in any bankruptcy, receivership or similar proceeding during the past four (4) years.

DESCRIPTION OF DEBT

As of 31 December 2023, the Company had the equivalent of ₱[61.8 billion] of outstanding debt, which are all unsecured.

The following table sets forth the outstanding long-term debt of the Company and its Subsidiaries as of 31 December 2023 (in ₱ Millions). As of 31 December 2023, the Company and its Subsidiaries have no short-term debt.

Long-Term Debt

Borrower	Current (in ₱millions)	Non-Current (in ₱millions)	Total (in ₱millions)
Maynilad	2,556	59,198	61,754
PhilHydro	32	16	48
Maynilad Boac	-	-	-
Total Consolidated	2,588	59,214	61,802

There were no commercial papers issued during the period ended 31 December 2023.

MATERIAL CONTRACTS

CA / RCA

Pursuant to MWSS's mandate under Republic Act No. 8041 (the "**National Water Crisis Act of 1995**") to "enter into arrangements that will result in the involvement or participation of the private sector in any or all of the segments of its operations and/or facilities", MWSS determined to grant the concessions to private corporations, with at least sixty (60%) of their outstanding capital stock owned and controlled by Philippine nationals. The concession relates to the right, for 25 years, to manage, operate, repair, decommission, and refurbish the system of waterworks and sewerage services in the MWSS service area, including the right to bill and collect for water and sewage services. specified area for a specified period.

Following a process of selection through open and competitive public bidding, Maynilad, in February 1997, was awarded the right to enter into the CA with MWSS with respect to the West Zone.

On 18 May 2021, the CA between MWSS and Maynilad was amended which gave birth to the RCA.

For key terms under the RCA, please see "*Revised Concession Agreement*" under the section *Maynilad's Business*.

AMENDMENTS TO THE RCA

In a subsequent letter dated 14 September 2022, Maynilad proposed to the MWSS certain amendments to the RCA, which include: (a) reinstatement of the Foreign Currency Differential Adjustment mechanism; (b) reinstatement of the full Consumer Price Index Adjustment; and (c) review of the exclusions from the MAGA provision. Such request was made on account of certain events, i.e. the COVID-19 pandemic, the Ukrainian conflict and the significant depreciation of the Peso, which not only posed a challenge to Maynilad's operations but have also highlighted the need to ensure that the concession agreements are future-proof and to guarantee the continuity of service to its customers.

On 10 May 2023, Maynilad and MWSS signed the Amendments to the RCA, the effectivity of which retroacts to 29 June 2022. The amendments are intended, in part, to align some of the RCA provisions with the revised implementing rules and regulations of the Build Operate Transfer Law (Republic Act No. 6957 as amended by Republic Act No. 7718), consistent with the government's efforts to reinvigorate public-private partnerships.

For the amendments to the RCA, please refer to page [15] under "*Executive Summary – Company Overview*".

UNDERTAKING LETTER BY THE DEPARTMENT OF FINANCE

The ROP issued in favor of Maynilad on 10 May 2023 an undertaking ("**Undertaking Letter**") in relation to the executed Amendments to the RCA. Pursuant to the Undertaking Letter, the RoP guarantees the payment when due of all amounts for Expiration Payment or Early Termination Amount which the MWSS may become liable to Maynilad pursuant to the RCA. The Undertaking Letter applies exclusively to Maynilad's existing loan obligations and the undrawn amount under the Credit Agreement dated 7 June 2017 executed between Maynilad and Japan International Cooperation Agency.

The Undertaking Letter's effectivity retroacts to 1 July 2022.

OTHER MATERIAL CONTRACTS

Agreements with Manila Water

Common Purpose Facilities Agreement

On 3 March 2022, Maynilad, East Concessionaire and the MWSS signed the Revised Common Purpose Facilities Agreement ("**Revised CPF Agreement**"). Under the Revised CPF Agreement, the MWSS and the Concessionaires shall jointly manage the Common Purpose Facilities ("**CPF**") pursuant to, and in accordance with, the provisions of the RCA, equally sharing in the management and operating responsibilities of the CPF.

The Common Purpose Facilities include the following MWSS Assets:

1. Umiray-Angat Transbasin Facilities including the Sumag River Diversion Project and Alia River;
2. Angat Dam's Bypass Units 1&2 and Low-Level Outlet;
3. Ipo Dam and Ipo-Bigte Tunnels;
4. Bigte Compound, Bigte-Novaliches Aqueducts Right-of-Way, Aqueducts and its appurtenances;

5. Novaliches Junction, Portal and Open Channels;
6. La Mesa Dam & Reservoir and Alat Dam;
7. Dam, Reservoir, Tunnel and Portals of the New Centennial Water Source – Kaliwa Dam Project once the same has been turned over to the CPF for operations; and
8. All other raw water meters and connections including Bulacan Bulk and San Jose Del Monte Water District connection.

Maynilad and the East Concessionaire entered into a Bulk Water Supply Agreement on 1 February 2024 for Maynilad’s purchase of raw water from the latter until 15 February 2024, and treated water until 31 January 2025.

Construction Contract for the Angat Water Transmission Project

On 25 January 2022, Maynilad and Manila Water entered into a contract with China International Water and Electric Corp. for the design and build of the proposed Angat Water Transmission Project (Tunnel 5). On 17 February 2022, Maynilad and Manila Water entered into a contract with Dohwa Engineering, Co. Ltd. for the construction management of the Angat Water Transmission Project (Tunnel 5). The Angat Water Transmission Project (Tunnel 5) is part of the MWSS’s water security program which aims to provide (i) additional nineteen (19) cubic meters per second of raw water supply, and (ii) improve the reliability and operational flexibility of the Umiray-Angat-Ipo raw water conveyance system.

Lease Agreements

For properties occupied by Maynilad’s pipelines within the Philippine National Railways’ (“PNR”) right-of-way, Maynilad has entered into several lease agreements with PNR, as follows:

Date	Leased Area	Location	Consideration (per annum) & other fees	Term of lease
11 July 2023	443.83 sqm.	Between TP 137 1/2 - 144 1/2 , R/S, Brgy. 630, Manila	PHP 7,323,351.75, subject to increase	5 August 2023 to 4 August 2024
11 July 2023	123.30 sqm.	Between TP 639-640, B/S Brgy. Poblacion, Muntinlupa City	PHP 924,750.00, subject to increase	14 July 2023 to 13 July 2024
14 September 2009	3.24 km.	From Montillano to Rizal Streets in Muntinlupa City	PHP 3,726,000.00, subject to increase by 10% every five years on a compounded basis; additional consideration of PHP 10,000,000.00 upon execution of the lease agreement and PHP 1,000,000.00 from 2010-2015	25 years

Maynilad also entered into a Utility Facilities Contract dated 8 July 2019 with the NLEX Corporation (“NLEX”) for the construction, installation, and operation and maintenance of a creek interceptor inside NLEX’s to intercept wastewater flows from existing drainage outfalls and certain creeks of Valenzuela, and convey to a proposed STP located at Brgy. Marulas.

REGULATORY FRAMEWORK

REGULATIONS RELATING TO WATER BUSINESS

Philippine Constitution

Section 11, Article XII of the 1987 Philippine Constitution (the “**Philippine Constitution**”) provides that a franchise, certificate, or any other form of authorization for the operation of a public utility must be granted only to corporations organized under the laws of the Philippines, at least sixty percent (60%) of the capital of which is owned by Filipino citizens. Furthermore, the participation of foreign investors in the governing body of the public utility enterprise is to be limited to their proportionate share in its capital, and all the executive and managing officers of the corporation must be Philippine citizens.

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 29 October 2018. 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, telecommunications, mining and the operation of public utilities as the term is defined under the Public Service Act, as amended (See discussion on the *Public Service Act*). 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.

Water Code of the Philippines

Presidential Decree No. 1067, otherwise known as the Water Code of the Philippines (the “**Water Code**”) and its Implementing Rules and Regulations (“**IRR**”), establish the basic principles and framework relating to the appropriation, control, and conservation of water resources, to achieve their optimum development and rational utilization. The Water Code states that waters may be appropriated and used for domestic, municipal, and industrial, purposes, such as, but not limited to, the utilization of water in factories, industrial plants, and mines, and the use of water as an ingredient of a finished product.

The Water Code imposes nationality restrictions for the application for water permit and no person, including government instrumentalities or government-owned or controlled corporations, shall be allowed appropriate water without said permit.

Only corporations organized under the laws of the Philippines, at least sixty percent (60%) of the capital of which is owned by citizens of the Philippines, may apply for a permit to appropriate water with the National Water Resources Board (“**NWRB**”), the agency vested with the authority to administer and enforce the provisions of the Code, including the issuance of water permits.

Sanitation Code of the Philippines

Presidential Decree No. 856, otherwise known as the Code on Sanitation in the Philippines (the “**Sanitation Code**”) and its IRR, provide for the sanitary and structural requirements for the operation of certain establishments, and cover the standards and guidelines for the proper handling and treatment of water, as well as the requirements for sanitary sewage collection and disposal.

The Sanitation Code prescribes the standards and procedures for drinking water, including the types of water examination required, suitable examining laboratories, and other protective measures to ensure the integrity of the water supplied. It also prescribes the standards for operating sewage treatment plants and disposing of effluents, as well as for the design and capacity of septic tanks, and the proper disposal of wastewater.

Philippine Clean Water Act

Republic Act No. 9275, otherwise known as the Philippine Clean Water Act of 2004 (the “**Philippine Clean Water Act**”) and its IRR, were enacted to streamline the processes and procedures in the prevention, control, and abatement of pollution of the water resources of the country, and provide for a comprehensive water pollution management program focused on pollution prevention. The EMB, in partnership with other Philippine government agencies and the respective local government units, is tasked to identify existing sources of water pollutants and strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law. The Philippine Clean Water Act also authorizes the DENR to formulate water quality criteria and standards for oil and gas exploration which encounter re-injection constraints.

Moreover, such law requires owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR. Such permit authorizes the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities, into a body of water or land resource for a specified period of time.

Public Service Act

Commonwealth Act No. 146, otherwise known as the Public Service Act, as amended by Republic Act No. 11659 (the “**Public Service Act**”), encourages private enterprise and the expansion of investment in the country, with the goal of providing efficient, reliable, and affordable basic services to all. One of the key changes introduced by the amendment is defining the term, “public utility,” which was not defined under the Philippine Constitution, despite the Constitution’s mandate to reserve the operation of public utilities to Filipino citizens or corporations organized under Philippine laws where at least sixty percent (60%) of such capital is owned by Filipino citizens.

The Public Service Act, as amended, rationalized foreign equity restrictions, applying the forty percent (40%) foreign equity limitation only to services that are considered as (i) public utilities (*i.e.*, (a) distribution and transmission of electricity; (b) petroleum and petroleum products pipeline transmission systems; (c) water pipeline distribution systems, (d) wastewater and sewerage pipelines systems, (e) seaports and (f) public utility vehicles), and (ii) critical infrastructure. An entity controlled or acting on behalf of a foreign government shall be prohibited from owning capital in public utilities or critical infrastructure. In the interest of national security, the President, after review, evaluation, and recommendation of relevant government agencies, may suspend or prohibit a proposed merger or acquisition or any investment on a public service that effectively results in the grant of direct or indirect control to a foreigner or a foreign corporation.

Maynilad’s Legislative Franchise

Under R.A. No. 11600, Maynilad was granted a franchise to establish, operate and maintain, for commercial purposes and in the public interest, a waterworks system to ensure an uninterrupted and adequate supply, and distribution of potable water for domestic, commercial, and other purposes, and for the establishment and maintenance of sewerage system and sanitation services in the West Zone, under a concession from the MWSS, or under an appropriate certificate of public convenience.

The law took effect on 22 January 2022, or 15 days after its publication in the Official Gazette on 7 January 2022. The 25-year term will end on 21 January 2047, unless sooner cancelled or revoked by Congress when public interest so requires or when the grantee fails to reasonably comply with the regulatory standards set forth under the franchise.

Under the franchise, MWSS was granted the authority to amend the RCA to extend its term to coincide with the term of the franchise (*i.e.*, until 2047). The franchise also provided that the RCA shall serve as the Certificate of Public Convenience and Necessity, License or Permit of Maynilad for the operation of its waterworks and sewerage system, and that should the waterworks and sewerage system assets of the MWSS pertaining to the franchise area be privatized by law, Maynilad shall have the right to match the highest compliant bid after a public bidding. The law provides that the RCA between MWSS and Maynilad shall remain valid unless otherwise terminated pursuant to the terms of such RCA, or invalidated when national security, national emergency, or public interest so requires.

Under the terms of the franchise granted to the Company, it is required offer at least thirty percent (30%) of its outstanding capital stock to Filipino citizens, or such other percentage that may hereafter be required by law, through any securities

exchange in the Philippines, which would include the PSE. Compliance with this requirement is a condition for the continued effectivity of the franchise and under its terms, the Company is given a five-year period for such compliance, or until 21 January 2027. The Company expects to comply with this obligation that would result in a public offer and listing of the Company's capital stock on the PSE within the time required under the terms of its franchise. Considering that the processes, approvals and conditions necessary for the success of any public offering require significant preparation, the Company has commenced preparations for such a public offer and listing. The Company aims to be in a position to successfully execute such a transaction and has initiated measures that would address the governance requirements applicable to a listed company and a public utility. The completion of such an offer and listing will depend on a number of factors outside of the Company's control, including the receipt of applicable regulatory approvals and favorable market conditions.

The franchise also provides for the establishment of tariff and charges which Maynilad may charge, as the MWSS RO may allow, after consideration, among others, of the reasonable and prudent capital and recurrent, efficient and prudent costs of providing the service, including a reasonable rate of return on capital, efficiency of the service, and incentives for enhancement of efficiency, subject to the limitations for public utilities, willingness to pay of consumers, equity considerations, administrative simplicity, the methodology provided under the RCA, and requirements under applicable law and jurisprudence.

Other highlights of the franchise include the following:

1. Prohibition on the passing on of corporate income tax to customers;
2. Prohibition on the sale, lease, transfer, grant of usufruct, assignment of franchise, or transfer of the controlling interest of the grantee, unless prior approval is obtained from Congress. However, the following shall be exempted from such prohibition but shall be subject to compliance with any applicable constitutional limitation and report to Congress within 60 days from the completion of such transaction:
 - Transfer or issuance of shares as compliance with the requirement to publicly list at least 30% of its outstanding capital stock after five years from R.A. No. 11600's effectivity;
 - Transfer or sale of shares to any investor;
 - Any transfer, sale, or issuance of shares for fundraising for the provision of any of the services authorized by R.A. No. 11600;
 - Sale, transfer, or assignment by the stockholders of the grantee in favor of a holding company whose controlling stakeholders are the same as of the grantee.
3. The grant to Maynilad of the right of eminent domain insofar as it is may be reasonably necessary for the efficient establishment, improvement, upgrading, rehabilitation, maintenance and operation of the services, subject to the limitations and procedures under the law; and
4. A special right reserved for the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace and order, to temporarily take over and operate the waterworks and sewerage system of the Company; to temporarily suspend the operation of any portion thereof in the interest of public safety, security, and public welfare; or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the Company, for the use of said waterworks and sewerage system during the period when they shall be so operated.

The franchise also includes an equality clause, which grants Maynilad, upon review and approval of Congress, any advantage, favor, privilege, exemption or immunity granted under existing franchises or which may be granted subsequently to water distribution utilities.

On 21 March 2022, the MWSS BOT passed Resolution No. 2022-025-RO, Series of 2022 (the "**MWSS Resolution**") which deals with the tax implications following the effectivity of the legislative franchise granted to the Concessionaires. The MWSS Resolution confirmed that beginning 21 March 2022, the date when the Concessionaires formally accepted the terms of their respective legislative franchises, the charges for water and wastewater services will no longer be subject to the 12% VAT, but will be subject to Other Percentage Tax ("**OPT**"). The OPT, which shall be reflected as "Government Tax" in the customers' statement of account, shall consist of (i) the 2% national franchise tax, and (ii) the local franchise tax implemented by the respective local government units ("**LGUs**") where the business area offices of the Concessionaires are located.

Philippine National Standards for Drinking Water

DOH Administrative Order No. 2017-0010, otherwise known as the PNSDW, prescribes the standards for the quality of drinking water to protect the health of consumers and the general public. It applies to all drinking water service providers

that supply and serve drinking water. The PNSDW also provides the guidelines for the development of a Water Safety Plan, which shall be observed by suppliers of drinking water.

Laguna Lake Development Authority Board Resolutions

Republic Act No. 4850 created the Laguna Lake Development Authority (“**LLDA**”), which is mandated to promote, and accelerate the development and balanced growth of the Laguna Lake region (Region), which includes the cities of Quezon, Caloocan, Manila, Pasay, and Muntinlupa. The LLDA has issued board resolutions (“**BR**”) which shall be applicable to the region. Among the resolutions relevant to Maynilad’s operations are the following:

- BR 33, series of 1996 – Implementing an Environmental User Fee System in the Laguna de Bay Region to reduce the pollution loading into the Laguna de Bay by enjoining all dischargers of liquid waste to internalize the cost of environmental degradation and enhancement into their business decisions or actions;
- BR 113, series of 1999 – Providing guidelines on the lease of Laguna de Bay Shoreland Areas to set appropriate lease rates based on existing/proposed uses, to set in place systems and procedures in leasing the shoreland areas, and to identify responsibilities of agencies/divisions concerning the operationalization of the systems and procedures;
- BR 248, series of 2005 - Providing guidelines on the lease of Laguna de Bay Shoreland Areas by private individuals and entities;
- BR 362, series of 2008 – Declaring the establishment and operation of a water permitting, registration, and monitoring system for the extraction of the lake waters of Laguna de Bay and other bodies of water within the Laguna de Bay region;
- BR 408, series of 2011 – Approving the revised definition of “Developmental Activities” required to secure LLDA clearance.

ENVIRONMENTAL REGULATIONS

Philippine Environmental Impact Statement System

Presidential Decree No. 1586, otherwise known as the Philippine Environmental Impact Statement System (the “**EIS System**”) and its IRR, provide an integrated approach to environmental impact assessment to ensure a balance between socio-economic development and environmental protection, for the benefit of present and future generations. All proposed projects by all agencies and instrumentalities of the national government, including government-owned or controlled corporations, as well as private corporations, firms, and entities, must include an Environmental Impact Assessment to determine the significant negative environmental impacts and the vulnerability of environmental resources in the project area. The law also requires the conduct of public participation throughout the entire assessment process.

The DENR, the agency that implements the law, issues an Environmental Compliance Certificate (“**ECC**”) as proof that the proponent has satisfied the requirements of environmental impact assessment for projects covered by the EIS System. Otherwise, a Certificate of Non-Coverage is issued. Water supply projects and wastewater treatment facilities with capacities of more than thirty (30) cubic meters per day are required to secure an ECC. The law also requires projects with ECCs to prepare and submit a Compliance Monitoring Report semi-annually to DENR, detailing the compliance of the project to the conditions of the ECC, and the environmental management and monitoring plan submitted as part of the impact assessment.

DENR Memorandum Circular No. 2023-04 has since required clearance from the agency’s Office of the Secretary for projects applying for ECCs, which are within or with close proximity to protected areas, as defined under said department issuance, or sites covered under the Ramsar List of Wetlands of International Importance dated 1 July 1994.

Philippine Clean Air Act

Republic Act No. 8749, otherwise known as the Philippine Clean Air Act of 1999 and its IRR, require entities that operate or use air pollution sources to obtain a Permit to Operate (“**PTO**”) from the DENR. The issuance of the permit defines the emission limit of air pollution sources, reportorial requirements, and frequency of testing. Under said law, the DENR is mandated to formulate a national program on how to prevent, manage, control, and reverse air pollution using regulatory and market-based instruments, and set up a mechanism for the proper identification and indemnification of victims of any damage or injury resulting from the adverse environmental impact of any project, activity or undertaking.

Toxic Substances and Hazardous and Nuclear Wastes Control Act

Republic Act No. 6969, otherwise known as the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 and its IRR, aim to monitor and regulate chemicals being imported, manufactured, used, and disposed in the country. In particular, it regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substance and mixtures that present unreasonable risk or injury to health or the environment, and (ii) entry into the Philippines or the keeping in storage of hazardous wastes, which include by-products, process residue, contaminated plant or equipment or other substances from manufacturing operations. The law requires importers, manufacturers, and users of certain chemicals to secure a Chemical Control Order from the DENR. In addition, all entities generating hazardous wastes, as defined by the law, to register as a Hazardous Waste Generator.

Ecological Solid Waste Management Act

Republic Act No. 9003, otherwise known as the Ecological Solid Waste Management Act of 2000, provides guidelines for the proper management of solid waste, which includes discarded commercial waste and non-hazardous institutional and industrial waste. Such management includes waste segregation at source, collection, storage, transport, and disposal. Such law prohibits, among others, littering in public areas, open burning of wastes, and the establishment and operation of open dump sites. The same law mandates all, especially, the local government units, to adopt a systematic, comprehensive and ecological solid waste management program which shall ensure protection of public health and environment, utilize environmentally sound methods, set targets and guidelines for solid waste avoidance and reduction, and ensure proper segregation, collection, transport and storage of solid waste.

The National Solid Waste Management Commission, together with other government agencies and the different local government units, are responsible for the implementation and enforcement of the said law.

LABOR LAWS AND REGULATIONS

The Philippine Constitution

The Philippine Constitution provides that the State shall regulate the relations between workers and employers, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable returns on investments, and to expansion and growth. The seven basic rights that are specifically guaranteed by the Philippine Constitution are as follows:

1. right to organize;
2. right to conduct collective bargaining or negotiation with management;
3. right to engage in peaceful concerted activities, including strikes in accordance with law;
4. right to enjoy security of tenure;
5. right to work under humane conditions;
6. right to receive a living wage; and
7. right to participate in policy and decision-making processes affecting their rights and benefits as may be provided by law.

Labor Code of the Philippines

The Department of Labor and Employment (“DOLE”) is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code of the Philippines (“**Labor Code**”) and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE. All doubts in the implementation and interpretation of the provisions of the Labor Code shall be resolved in favor of labor. The Labor Code and other statutory laws specify the minimum statutory benefits that employers are required to grant to their employees.

INTELLECTUAL PROPERTY LAW

OTHER LAWS

Cost and effects of compliance with environmental laws

The Company’s projects and operations are subject to extensive, evolving, and increasingly stringent safety, healthy, and environmental laws. Among these are the Clean Air Act (RA No. 8749), Toxic Substances and Hazardous and Nuclear Wastes Control Act (RA No. 6969), and Ecological Solid Waste Management Act (RA No. 9003).

Prior to construction or expansion its facilities, an application for the ECC must be made and supported by an EIA that studies the overall environmental impact of the proposed project. Preventive, mitigating, and enhancement measures will be implemented are included in the EIA. The issuance of an ECC signifies that the proposed project will not cause significant negative environmental impact.

Maynilad continues to meet and exceed statutory and regulatory standards with its environmental programs and has earmarked a budget based on current trends of facilities management and innovation.

“Plant for Life” is the flagship environmental conservation program of Maynilad, which aims to recover denuded watersheds and thus protect the water supply of millions of consumers. It rallies volunteers from the public and private sector to help recover forestlands through the annual planting of trees. This multi-site reforestation program has planted over one million trees since its inception.

The Company also conducts an annual Greenhouse Gas (“GHG”) and Air Pollutants Inventory to quantify its GHG and take measures to minimize it. This process has also received an ISO 14064:2006 certification as it meets the international standard for GHG accounting and verification.

All the Company’s WTPs meet the standards established by the DOH in the National Standards for Drinking Water (PNSDW) which govern the minimum expectations for water supply. Both LMTPs also meet global standards Quality Management (ISO 9001:2015), Environmental Management (ISO 14001:2015), and Occupational Health and Safety (OHSAS 18001:2007).

Currently, Maynilad’s wastewater facilities are required to be maintained in compliance with environmental standards set primarily by the DENR for effluent quality. Effluents from facilities, such as sewage and septage treatment plants, are routinely sampled and tested against DENR standards using international quality sampling and testing procedures.

Maynilad’s regular maintenance procedures involve regular disinfection of service reservoirs and mains and replacement of corroded pipes. Maynilad believes all wastewater treatment processes and effluents meet the current standards of the DENR.

Maynilad’s Dagat-Dagatan Sewage and Septage Treatment Plant in Caloocan is the first facility of its kind in the Asia-Pacific Region to attain triple international standard accreditations on Quality Management (ISO 9001:2008) and Environmental Management (ISO 14001:2004) in January 2007, and Occupational Safety and Health Management (OHSAS 18001:2007).

INDUSTRY OVERVIEW

Certain industry information in this Prospectus has been extracted or directly quoted from the commissioned industry reports prepared by GlobalData, and such information reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and was prepared primarily as a material research tool. References to GlobalData should not be considered as the opinion of GlobalData, should not be guaranteed to be complete or accurate, as the case may be, as to the value of any security or the advisability of investing in the Issuer, or relied upon to make or refrain from any other investment decisions. GlobalData is not authorized or permitted to provide regulated investment advice and as such, the reports prepared by GlobalData do not constitute a recommendation regarding any securities and should not be considered regulated investment advice.

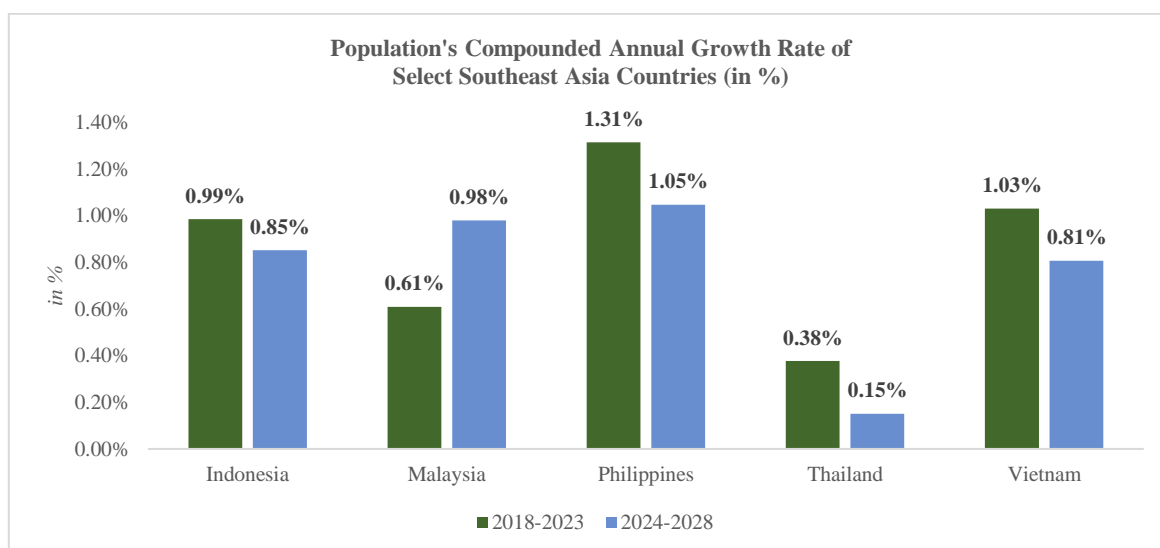
The information prepared by GlobalData in the commissioned industry reports and extracted or quoted in this Section or elsewhere in this Prospectus has not been independently verified by the Issuer and the Joint Lead Underwriters and Joint Bookrunners, and none of them gives any representation or warranty, whether express or implied, as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

The commissioned industry reports include forecasts and other forward-looking estimates. These forward-looking statements are necessarily based on various assumptions and estimates that are inherently subject to various risks and uncertainties relating to possible invalidity of the underlying assumptions and estimates and possible changes or development of social, economic, business, industry, market, legal, government, and regulatory circumstances and conditions and actions taken or omitted to be taken by others. Actual results and future events could differ materially from such forecasts. Investors should not place undue reliance on such statements, or on the ability of any party to accurately predict future industry trends or performance.

I. Philippines' Demographic Overview

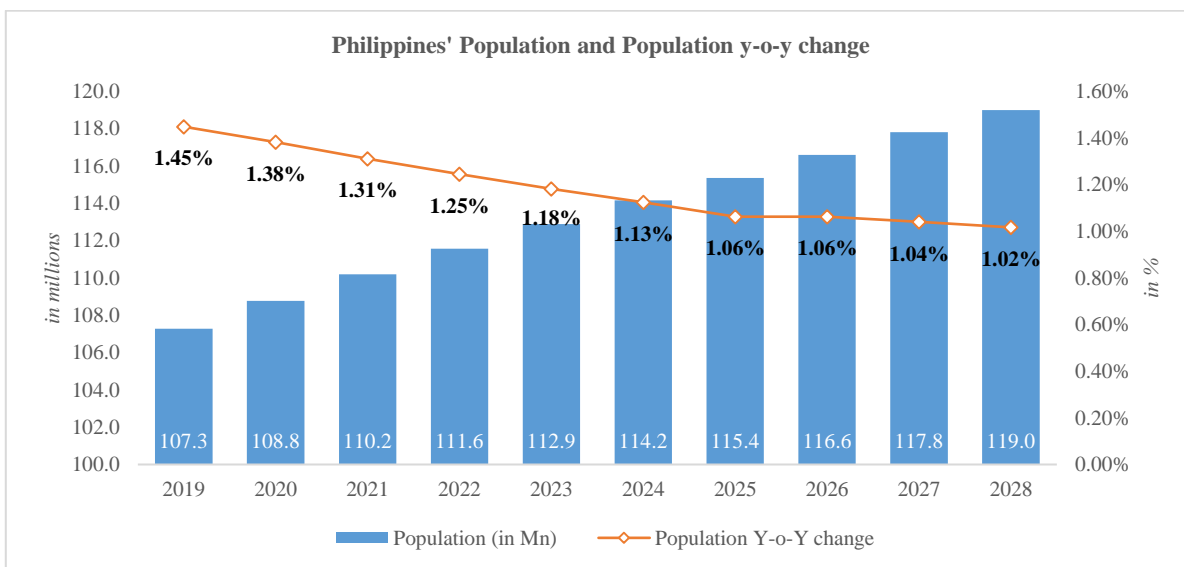
Population Growth

The Philippines is an archipelago located in the Southeast Asia and is considered as the 13th most populous country in the world, boasting a total population of around 112.9 million in 2023 as estimated by GlobalData. The Philippines' population is the fastest growing among its neighboring countries in the Southeast Asia region, with a CAGR from 2024 to 2028 of 1.05%.



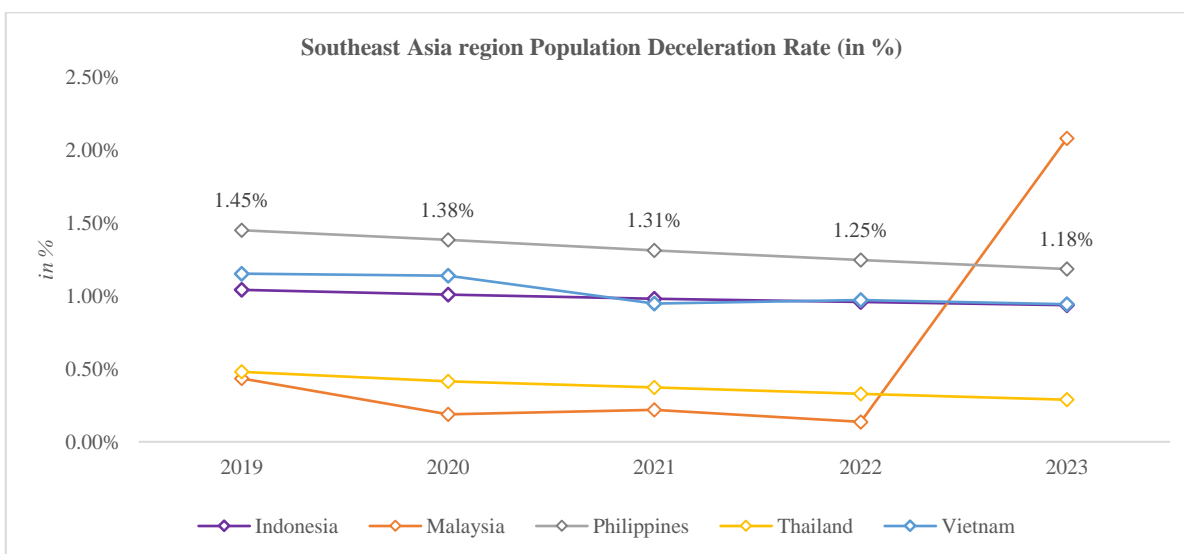
Source: GlobalData analysis

While Philippines' population is increasing annually, projecting a record-high of approximately 117.8 million in 2027, year-on-year (“y-o-y”) change has been decelerating and is expected to continue decelerating at a modest rate.



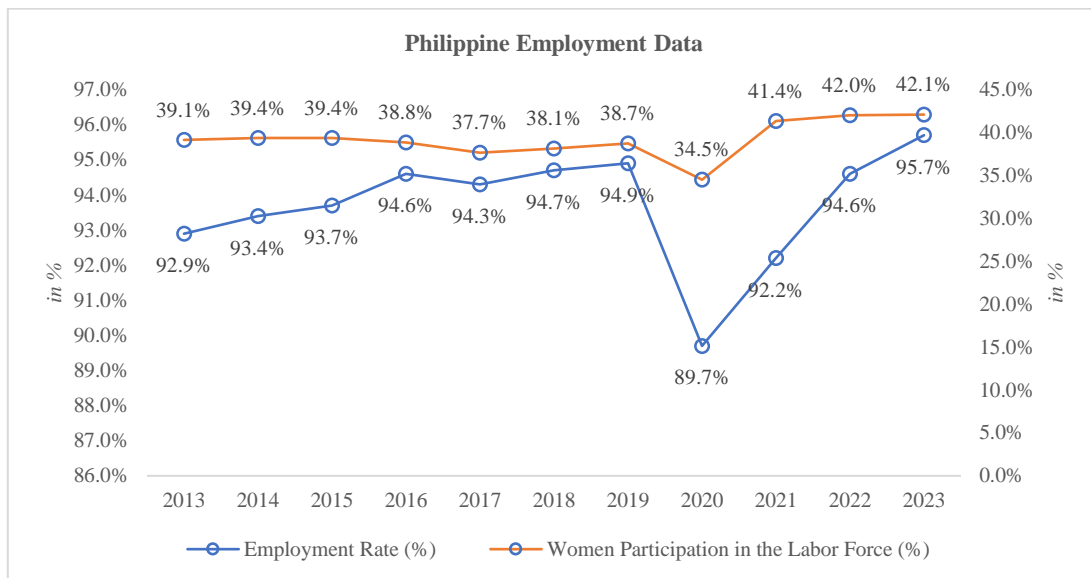
Source: Analysis based on GlobalData's figures on Philippines' population

The decelerating population rate is consistent within the Southeast Asia region. Comparing the population deceleration rate with its peers, Philippines remains to record the fastest decelerating rate in terms of population among its ASEAN peers.



Source: Analysis based on GlobalData's figures on population within the Southeast Asia region

The trajectory may be explained by households practicing family planning, and increased participation by women in the labor work force, closing at 42.1% in December 2023 based on data released by the Philippine Statistics Authority.



Source: Philippine Statistics Authority: Labor Force Survey from 1995 to 2018, Employment Situation in October 2019, Annual Labor Market Statistics 2020-2023

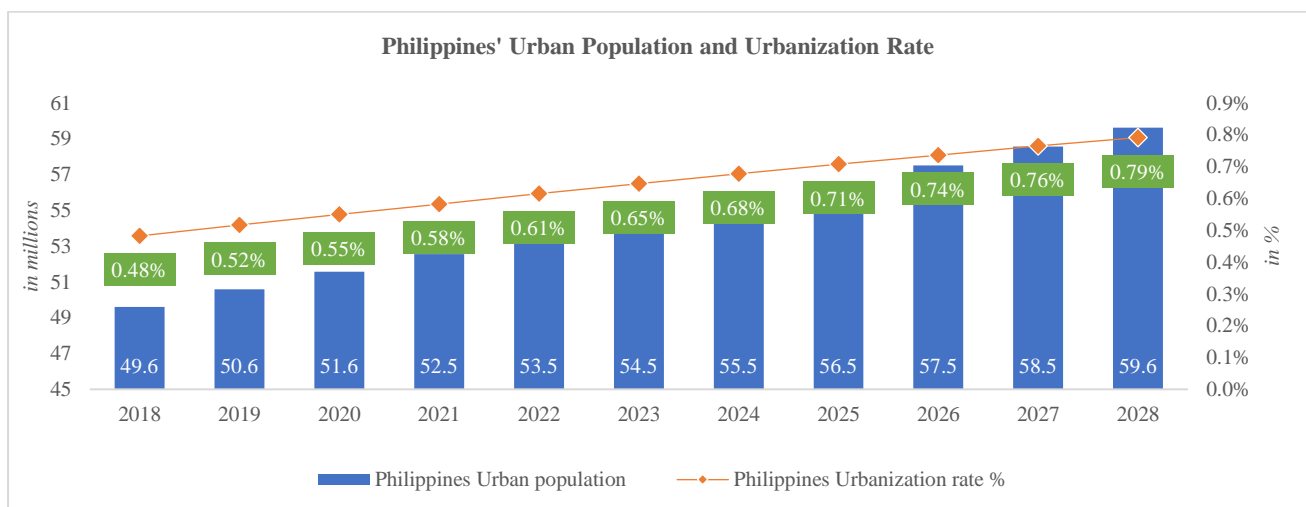
Philippine employment rate has consistently reached more than 90.0% in the last 10 years, save for 2020 it showed a significant decline in employment rate at about 89.7% in 2020 due the COVID-19 pandemic. However, both the employment rate and women participation in labor force are picking up and surpasses the 2019 levels, indicating that the Philippines is on track to recovery.

Based on the most recent census conducted by the Philippine Statistics Authority “2020 Census of Population and Housing and 2015 Census of Population”, a slight decrease in school-age population and youth population due to these reasons. Nonetheless, this is compensated with the increase in the Philippines’ working-age population which indicates that the Philippines has earned its demographic dividend from a long period of population growth.

in %; over Total Population	2015	2020
Working-age population (15 to 65 years old)	50.5%	51.1%
School-Age population (5 to 24 years old)	40.6%	39.4%
Youth population (15 to 30 years old)	29.2%	28.9%

Urbanization Rate

Despite the decelerating population growth rate, the Philippine urbanization rate continuously increases from 49.6 million in 2018 to 54.5 million in 2023, about 1.9% CAGR. From 2024 to 2028, it is expected that the urbanization rate will steadily increase at the same rate.



Source: GlobalData research

The slow and steady rate of urbanization provides ample time for the urban areas to develop adequate infrastructure and service delivery such as water, sanitation, energy, and waste management. It is worth noting that around 29.0%²⁴ of the total urban population resides within the National Capital Region (“NCR”) and the Province of Cavite. Philippines, with over 7,000 islands, accounts about 54.0% of the Philippine population who lives in urban *barangays*²⁵.

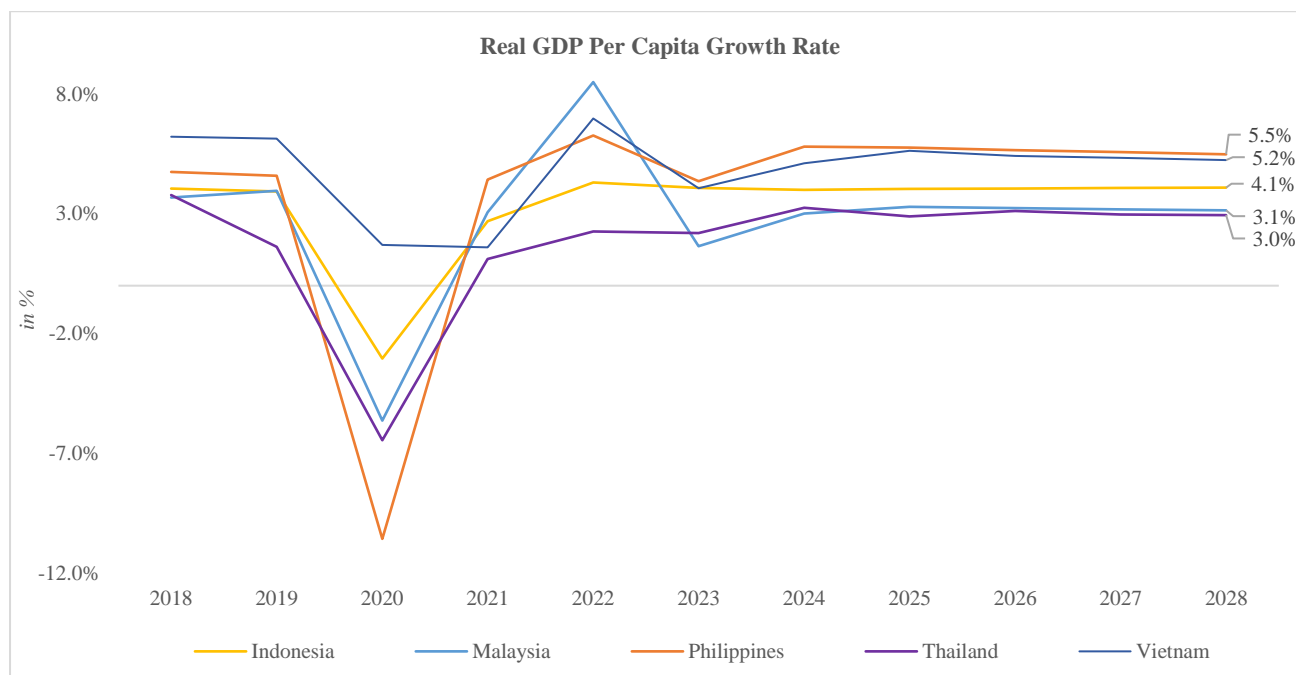
II. Macroeconomic Overview

Gross Domestic Product (“GDP”)

The Philippines’ economic growth displayed a strong Q4 2023, closing at a y-o-y GDP growth rate for the same period of 5.6%²⁶ due to stronger domestic demand.

The strength in domestic demand was evident in higher household consumption and investments, particularly public infrastructure showing that the Build Better More Program is reaping benefits in terms of its high multiplier effect on the economy. The robust household consumption reflects strong spending, supported by a healthy job market, consistent inflows of remittances from overseas Filipinos, and a surge in demand for goods and services. This outstanding feat outpaced major economies in Asia, such as China at 5.2%, Vietnam at 5.0%, and Malaysia at 3.8% based on the latest available data²⁷.

Despite the set-back in 2020 due to the COVID-19 pandemic, Philippines remains among the fastest growing economies in Southeast Asia, estimating to sustain growth by 2023-2028 at 6.8% based on GlobalData research. BMI, a Fitch Solutions Company, forecasts that the Philippines’ real GDP in 2024 will accelerate further to 6.2%²⁸.



Source: GlobalData research

²⁴ Philippine Statistics Authority, 2020 Census of Population and Housing and 2015 Census of Population

²⁵ Urban Population of the Philippines (2020 Census of Population and Housing) from Philippine Statistics Authority released July 5, 2022

²⁶ Gross Domestic Product (At Constant 2018 Prices) Year-on-Year Growth Rates (in percent) sourced from Philippine Statistics Authority published on January 31, 2024

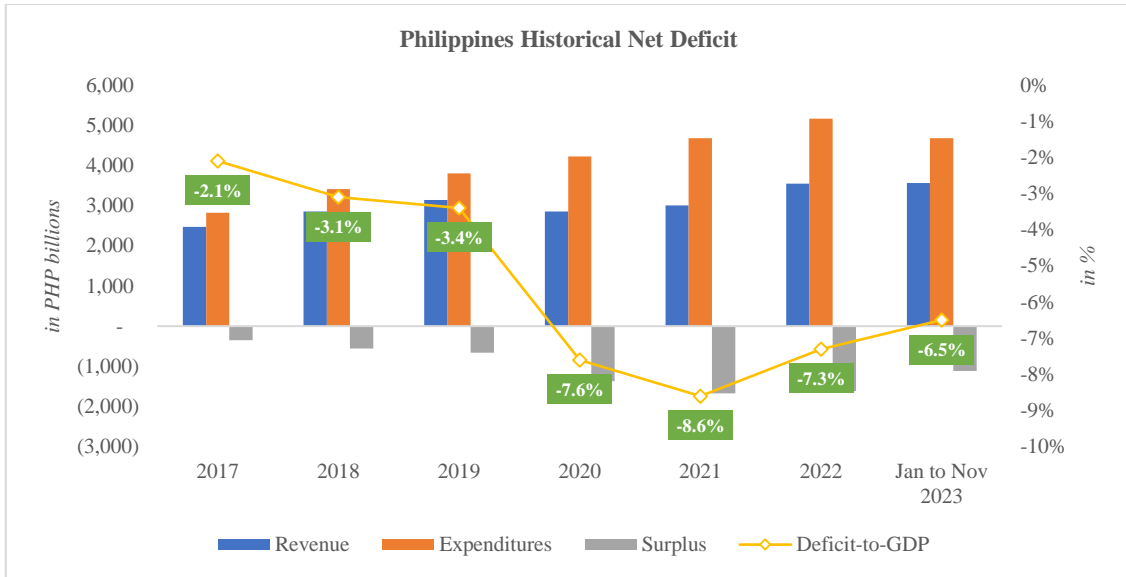
²⁷ PH’s full-year 2023 GDP growth strongest among major Asian economies sourced from Department of Finance dated January 31, 2024

²⁸ Philippines: Strong Economic Momentum To Continue sourced from BMI, a FitchSolutions Company, released February 05, 2024.

Current Account Deficit

The national government’s net deficit continues to narrow, noting its continuous decline post-pandemic. The narrowing of net deficit is primarily due to the decline of imports at a faster rate than the exports. In addition to this, there was a noted expansion in net receipts in the trade in services, primarily on the rise in interest income receipts on direct investments, and remittances from nonresident Overseas Filipino Workers (“OFW”).

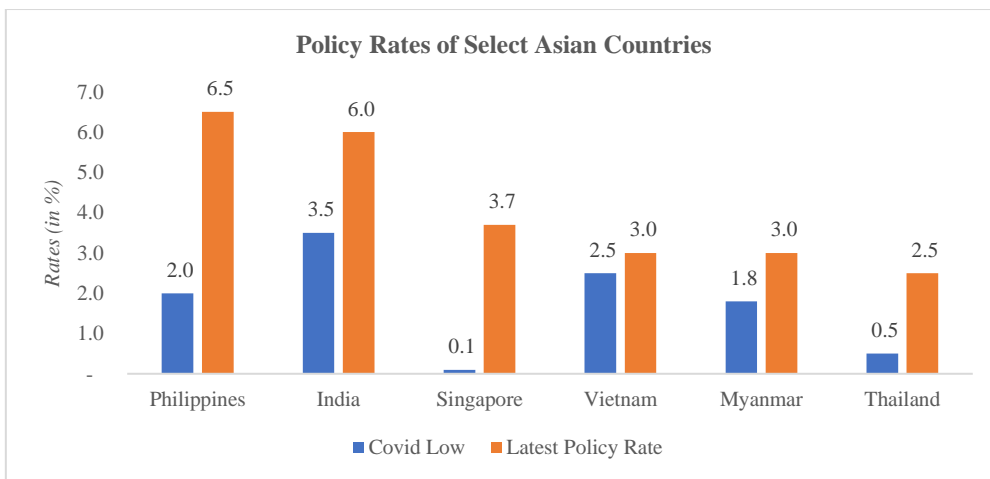
The *Bangko Sentral ng Pilipinas* (“BSP”) forecasted that the current account net deficit-to-GDP will further narrow to 2.0% in 2024 driven primarily by the steady inflows of OFW remittances which is expected to grow at 3.0% in the said year.



Source: *Bangko Sentral ng Pilipinas: Balance of Payments Report 3rd Quarter 2023*

Monetary Policy Deficit

Since May 2022, the BSP has increased its policy rate by 425 basis points (“bps”). BSP remains prepared to resume monetary tightening as necessary to steer inflation toward a target-consistent path.

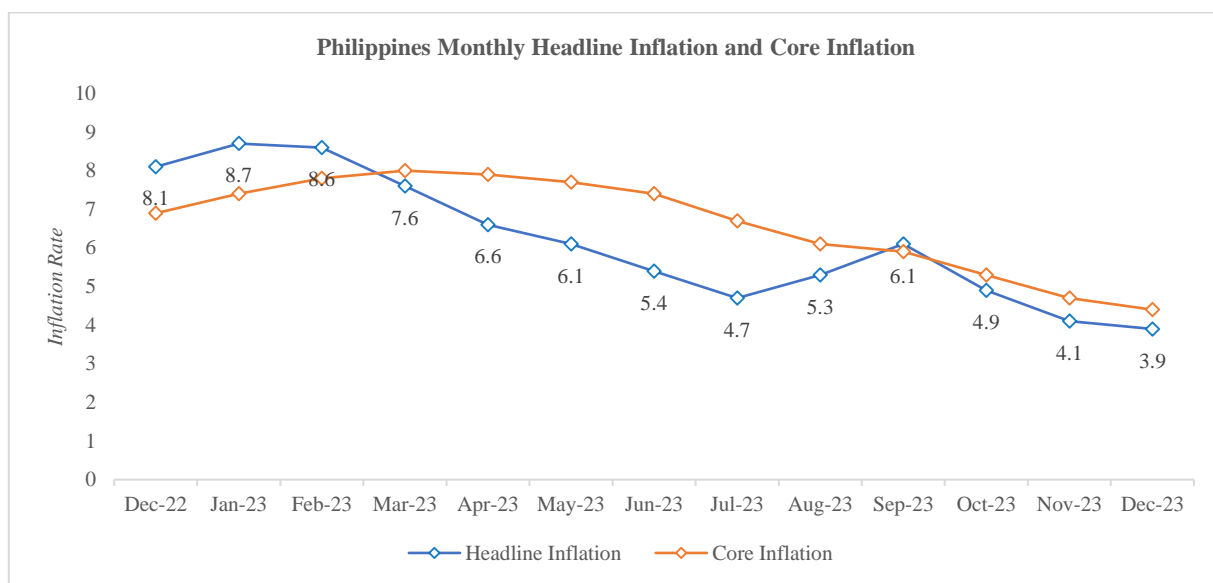


Source: *Bangko Sentral ng Pilipinas – Philippine Economic Update November 2023*

Philippines’ recorded inflation of 3.9% is the lowest recorded in 2023. The major drivers of the downtrend in inflation for December were lower y-o-y inflation in housing, water, electricity, gas, and other fuels, followed by food and non-alcoholic beverages. Philippine Government aims to further mitigate inflation with the following measures: (i) prioritization on investments in flood control infrastructure and post-harvest facilities to stabilize key agriculture commodities, (ii) filling

the domestic supply gap through timely and adequate importation based on ex-ante demand and supply analysis, and (iii) further strengthening the government’s commitment to address anti-competitive practices²⁹.

The balance of risks to the inflation outlook still leans significantly toward the upside, notwithstanding the recent improvement in supply conditions. Upside risks are associated with the potential impact of higher transport charges, electricity rates, and international oil prices as well as higher-than-expected minimum wage adjustments in areas outside the National Capital Region. Given these considerations, the Monetary Board in its November policy meeting noted that keeping the policy rate steady will allow previous interest rate adjustments, including the interest rate increases in an off-cycle meeting last October, to continue to work their way through the economy. The BSP continues to deem it necessary to keep monetary policy settings sufficiently tight until sustained downtrend in inflation becomes fully evident and inflation expectations are firmly anchored. The latest projections indicate that the inflation outlook has moderated over the policy horizon³⁰.



Source: Summary Inflation Report Consumer Price Index (2018=100): December 2023 sourced from Philippine Statistics Authority

III. Water Industry Sector

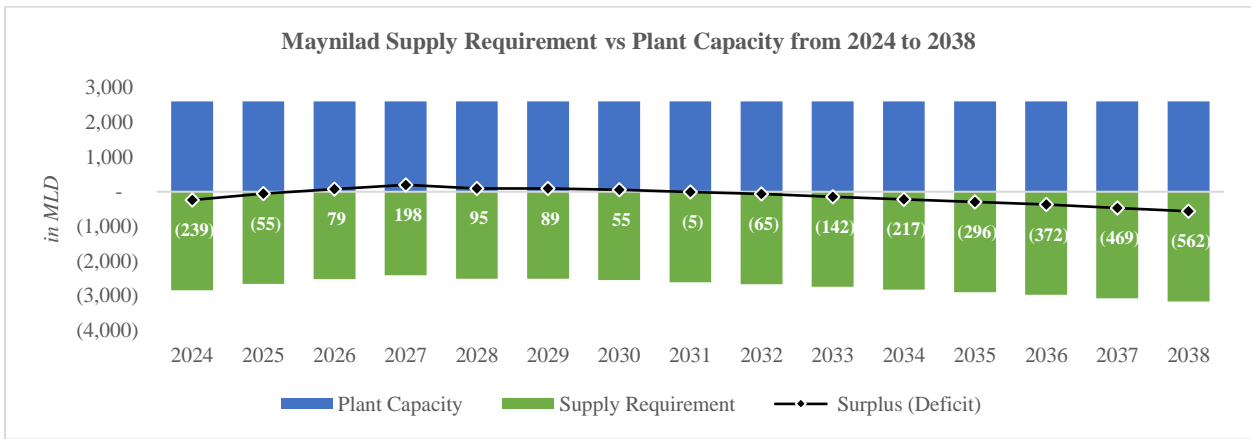
Supply and Demand

The Issuer procured external research entitled 2021 Water Demand Study undertaken by the UP Diliman Integrated Technical Consultancy, Inc. (“UP DITCI”) to project the deficit in water supply requirement addressing the pressing concerns on water shortage due to the growing population of the Philippines. The research below assumes an additional 15% design factor to the projected supply requirement which could help mitigate (i) the impact of the Maximum Daily Demand (“MDD”) or “weekend” water demand spikes in service levels, and (ii) losses in the headworks.

It can be noted that 2024, 2025 and 2031 onwards forecast a deficit in water supply. Following the urgent deployment of capital, the Issuer aims to fund additional water sources and construct water treatment plants, on top of MWSS’ New Centennial Water Source Kaliwa Dam Project which is expected to deliver an initial capacity of 600 MLD and be delivered by 2028 to address these concerns.

²⁹ Department of Finance: PH records lowest 2023 inflation rate of 3.9% in December, meets DBCC assumption of 6.0% for full year 2023

³⁰ Bangko Sentral ng Pilipinas: Philippine Economic Updates November 2023



Competitive Landscape

Maynilad is the water and wastewater services provider for the West Zone of the Greater Metro Manila area. It is the largest water concessionaire in the Philippines in terms of customer base. The West Zone is composed of 17 cities and municipalities which include Caloocan, Malabon, Navotas, Valenzuela, parts of Quezon City, parts of Manila, parts of Makati, Pasay, Parañaque, Las Piñas, Muntinlupa, Bacoor, Imus, Kawit, Rosario, Noveleta, and Cavite City. Maynilad’s concession area covers a total of 540 square kilometers. As of 31 December 2023, it caters to approximately 10.3 million people comprising a broad range of residential, commercial and industrial customers through its over 1.5 million water service connections.

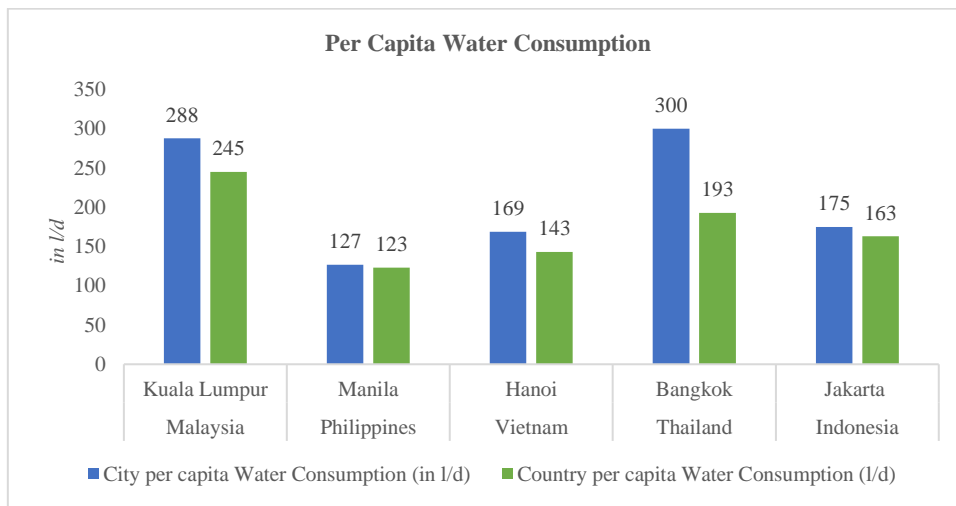
Manila Water has the exclusive right to provide services to, and to operate and manage water supply system in the East Zone of Metro Manila, which covers 24 cities and municipalities with approximately 7.6 million people as of 31 March 2023. Manila Water is owned by Trident Water Holdings Company, Inc. through its 52.16% voting interest and 35.59% economic interest. The other substantial shareholder of Manila Water is Ayala Corporation, with 22.27% as of 31 December 2023. Trident Water Holdings Company is wholly owned by Prime Infrastructure Capital, a holding company of Enrique K. Razon for its infrastructure-related business.

Prime Infrastructure Capital, an affiliate of Manila Water, formed a joint venture with San Lorenzo Ruiz Builders and Developers Group to establish WawaJVCo, Inc. and develop the Wawa Bulk Water Supply Project to address the growing concern for water scarcity and minimize the risk of flooding in the capital region and nearby province of Rizal. The project involves the construction of two water supply infrastructures. Its first phase or the Tayabasan Weir started commercial operations in October 2022 while the second phase or the Upper Wawa Dam is expected to be completed by 2025.

PrimeWater Infrastructure Corp. (“**PrimeWater**”) also offers water services from the Cagayan Province in the North, Zamboanga City in the South, and many provinces in between. PrimeWater presently collaborates with 75 water districts nationwide. Their coverage extends to 16 regions, 161 cities and municipalities and around 1.7 million service connections. PrimeWater is a subsidiary of Prime Asset Ventures, Inc. which is wholly-owned by Manuel Paolo A. Villar.

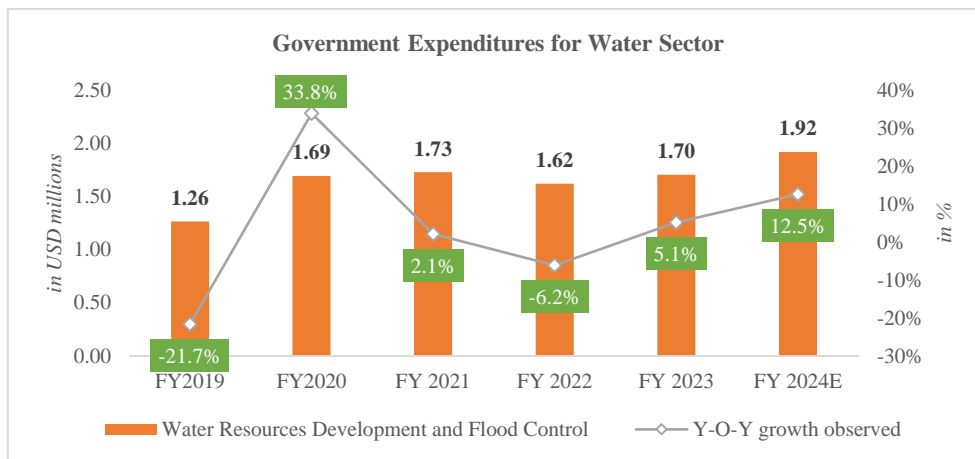
Planned Infrastructures

Despite being one of the most populous countries, Philippines ranks as one of the lowest in water consumption per capita among its peers in the Southeast Asia region. Fast capital deployment will allow Philippines to grow at par with its neighboring peers. Philippines has an upside potential of around twice than its current capita consumption.



Source: GlobalData research

With the increasing population and the declining supply for water sources, the Philippine Government has been ramping up its investments in Water Resources Development and Flood Control, with an estimated increase in investment by 12.5% from 2023.

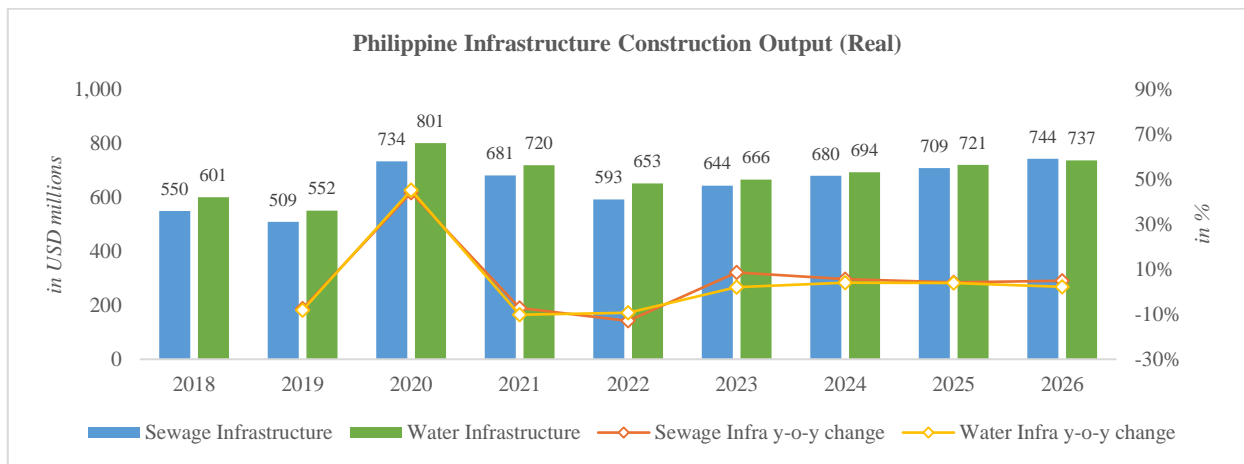


Source: GlobalData using The Department of Budget and Management and Philippine Statistics Authority

Country	2023 Infrastructure Investment (USD Mn)	Ranking
Thailand	4,983	1
Indonesia	1,317	2
Malaysia	1,294	3
Philippines	1,114	4
Vietnam	232	5

Source: GlobalData research

Over the next few years, the water infrastructure and sewage infrastructure are estimated to be growing at a constant rate. Further bolstering growth in the water sector.

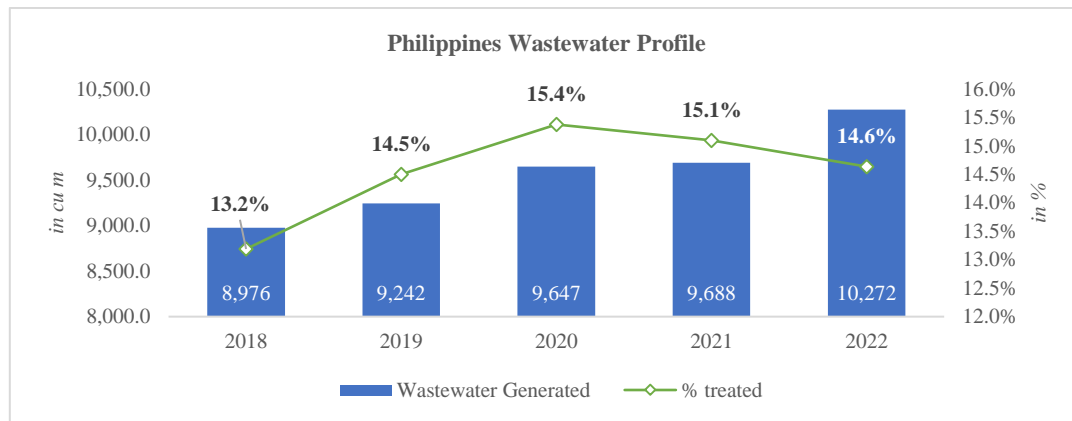


Source: GlobalData research

In comparison with the other water utility companies in the region, the Philippines shows significant growth potential with the number of population it serves. Thailand and Malaysia, despite servicing less than the Philippines water concessionaires’ population, these countries have impressive number of water connections and distribution lines, accounting about twice the size of the Philippines’ water parameters.

Wastewater

Philippines has shown slight improvements in treating the wastewater over the years. However, with the increase in population, it is imperative that the volume of the wastewater likewise accelerates.

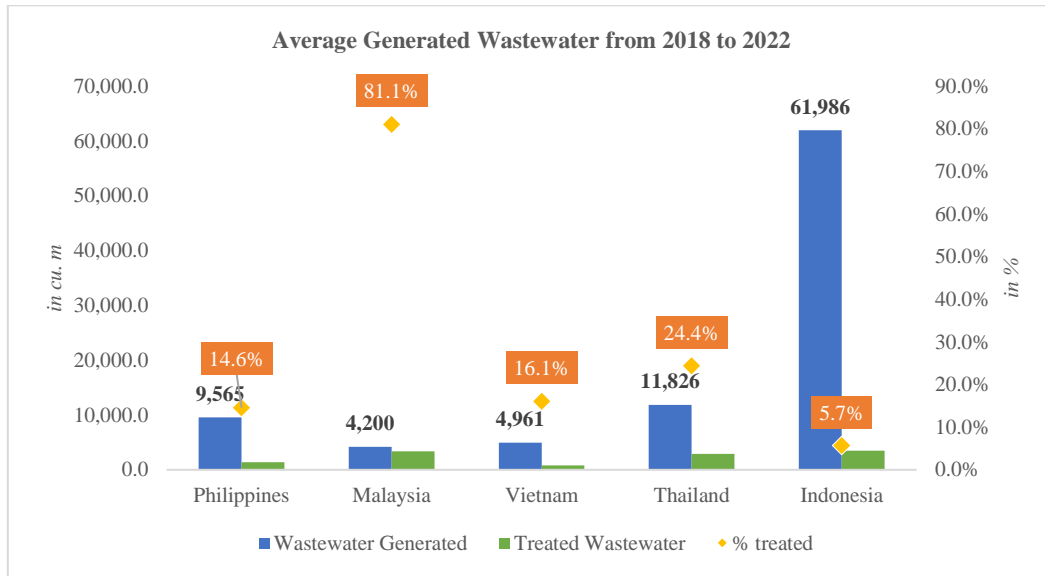


Source: Analysis based on GlobalData using PSA

The wastewater in the Philippines can be slightly attributed to the industrial sector which contributed at around 54.7% of the total generated wastewater in the Philippines based on the average “Total Generated Wastewater” from 2018 to 2022 per GlobalData’s research.

Split of Wastewater per major sector	Domestic/Municipality	Industrial
Philippines	45.3%	54.7%
Malaysia	51.1%	48.9%
Vietnam	66.7%	33.3%
Thailand	35.3%	64.7%
Indonesia	18.8%	81.2%
Average	43.4%	56.6%

The Philippines has one of the highest generated wastewater in the Southeast Asia region, which is around double the wastewater generation of Malaysia and Vietnam. With the high volume of wastewater generated comes the challenge of treating such wastewater and maintaining it at low levels. Philippines treats about 14.6% of the wastewater generated, well-below Thailand. The limited number of water reclamation facilities in the Philippines contributed to such low levels.



Source: Analysis based on GlobalData research using OECD, WPA, PSA, UNWater and GlobalData

MANAGEMENT DISCUSSION AND ANALYSIS

This discussion summarizes the significant factors affecting the consolidated financial performance, financial position and cash flows of Maynilad and its subsidiaries for the three-year period ended 31 December 2023. Prospective investors should read this discussion and analysis of the Company's consolidated financial condition and results of operations in conjunction with the consolidated financial statements and the notes thereto set forth elsewhere in this report. The summary financial information as of and for the years ended 31 December 2023, 2022, and 2021 were derived from the Company's audited consolidated financial statements and were prepared in accordance with Philippine Financial Reporting Standards ("PFRS") and were audited by SGV & Co., a member firm of Ernst & Young Global Limited in accordance with the Philippine Standards on Auditing.

This section contains certain forward-looking statements that are subject to significant risks and uncertainties. The actual results of the Company's operations may differ significantly from the forward-looking statements referred hereto. Factors that may cause future results to differ significantly from the forward-looking statements are set out, but not limited to, below and elsewhere in this Preliminary Prospectus, particularly in "Risk Factors" and "Forward Looking Statements".

The Company's summary financial information below should not be considered indicative of the results of future operations. Further, this section includes financial ratios discussions, which are unaudited and are not deemed measurements defined by the PFRS, hence these ratios should not be considered as an alternative to measures of performance in accordance with PFRS.

OVERVIEW

Maynilad is the water and wastewater services provider for the West Zone of the Greater Metro Manila area. It is the largest water concessionaire in the Philippines in terms of customer base. The West Zone is composed of 17 cities and municipalities which includes Caloocan, Malabon, Navotas, Valenzuela, parts of Quezon City, parts of Manila, parts of Makati, Pasay, Parañaque, Las Piñas, Muntinlupa, Bacoor, Imus, Kawit, Rosario, Noveleta, and Cavite City.

As of the date of the Preliminary Prospectus, the Company's principal businesses include: (i) Water Services; and (ii) Wastewater Services.

Water Services and Wastewater Services

Pursuant to the CA, the Company provides water supply services to all existing customers in the West Zone of Greater Manila. Revenues from water services are recognized upon supply of water to the customers. The Company provides sewerage services to customers in the West Zone of Greater Manila with existing sewerage connections, including the desludging or cleaning of the customers' septic tanks. Revenues from wastewater are recognized when the services are rendered to its customers.

Billings to customers consist of the following:

- a. Water charges
 - Basic charges represent the basic tariff charged to consumers for the provision of water services.
 - FCDA, which is the tariff mechanism that allows the Parent Company to recover foreign exchange losses or to compensate foreign exchange gains on a current basis beginning January 1, 2002 until the Expiration Date.
 - Maintenance service charge represents a fixed monthly charge per connection. The charge varies depending on the meter size.
- b. Wastewater charges
 - Environmental charge represents 20% of the water charges, except for maintenance service charge.
 - Sewerage charge represents 20% of the water charges, excluding maintenance service charge, for all consumers connected to the Parent Company's sewer lines. Effective January 1, 2012, pursuant to RO Resolution No. 11-007-CA, sewerage charge applies only to commercial and industrial customers connected to sewer lines.
- c. Government taxes consist of (i) the 2% national franchise tax, and (ii) the local franchise tax implemented by the respective LGUs where the Business Area offices of the Concessionaires are located.
 - National franchise tax is 2% of total water and wastewater charges.
 - Local franchise tax is based on the total water and wastewater charges using the applicable local franchise tax rate.

SIGNIFICANT FACTORS AFFECTING THE RESULTS OF OPERATIONS

Results of operations of the Company are affected by numerous factors. The discussion below provides for the most critical factors that have affected the Company's historical results of operations, and which the Company anticipates to affect its financial results in the future. Factors other than those listed below could also have a significant impact on the Company's results of operations and financial condition in the future.

General Economic Conditions in the Philippines

The Company derives all of its revenue from its operations in the Philippines. The Company believes that it is heavily dependent on Philippine's economy, and the Company's growth is driven in significant part by growth in the Philippine economy. While the Company is allowed to recover certain costs associated with changes in inflation, these adjustments are implemented after varying periods of time. Moreover, tariff rates may be adjusted, favorably or unfavorably, subject to the grounds for extraordinary price adjustments set out in the CA.

Regulatory Environment

The Company is subject to various laws and regulations which may affect its operations, including but not limited to National Water Resources Board ("**NWRB**"), the Department of Environment and Natural Resources ("**DENR**"), Environmental Management Bureau ("**EMB**"), Department of Health ("**DOH**") and the various local government units where the Company operates in. See also "*Regulatory Framework*" in this Preliminary Prospectus.

Water and Wastewater Operations

As of 31 December 2023, the Company's operations are approximately 86.0% dependent on the allocation of Angat Dam. With the continuous rise in Metro Manila population, aggressive efforts to develop new water sources to service the growing demand. Further, Philippines is experiencing seasonal *El Nino* and *La Nina*, which may disrupt the sources of water. See also "*Risk Factors - Risks Related to Raw Water Supply and Raw Water Quality*" in this Preliminary Prospectus.

Liquidity and Capital Resources

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank drafts, bank loans and debentures. The Company continuously monitor its ability to: (i) service its debt obligations, and (ii) access to adequate funding, through recurring liquidity planning. This planning considers the maturity of both its financial investments, financial assets, and projected cash flows from operations. Capital expenditures needed for the Company's operations are funded through long-term debt, while operating expenses and working capital requirements are funded primarily through internally-generated cash. Maturing debts are refinanced through a combination of long-term debt and internally-generated cash.

Capital Sources

As of 31 December 2023, and 2022, the Company's cash and cash equivalents were at ₱4,902.6 million and ₱10,438.7 million, respectively. The principal sources of cash inflows were cash flows from Company's operations and availment of interest-bearing loans. On the other hand, cash outflows were primarily used for additions to the service concession assets, concession fee payments, debt and interest repayments, and dividend payments.

The Company finances its expansion projects using a combination of internally-generated funds, available credit lines and loan facilities from reputable local and international financial institutions.

Net Cash Provided by (Used in) Operating Activities

The Company's net cash used in operating activities is primarily affected by the revenues and expenses related to its operations, as adjusted by non-cash items primarily, amortization of concession assets, provision for expected credit losses, depreciation and amortization, interest expense and interest income. Further, the Company's cash flows from operating activities are affected by working capital changes such as changes in trade and other receivables, contract assets, other current assets, trade and other payables, customers' deposits, and other noncurrent liabilities.

Net cash used in operating activities for the years ended 31 December 2023 and 2022, amounted to ₱5,839.7 million and ₱709.9 million, respectively, are primarily driven by the additional service concession assets incurred in relation to the

various rehabilitation projects and works. Net cash provided by operating activities for the year ended 31 December 2021, on the other hand, is primarily driven by the Company's operations, coupled with slightly lower additions to service concession assets and a buildup of receivables, following the adverse impact brought about by the COVID-19 pandemic.

Net Cash Provided by (Used in) Investing Activities

Net cash used in investing activities was ₱7,056.9 million for the year ended 31 December 2023. Cash used was primarily due to the increase of mobilization fund/advances to contractors in accordance with the capital expenditure plans of the Company.

Net cash provided by investing activities was ₱112.4 million for the year ended 31 December 2022. Cash provided by investing activities is driven by the decrease in mobilization fund paid to the contractors following completion of Company's certain projects. This is slightly offset by the additional purchases made for certain equipment.

Net cash used in investing activities was ₱1,166.4 million for the year ended 31 December 2021. Cash used was primarily due to the increase in mobilization fund and additional purchases of property and equipment.

Net Cash Provided by (Used in) Financing Activities

Net cash provided by financing activities amounted to ₱7,360.5 million and ₱3,070.5 million as of 31 December 2023, and 2022, respectively. Increases noted was primarily attributable to the availment of additional interest-bearing loans. On the other hand, the cash used in financing activities amounted to ₱8,000.5 million as of 31 December 2021 was driven by the repayments of interest-bearing loans and interests, dividend payments, and payments in relation to the service concession obligation payable to MWSS.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Please refer to Note 2 of the Audited Consolidated Financial Statements included in this Preliminary Prospectus.

SUMMARY OF SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of the consolidated financial statements in accordance with PFRS requires the Company to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. In preparing the Company's consolidated financial statements, the Company has made its best estimates and judgments of certain amounts, giving due consideration to materiality.

The estimates and assumptions used in the accompanying consolidated financial statements are based upon the Company's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. The uncertainties inherent in these estimates and assumptions could result in outcomes that could require material adjustments to the carrying amounts of the assets or liabilities affected in future years. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Please refer to Note 3 of the Audited Consolidated Financial Statements included in this Preliminary Prospectus.

COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended 31 December (in PHP'000s)		
	2021	2022	2023
OPERATING REVENUE			
Water services			
West zone	17,837,168	18,569,512	22,169,809
Outside west zone	204,632	239,100	255,429
Wastewater services			
West zone	3,778,097	3,946,133	4,727,116

Others	130,117	119,988	170,911
	21,950,014	22,874,733	27,323,265
COSTS AND EXPENSES			
Amortization of service concession assets	3,981,774	2,459,156	2,744,831
Salaries, wages and benefits	2,251,794	2,267,079	2,525,069
Utilities	1,166,931	1,714,030	1,665,086
Contracted services	1,028,369	1,138,976	1,458,707
Repairs and maintenance	627,947	688,362	900,059
Materials and supplies	480,899	682,699	832,128
Taxes and licenses	311,662	662,739	834,058
Depreciation and amortization	598,082	485,877	524,326
Purchased water	–	362,364	619,525
Transportation and travel	134,246	236,623	191,252
Regulatory costs	181,410	207,252	242,203
Collection charges	135,938	152,144	182,165
Business meetings and representations	118,792	119,494	159,701
Provision for expected credit losses	6,281	82,921	600,524
Insurance	70,166	51,145	62,227
Rental	75,470	47,380	89,117
Advertising and promotion	40,834	33,819	57,550
Others	221,689	460,705	412,651
	11,432,284	11,852,765	14,101,179
INCOME BEFORE OTHER INCOME (EXPENSES)	10,517,730	11,021,968	13,222,086
OTHER INCOME (EXPENSES)			
Revenue from rehabilitation works	8,081,184	14,994,961	19,175,281
Cost of rehabilitation works	(8,081,184)	(14,994,961)	(19,175,281)
Interest expense and other financing charges	(2,135,863)	(2,321,672)	(2,503,388)
Foreign exchange gains (losses) - net	1,599,868	1,764,650	(1,167,582)
Foreign currency differential adjustments	(1,584,370)	(1,741,839)	1,129,029
Interest income	45,790	30,093	221,664
Others - net	(453,648)	(771,473)	1,021,230
	(2,528,223)	(3,040,241)	(1,299,047)
INCOME BEFORE INCOME TAX	7,989,507	7,981,727	11,923,039
PROVISION FOR INCOME TAX			
Current	1,530,425	1,919,469	2,409,324
Deferred	315,783	187,334	502,536
	1,846,208	2,106,803	2,911,860
NET INCOME	6,143,299	5,874,924	9,011,179
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent period			
Remeasurement gain (loss) on retirement plan	424,268	224,564	(159,034)
Income tax effect	(77,767)	(38,412)	14,790
	346,501	186,152	(144,244)
TOTAL COMPREHENSIVE INCOME	6,489,800	6,061,076	8,866,935

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of 31 December (in PHP '000s)		
	2021	2022	2023
Current Assets			
Cash and cash equivalents	7,965,705	10,438,664	4,902,556
Trade and other receivables	3,352,921	2,831,360	2,418,070
Contract assets	1,159,069	1,000,925	1,205,041
Other current assets	1,552,043	1,819,169	1,862,498
Total Current Assets	14,029,738	16,090,118	10,388,165

Noncurrent Assets			
Service concession assets	107,471,577	121,187,932	140,919,477
Property and equipment	1,771,663	1,573,960	1,889,754
Financial asset at fair value through other comprehensive income	124,864	124,864	124,864
Other noncurrent assets	4,238,584	4,401,107	10,381,305
Total Noncurrent Assets	113,606,688	127,287,863	153,315,400
Total Assets	127,636,426	143,377,981	163,703,565
Current Liabilities			
Trade and other payables	18,559,443 ³¹	22,116,183	20,567,655
Short-term and current portion of interest-bearing loans	2,356,688	3,806,311	2,587,660
Current portion of service concession obligation payable to MWSS	751,642	940,917	874,561
Income tax payable	366,374	631,442	530,752
Total Current Liabilities	22,034,147	27,494,853	24,560,628
Noncurrent Liabilities			
Interest-bearing loans - net of current portion	35,304,963	43,107,785	59,214,238
Service concession obligation payable to MWSS - net of current portion	5,987,197	6,069,162	6,489,036
Deferred tax liabilities - net	811,304	1,037,049	1,524,795
Deferred credits	994,839	795,403	1,207,936
Customers' deposits	485,720	529,363	548,618
Pension liability	396,199	151,791	285,731
Other noncurrent liabilities	1,613,879	1,255,130	1,702,283
Total Noncurrent Liabilities	45,594,101	52,945,683	70,972,637
Total Liabilities	67,628,248	80,440,536	95,533,265
Equity			
Capital stock	4,546,982	4,546,982	4,546,982
Additional paid-in capital	10,032,877	10,032,877	10,041,662
Treasury shares	(217,245)	(349,054)	(391,919)
Other equity adjustments	(309,220)	(309,220)	(309,220)
Other comprehensive income (loss)	(150,335)	35,817	(108,427)
Retained earnings			
Unappropriated	17,355,119	20,230,043	25,641,222
Appropriated	28,750,000	28,750,000	28,750,000
Total Equity	60,008,178	62,937,445	68,170,300
Total Liabilities and Equity	127,636,426	143,377,981	163,703,565

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended 31 December (in PHP'000s)		
	2021	2022	2023
Net cash provided by (used in) operating activities	5,180,387	(709,899)	(5,839,734)
Net cash provided by (used in) investing activities	(1,166,404)	112,393	(7,056,881)
Net cash provided by (used in) financing activities	(8,000,450)	3,070,465	7,360,507
Net increase (decrease) in cash and cash equivalents	(3,986,467)	2,472,959	(5,536,108)
Cash and cash equivalents at beginning of year	11,952,172	7,965,705	10,438,664
Cash and cash equivalents at the end of year	7,965,705	10,438,664	4,902,556

KEY FINANCIAL DATA

³¹ In 2021, the Income tax payable amounting to ₱366.4 million was presented as part of Trade and Other Payables.

	For the year ended 31 December ³² <i>(in PHP '000s except for ratio figures)</i>		
	2021	2022	2023
Operating Revenues	21,950,014	22,874,733	27,323,265
EBITDA	14,659,436	13,218,339	17,473,920
Current Ratio	0.64	0.59	0.42
Debt-to-Equity Ratio	0.63	0.75	0.91
Return-on-Equity <i>(in %)</i>	10.53%	9.56%	13.75%
Asset-to-Equity Ratio	2.13	2.28	2.40

The key financial data presented above are derived using the following formula:

1. EBITDA is calculated as the Company's consolidated net income excluding provision for income tax, interest expense and other financing charges, depreciation and amortization, amortization of service concession assets, and interest income. The following table provides for the computation of the Company's EBITDA for the following periods:

	For the year ended 31 December <i>(in PHP '000s)</i>		
	2021	2022	2023
Net income	6,143,299	5,874,924	9,011,179
Provision for income tax	1,846,208	2,106,803	2,911,860
Interest expense and other financing charges	2,135,863	2,321,672	2,503,388
Depreciation and amortization	598,082	485,877	524,326
Amortization of service concession assets	3,981,774	2,459,156	2,744,831
Interest income	(45,790)	(30,093)	(221,664)
EBITDA	14,659,436	13,218,339	17,473,920

2. Current ratio is derived by dividing current assets by current liabilities. Current ratio aims to measure the Company's ability to service its short-term liabilities with its current assets.
3. Debt-to-Equity ratio is derived by dividing the Company's interest-bearing loans (current and noncurrent) by the total equity. Debt-to-equity ratio is used to evaluate Company's financial leverage.
4. Return-on-Equity ("ROE") is derived by dividing net income by average total equity (calculated based on simple average). The ROE shows how much net income can the Company generate relative to its average total equity.
5. Asset-to-equity ratio is derived by dividing total assets by total equity. Asset-to-equity ratio measures the proportion of the Company's assets financed by the shareholders.

RESULTS OF OPERATIONS

The discussion below is based on the Consolidated Audited Financial Statements of the Company. Other than as disclosed herein, the Company believes that there are no other material discussions arising from the Company's operations.

Years ended 31 December 2023 compared against the year ended 31 December 2022

Revenues

Total Revenues, which is primarily comprised of revenues from water and wastewater services, grew by ₱4,448.5 million or 19.4% to ₱27,323.3 million for the year ended 31 December 2023 compared to ₱22,874.7 million for the year ended 31 December 2022 on account of (i) implemented increases in tariff rates effective 1 January 2023, and (ii) higher billed volume. The higher billed volume for the year ended 31 December 2023 was driven by easing of COVID-19 restrictions, and aggressive efforts in reducing losses in the primary distribution system. Increases in other revenues, which account for the balance, is driven by connection and installation fees for new water service connections.

Years Ended 31 December <i>(in PHP '000s)</i>		Increase (Decrease)		% of Total Revenues	
		Amount	In %	In %	In %
2022	2023	2023 vs 2022		2022	2023
Operating Revenue					

³² The key financial data presented herein aims to provide insights to the investors in relation to the Company's financial performance and financial health. Please refer to "Description of Bonds – Financial Covenants" for the detailed computation with regard to the Company's compliance with its financial covenants,

Water services						
West zone	18,569,512	22,169,809	3,600,297	19.4%	81.2%	81.1%
Outside west zone	239,100	255,429	16,329	6.8%	1.0%	0.9%
Wastewater services						
West zone	3,946,133	4,727,116	780,983	19.8%	17.3%	17.3%
Others	119,988	170,911	50,923	42.4%	0.5%	0.6%
Total Revenues	22,874,733	27,323,265	4,448,532	19.4%	100.0%	100.0%

Costs and Expenses

Consolidated costs and expenses increased by ₱2,248.4 million or 19.0% to ₱14,101.2 million for the year ended 31 December 2023 compared to ₱11,852.8 million for the year ended 31 December 2022.

	Years Ended 31		Increase (Decrease)		% of Total Revenues	
	December		Amount	In %	In %	In %
	<i>(in PHP '000s)</i>					
	2022	2023	2022 vs 2023	2022	2023	
COSTS AND EXPENSES						
Amortization of service concession assets	2,459,156	2,744,831	285,675	11.6%	10.8%	10.0%
Salaries, wages and benefits	2,267,079	2,525,069	257,990	11.4%	9.9%	9.2%
Utilities	1,714,030	1,665,086	(48,944)	(2.9%)	7.5%	6.1%
Contracted services	1,138,976	1,458,707	319,731	28.1%	5.0%	5.3%
Repairs and maintenance	688,362	900,059	211,697	30.8%	3.0%	3.3%
Materials and supplies	682,699	832,128	149,429	21.9%	3.0%	3.0%
Taxes and licenses	662,739	834,058	171,319	25.9%	2.9%	3.1%
Depreciation and amortization	485,877	524,326	38,449	7.9%	2.1%	1.9%
Purchased water	362,364	619,525	257,161	71.0%	1.6%	2.3%
Transportation and travel	236,623	191,252	(45,371)	(19.2%)	1.0%	0.7%
Regulatory costs	207,252	242,203	34,951	16.9%	0.9%	0.9%
Collection charges	152,144	182,165	30,021	19.7%	0.7%	0.7%
Business meetings and representations	119,494	159,701	40,207	33.6%	0.5%	0.6%
Provision for expected credit losses	82,921	600,524	517,603	624.2%	0.4%	2.2%
Insurance	51,145	62,227	11,082	21.7%	0.2%	0.2%
Rental	47,380	89,117	41,737	88.1%	0.2%	0.3%
Advertising and promotion	33,819	57,550	23,731	70.2%	0.1%	0.2%
Others	460,705	412,651	(48,054)	(10.4%)	2.0%	1.5%
	11,852,765	14,101,179	2,248,414	19.0%	51.8%	51.6%

The amortization of service concession assets increased by ₱285.7 million, or 11.6%, to ₱2,744.8 million for the year ended 31 December 2023, compared to ₱2,459.2 million for the year ended 31 December 2022. The increase was primarily due to the newly completed projects during this period in line with Maynilad's capital expenditure plans MWSS.. Maynilad amortizes its service concession assets using unit-of-production method as the economic benefit of these assets is more closely aligned with billed volume, which Maynilad can reliably estimate. Phil Hydro amortizes its service concession assets using the straight-line method over the terms of bulk water supply agreements and memorandum of agreement.

Salaries, wages and benefits increased by ₱258.0 million, or 11.4%, to ₱2,525.1 million for the year ended 31 December 2023, compared to ₱2,267.1 million for the year ended 31 December 2022. The increase is mainly attributable to the accrual for the long-term incentive plan (LTIP) cycle covering the period 1 January 2023 to 31 December 2025, and the re-issuance of ESOP shares from the treasury shares.

Expenses for contracted services increased by ₱319.7 million, or 28.1%, to ₱1,458.7 million for the year ended 31 December 2023, compared to ₱1,139.0 million for the year ended 31 December 2022. The increase can be attributed is primarily on the back of (i) higher costs for read-and-bill charges³³; (ii) increased disconnection and reconnection services

³³ Read-and-bill is a process whereby the customers will immediately receive the billing charges following meter reading.

(iii) higher costs for tankering services on account of higher number of interruptions particularly in the south; and (iv) higher costs for security and janitorial services.

The cost of repairs and maintenance increased by ₱211.7 million, or 30.8%, to ₱900.1 million for the year ended 31 December 2023, compared to ₱688.4 million for the year ended 31 December 2022. The increase is primarily on account of maintenance activities undertaken to prepare for the *amihan* season, particularly biological aerated filter (BAF) underdrain cleaning, ultrafiltration (UF) pinning, pipelaying works, and equipment repairs.

Materials and supplies expenses increased by ₱149.4 million, or 21.9%, to ₱832.1 million for the year ended 31 December 2023, compared to ₱682.7 million for the year ended 31 December 2022. The increase is primarily due to higher water treatment cost brought by high turbidity at the Putatan water treatment plants.

Payments for taxes and licenses increased by ₱171.3 million, or 25.9%, to ₱834.1 million for the year ended 31 December 2023, compared to ₱662.7 million for the year ended 31 December 2022. The increase is mainly on account of higher national franchise tax given that it was only beginning 21 March 2022, upon acceptance of the franchise. Thus, national franchise tax expense was charged over a period of nine (9) months in 2022, compared to a full-year charge in 2023..

Depreciation and amortization increased by ₱38.5 million, or 7.9%, to ₱524.3 million for the year ended 31 December 2023, compared to ₱485.9 million for the year ended 31 December 2022. The increase is mainly due to purchases of new laptops, desktops and various IT-related projects.

Purchased water costs increased by ₱257.2 million, or 71.0%, to ₱619.5 million for the year ended 31 December 2023, compared to ₱362.4 million for the year ended 31 December 2022. This increase is primarily on the back of the purchased water from the other concessionaire to augment Maynilad's raw water requirement. On 28 October 2022, Maynilad and Manila Water entered into a memorandum of agreement for the purchase of raw bulk water by the former from the latter at ₱21/cu.m. and treated bulk water at ₱26/cu.m.

Transportation and travel decreased by ₱45.4 million, or 19.2%, to ₱191.3 million for the year ended 31 December 2023, compared to ₱236.6 million for the year ended 31 December 2022. The decrease is primarily due to lower fuel prices in 2023 compared to 2022.

Regulatory costs increased by ₱35.0 million, or 16.9%, to ₱242.2 million for the year ended 31 December 2023, compared to ₱207.3 million for the year ended 31 December 2022. The increase is due to higher CPI adjustment in relation to Maynilad's regulatory fees from 5.8% in 2023 compared to 4.5% in 2022.

Collection charges increased by ₱30.0 million, or 19.7%, to ₱182.2 million for the year ended 31 December 2023, compared to ₱152.1 million for the year ended 31 December 2022. The increase is mainly due to increased efforts made by Maynilad to collect its outstanding receivables.

Expenses for business meetings and representations increased by ₱40.2 million, or 33.6%, to ₱159.7 million for the year ended 31 December 2023, compared to ₱119.5 million for the year ended 31 December 2022. The increase is mainly comprised of salary increases which includes a representation and transportation allowance component and increases in expenses for management meetings and general assemblies to cascade the service obligation targets.

Provisions for expected credit losses increased by ₱517.6 million, or 624.2%, to ₱600.5 million for the year ended 31 December 2023, compared to ₱82.9 million for the year ended 31 December 2022. In December 2023, Maynilad wrote off uncollectible accounts billed in 2015 and prior years amounting to ₱820.9 million. Consequently, the Company recorded additional provision for these uncollectible accounts for unpaid bills from 2016 onwards. These accounts will be referred to a debt collection agency for recovery.

Insurance expense increased by ₱11.1 million, or 21.7%, to ₱62.2 million for the year ended 31 December 2023, compared to ₱51.2 million for the year ended 31 December 2022. The increase is mainly due to additional common purpose facilities ("CPF") insured.

Rental costs increased by ₱41.7 million, or 88.1%, to ₱89.1 million for the year ended 31 December 2023, compared to ₱47.4 million for the year ended 31 December 2022. The increase is mainly due to additional lease contracts for transportation equipment entered into in 2023.

Advertising and promotion costs increased by ₱23.7 million, or 70.2%, to ₱57.6 million for the year ended 31 December 2023, compared to ₱33.8 million for the year ended 31 December 2022. The increase is primarily on account of rebranding

and intensified public relations and other marketing activities, for media, government, and the community in relation to the implementation of tariff hike and effectivity of the RCA.

Other expenses decreased by ₱48.1 million, or 10.4%, to ₱412.7 million for the year ended 31 December 2023, compared to ₱460.7 million for the year ended 31 December 2022. The decrease is mainly due to the lower provision for inventory obsolescence in 2023 compared to 2022.

Income before Other Income (Expenses)

With the foregoing, income before other income (expenses) increased by ₱2,200.1 million, or 20.0%, to ₱13,222.1 million for the year ended 31 December 2023, compared to ₱11,022.0 million for the year ended 31 December 2022.

Other Income (Expenses)

	Years Ended 31 December		Increase (Decrease)		% of Total Revenues	
	<i>(in PHP'000s)</i>		Amount	In %	In %	In %
	2022	2023	2022 vs 2023		2022	2023
OTHER INCOME (EXPENSES)						
Revenue from rehabilitation works	14,994,961	19,175,281	4,180,320	27.9%	65.6%	70.2%
Cost of rehabilitation works	(14,994,961)	(19,175,281)	(4,180,320)	27.9%	(65.6%)	(70.2%)
Interest expense and other financing charges	(2,321,672)	(2,503,388)	(181,716)	7.8%	(10.1%)	(9.2%)
Foreign exchange gains (losses) - net	1,764,650	(1,167,582)	(2,932,232)	(166.2%)	7.7%	(4.3%)
Foreign currency differential adjustments	(1,741,839)	1,129,029	2,870,868	(164.8%)	(7.6%)	4.1%
Interest income	30,093	221,664	191,571	636.6%	0.1%	0.8%
Others - net	(771,473)	1,021,230	1,792,703	(232.4%)	(3.4%)	3.7%
	(3,040,241)	(1,299,047)	1,741,194	(57.3%)	(13.3%)	(4.8%)

Revenues and costs from rehabilitation works increased by ₱4,180.3 million, or 27.9%, to ₱19,175.3 million for the year ended 31 December 2023, compared to ₱14,995.0 million for the year ended 31 December 2022. The increase is due to additions to capital expenditure projects during this period as a result of various network improvements and new projects.

Interest expense and other financing charges increased by ₱181.7 million, or 7.8%, to ₱2,503.4 million for the year ended 31 December 2023, compared to ₱2,321.7 million for the year ended 31 December 2022. The increase is primarily due to the additional ₱10.0 billion and ₱5.0 billion loans secured from Bank of the Philippine Islands and Land Bank of the Philippines, respectively, which were secured in 2023.

Foreign exchange gains (losses) – net decreased by ₱2,932.2 million, or 166.2%, to ₱1,167.6 million loss for the year ended 31 December 2023, compared to ₱1,764.7 million gains for the year ended 31 December 2022. The decrease is mainly due to the decline in US Dollars conversion rate to Philippine peso from 55.75 as of 31 December 2022 to 55.37 as of 31 December 2023.

The FCDA increased by ₱2,870.9 million, or 164.8%, to ₱1,129.0 million FCDA gain for the year ended 31 December 2023, compared to FCDA downward adjustment of ₱1,741.8 million for the year ended 31 December 2022. The increase can be attributed to the decline in Japanese Yen conversion rate to Philippine peso from 0.4174 as of 31 December 2022 to 0.393 as of 31 December 2023

Interest income increased by ₱191.6 million, or 636.6%, to ₱221.7 million for the year ended 31 December 2023, compared to ₱30.1 million for the year ended 31 December 2022. The increase is mainly attributed to higher interest rates on special deposits.

Other income (expenses) – net increased by ₱1,792.7 million, or 232.4%, to ₱1,021.2 million income for the year ended 31 December 2023, compared to ₱771.5 million expenses for the year ended 31 December 2022. The increase is mainly attributed to higher interest rates on special deposits.

Income before Income Tax

With the foregoing, income before income tax increased by ₱3,941.3 million, or 49.4%, to ₱11,923.0 million for the year ended 31 December 2023, compared to ₱7,981.7 million for the year ended 31 December 2022.

Provision for Income tax

Provision for income tax increased by ₱805.1 million, or 38.2%, to ₱2,911.9 million for the year ended 31 December 2023, compared to ₱2,106.8 million for the year ended 31 December 2022. The increase is primarily driven by the increase in Company's operations resulting in higher taxable income. In addition to this, deferred taxes increased significantly by 168.3% or ₱315.2 million, to ₱502.5 million for the year ended 31 December 2023, compared to ₱187.3 million for the year ended 31 December 2022 due to the increase in service concession assets, slightly offset by the increase in allowance for expected credit losses, accrued expenses and revenue from contracts with customers – net.

Net income

Net income increased by ₱3,136.3 million, or 53.4%, to ₱9,011.2 million for the year ended 31 December 2023, compared to ₱5,874.9 million for the year ended 31 December 2022.

Years ended 31 December 2022 compared against the year ended 31 December 2021

Revenues

Total revenues, which is primarily comprised of revenues from water and wastewater services, grew by ₱924.7 million or 4.2% to ₱22,874.7 million for the year ended 31 December 2022 compared to ₱21,950.0 million for the year ended 31 December 2021 on account of (i) imposition of government taxes in the customer's bills comprised of national franchise tax at a rate of 2.0%, and the local franchise tax implemented by the respective local government units where the Business Area offices are located, and (ii) higher billed volume. Decreases in other revenues, which account for the balance, is on account of lower new service connections.

	Years Ended 31 December		Increase (Decrease)		% of Total Revenues	
	(in PHP '000s)		Amount	In %	In %	In %
	2021	2022	2021 vs 2022		2021	2022
Operating Revenue						
Water services						
West zone	17,837,168	18,569,512	732,344	4.1%	81.3%	81.2%
Outside west zone	204,632	239,100	34,468	16.8%	0.9%	1.0%
Wastewater services						
West zone	3,778,097	3,946,133	168,036	4.4%	17.2%	17.3%
Others	130,117	119,988	(10,129)	(7.8%)	0.6%	0.5%
Total Revenues	21,950,014	22,874,733	924,719	4.2%	100.0%	100.0%

Costs and Expenses

Consolidated costs and expenses increased by ₱420.5 million or 3.7% to ₱11,852.8 million for the year ended 31 December 2022 compared to ₱11,432.3 million for the year ended 31 December 2021, which can be attributed to descriptions set out below.

	Years Ended 31 December		Increase (Decrease)		% of Total Revenues	
	(in PHP '000s)		Amount	In %	In %	In %
	2021	2022	2021 vs 2022		2021	2022
COSTS AND EXPENSES						
Amortization of service concession assets	3,981,774	2,459,156	(1,522,618)	(38.2%)	18.1%	10.8%
Salaries, wages and benefits	2,251,794	2,267,079	15,285	0.7%	10.3%	9.9%
Utilities	1,166,931	1,714,030	547,099	46.9%	5.3%	7.5%
Contracted services	1,028,369	1,138,976	110,607	10.8%	4.7%	5.0%
Repairs and maintenance	627,947	688,362	60,415	9.6%	2.9%	3.0%
Materials and supplies	480,899	682,699	201,800	42.0%	2.2%	3.0%
Taxes and licenses	311,662	662,739	351,077	112.6%	1.4%	2.9%
Depreciation and amortization	598,082	485,877	(112,205)	(18.8%)	2.7%	2.1%
Purchased water	-	362,364	362,364	nmf ³⁴	0.0%	1.6%

³⁴ Nmf stands for "no meaningful figure"

Transportation and travel	134,246	236,623	102,377	76.3%	0.6%	1.0%
Regulatory costs	181,410	207,252	25,842	14.2%	0.8%	0.9%
Collection charges	135,938	152,144	16,206	11.9%	0.6%	0.7%
Business meetings and representations	118,792	119,494	702	0.6%	0.5%	0.5%
Provision for expected credit losses	6,281	82,921	76,640	1220.2%	0.0%	0.4%
Insurance	70,166	51,145	(19,021)	(27.1%)	0.3%	0.2%
Rental	75,470	47,380	(28,090)	(37.2%)	0.3%	0.2%
Advertising and promotion	40,834	33,819	(7,015)	(17.2%)	0.2%	0.1%
Others	221,689	460,705	239,016	107.8%	1.0%	2.0%
	11,432,284	11,852,765	420,481	3.7%	52.1%	51.8%

The amortization of service concession assets decreased by ₱1,522.6 million, or 38.2%, to ₱2,459.2 million for the year ended 31 December 2022, compared to ₱3,981.7 million for the year ended 31 December 2021. The decrease was primarily due to the extension of the service concession assets' useful life following the effectivity of the legislative franchise, R.A. No. 11600, on 22 January 2022.

Utilities increased by ₱547.1 million, or 46.9%, to ₱1,714.0 million for the year ended 31 December 2022, compared to ₱1,166.9 million for the year ended 31 December 2021. The increase is primarily due to the Fuel Cost Recovery Adjustment implemented by Meralco as a response to the unprecedented global spike in fuel prices.

The cost of contracted services increased by ₱110.6 million, or 10.8%, to ₱1,139.0 million for the year ended 31 December 2022, compared to ₱1,028.4 million for the year ended 31 December 2021. The increase is mainly attributed to higher costs of desludging services, sewer network maintenance, cleaning and dewatering of wastewater facilities, warehousing, and fleet services.

Repairs and maintenance expenses increased by ₱60.4 million, or 9.6%, to ₱688.4 million for the year ended 31 December 2022, compared to ₱627.9 million for the year ended 31 December 2021. The increase is mainly attributed to additional repairs and maintenance activities in the Putatan plants.

Materials and supplies costs increased by ₱201.8 million, or 42.0%, to ₱682.7 million for the year ended 31 December 2022, compared to ₱480.9 million for the year ended 31 December 2021. The increase is driven mainly by the inflationary increase in weighted average cost of chemicals used in water production.

Taxes and licenses increased by ₱351.1 million, or 112.6%, to ₱662.7 million for the year ended 31 December 2022, compared to ₱311.7 million for the year ended 31 December 2021. The increase is mainly attributable to the Company's shift in tax regimes where the Company is required to pay national franchise tax following the acceptance of the legislative franchise on 21 March 2022 pursuant to Section 119 of the Tax Code.

Depreciation and amortization decreased by 112.2 million, or 18.8%, to ₱485.9 million for the year ended 31 December 2022, compared to ₱598.1 million for the year ended 31 December 2021. The decrease is primarily attributable to the extension of useful life of the Company's laptops and desktops from three (3) years to five (5) years.

Purchased water costs increased by ₱362.4 million, to ₱362.4 for the year ended 31 December 2022, compared to nil for the year ended 31 December 2021. Maynilad resorted to purchasing additional raw water from Manila Water in 2022 to augment its water supply as a result of the reduced water allocation of MWSS as mandated by NWRB, following the low level of water volumes from Angat Dam.

Transportation and travel expenses increased by ₱102.4 million, or 76.3%, to ₱236.6 million for the year ended 31 December 2022, compared to ₱134.2 million for the year ended 31 December 2021. The increase is primarily due to higher fuel prices in 2022 as compared to 2021.

Regulatory costs increased by ₱25.8 million, or 14.2%, to ₱207.3 million for the year ended 31 December 2022, compared to ₱181.4 million for the year ended 31 December 2021. The increase is due to higher CPI adjustment in relation to Maynilad's regulatory fees from of 4.5% in 2022 compared to 2.5% in 2021.

Collection charges increased by ₱16.2 million, or 11.9%, to ₱152.1 million for the year ended 31 December 2022, compared to ₱135.9 million for the year ended 31 December 2021. The increase is mainly due to Maynilad's increased efforts to collect its outstanding receivables.

Provisions for expected credit losses increased by ₱76.6 million, or 1,220.2%, to ₱82.9 million for the year ended 31 December 2022, compared to ₱6.3 million for the year ended 31 December 2021. In 2021, a minimal provision for expected credit losses was recognized due to collection improvements, however, with the onset of COVID-19 pandemic, an increase in uncollectible accounts was noted resulting in a higher provision for expected credit losses.

Insurance expenses decreased by ₱19.0 million, or 27.1%, to ₱51.1 million for the year ended 31 December 2022, compared to ₱70.2 million for the year ended 31 December 2021. The increase is mainly due to lower sum insured for the CPFs.

Rental costs decreased by ₱28.1 million, or 37.2%, to ₱47.4 million for the year ended 31 December 2022, compared to ₱75.5 million for the year ended 31 December 2021. The decrease is mainly attributed to lower generator set rental expense in 2022 compared to 2021.

Advertising and promotion expenses decreased by ₱7.0 million, or 17.2%, to ₱33.8 million for the year ended 31 December 2022, compared to ₱40.8 million for the year ended 31 December 2021. The decrease is primarily due to the lower advertising expenses the Company incurred for the period.

Other expenses increased by ₱239.0 million, or 107.8%, to ₱460.7 million for the year ended 31 December 2022, compared to ₱221.7 million for the year ended 31 December 2021. The increase is mainly due to higher provision recognized for inventory obsolescence in 2022 compared to 2021.

Income before Other Income (Expenses)

With the foregoing, income before other income (expenses) increased by ₱504.2 million, or 4.8%, to ₱11,022.0 million for the year ended 31 December 2022, compared to ₱10,517.7 million for the year ended 31 December 2021.

Other Income (Expenses)

	Years Ended 31 December		Increase (Decrease)		% of Total Revenues	
	<i>(in PHP '000s)</i>		Amount	In %	In %	In %
	2021	2022	2021 vs 2022		2021	2022
OTHER INCOME (EXPENSES)						
Revenue from rehabilitation works	8,081,184	14,994,961	6,913,777	85.6%	36.8%	65.6%
Cost of rehabilitation works	(8,081,184)	(14,994,961)	(6,913,777)	85.6%	(36.8%)	(65.6%)
Interest expense and other financing charges	(2,135,863)	(2,321,672)	(185,809)	8.7%	(9.7%)	(10.1%)
Foreign exchange gains (losses) - net	1,599,868	1,764,650	164,782	10.3%	7.3%	7.7%
Foreign currency differential adjustments	(1,584,370)	(1,741,839)	(157,469)	9.9%	(7.2%)	(7.6%)
Interest income	45,790	30,093	(15,697)	(34.3%)	0.2%	0.1%
Others - net	(453,648)	(771,473)	(317,825)	70.1%	(2.1%)	(3.4%)
	(2,528,223)	(3,040,241)	(512,018)	20.3%	(11.5%)	(13.3%)

Revenues and costs from rehabilitation works increased by ₱6,913.8 million, or 85.6%, to ₱14,995.0 million for the year ended 31 December 2022, compared to ₱8,081.2 million for the year ended 31 December 2021. The increase is due to additions to capital expenditure projects.

Interest expense and other financing charges increased by ₱185.8 million, or 8.7%, to ₱2,321.7 million for the year ended 31 December 2022, compared to ₱2,135.9 million for the year ended 31 December 2021. The increase is due to the additional ₱10,000 million and ₱6,000 million loans secured from Land Bank of the Philippines, and BDO Unibank, Inc. respectively, which were secured in 2022.

Foreign exchange gains (losses) – net increased by ₱164.8 million, or 10.3%, to ₱1,764.7 million for the year ended 31 December 2022, compared to ₱1,599.9 million for the year ended 31 December 2021. The increase is due to the rise in US Dollars conversion rate to Philippine peso from 50.99 as of 31 December 2021 to 55.75 as of 31 December 2022.

The FCDA increased by ₱157.5 million, or 9.9%, to ₱1,1741.8 million for the year ended 31 December 2022, compared to ₱1,584.4 million for the year ended 31 December 2021. The increase is mainly attributable to the rise in US Dollars conversion rate to Philippine peso from 50.99 as of 31 December 2021 to 55.75 as of 31 December 2022.

Interest income decreased by ₱15.7 million, or 34.3%, to ₱30.1 million for the year ended 31 December 2022, compared to ₱45.8 million for the year ended 31 December 2021. The decrease is attributed mainly to the lower interest rates on special deposits in 2022 compared to 2021.

Other expenses increased by ₱317.8 million, or 70.1%, to ₱771.5 million for the year ended 31 December 2022, compared to ₱453.6 million for the year ended 31 December 2021. The increase is primarily attributed to the accrual of maximum penalty amounting to ₱256.7 million for the potential non-conformance of the South Septage Treatment Plant on selected parameters as set out in the updated general effluent standards pursuant to DENR administrative Orders (“DAO”) 2021-19. The said treatment plant is currently operating as designed based on the previous DAO 35 effluent standards and is expected to comply with DAO 2021-19 Class C standard once the necessary upgrades on the treatment plant is made in place.

Income before Income Tax

With the foregoing, income before income tax slightly decreased by ₱7.8 million, or 0.1%, to ₱7,981.7 million for the year ended 31 December 2022, compared to ₱7,989.5 million for the year ended 31 December 2021.

Provision for Income tax

Provision for income tax increased by ₱260.6 million, or 14.1%, to ₱2,106.8 million for the year ended 31 December 2022, compared to ₱1,846.2 million for the year ended 31 December 2021. The increase is attributed to the higher revenues earned due to the imposition of government taxes in the customer’s bills starting 21 March 2022. .[]

Net income

With the foregoing, net income decreased by ₱268.4 million, or 4.4%, to ₱5,874.9 million for the year ended 31 December 2022, compared to ₱6,143.3 million for the year ended 31 December 2021.

FINANCIAL POSITION

The Company’s statements of financial position as of 31 December 2023, 2022, and 2021, are based on, and should be read in conjunction with, the Audited Consolidated Financial Statements, and related notes thereto, included elsewhere in this Preliminary Prospectus.

As of 31 December 2023 compared against as of 31 December 2022

Assets

	Years Ended 31 December <i>(in PHP'000s)</i>		Increase (Decrease)		% of Total Assets	
			Amount	In %	In %	In %
	2022	2023	2023 vs 2022		2022	2023
Cash and cash equivalents	10,438,664	4,902,556	(5,536,108)	(53.0%)	7.3%	3.0%
Trade and other receivables	2,831,360	2,418,070	(413,290)	(14.6%)	2.0%	1.5%
Contract assets	1,000,925	1,205,041	204,116	20.4%	0.7%	0.7%
Other current assets	1,819,169	1,862,498	43,329	2.4%	1.3%	1.1%
Total Current Assets	16,090,118	10,388,165	(5,701,953)	(35.4%)	11.2%	6.3%
Service concession assets	121,187,932	140,919,477	19,731,545	16.3%	84.5%	86.1%
Property and equipment	1,573,960	1,889,754	315,794	20.1%	1.1%	1.2%
Financial asset at fair value through other comprehensive income	124,864	124,864	-	0.0%	0.1%	0.1%
Other noncurrent assets	4,401,107	10,381,305	5,980,198	135.9%	3.1%	6.3%
Total Noncurrent Assets	127,287,863	153,315,400	26,027,537	20.4%	88.8%	93.7%

Cash and cash equivalents were at ₱4,902.6 million as of 31 December 2023, a decrease by ₱5,536.1 million, or 53.0%, from cash and cash equivalents of ₱10,438.7 million as of 31 December 2022, primarily due to higher capital expenditure disbursements. Please refer to the “Capital Sources” discussion above for further details.

Trade and other receivables were at ₱2,418.1 million as of 31 December 2023, a decrease by ₱413.3 million, or 14.6%, from trade and other receivables of ₱2,831.4 million as of 31 December 2022. The decrease is attributed to the write-off uncollectible receivables, offset by additional provision for expected credit losses.

Contract assets were at ₱1,205.0 million as of 31 December 2023, in increase by ₱204.1 million, or 20.4%, from contract assets of ₱1,000.9 million as of 31 December 2022. The increase is mainly attributed to the tariff increase implemented effective 1 January 2023.

Service concession assets were at ₱140,919.5 million as of 31 December 2023, an increase by ₱19,731.6 million, or 16.3%, from service concession assets of ₱121,187.9 million as of 31 December 2022. Service concession assets consist of the present value of total estimated concession fee payments pursuant to the Concession Agreement, and the costs of rehabilitation works incurred. The increase is primarily on account of the increase in construction costs related to the rehabilitation works of the Company in accordance with its capital expenditure plans.

Property and equipment were at ₱1,889.8 million as of 31 December 2023, an increase by ₱315.8 million, or 20.1%, from property and equipment of ₱1,574.0 million as of 31 December 2022. Despite the usual wear and tear charges, the property and equipment increased primarily due to additional purchases of laptops, desktops and various IT-related projects.

Other noncurrent assets were at ₱10,381.3 million as of 31 December 2023, an increase by ₱5,980.2 million, or 135.9%, from other noncurrent assets of ₱4,401.1 million as of 31 December 2022. The increase is primarily driven by the increase in mobilization fund which pertains to the advance payments to contractors for services paid but has yet to be fulfilled.

Liabilities

	Years Ended 31 December		Increase (Decrease)		% of Total Assets	
	(in PHP'000s)		Amount	In %	In %	In %
	2022	2023	2022 vs 2023		2022	2023
Trade and other payables	22,116,183	20,567,655	(1,548,527)	(7.0%)	15.4%	12.6%
Short-term and current portion of interest-bearing loans	3,806,311	2,587,660	(1,218,651)	(32.0%)	2.7%	1.6%
Current portion of service concession obligation payable to MWSS	940,917	874,561	(66,356)	(7.1%)	0.7%	0.5%
Income tax payable	631,442	530,752	(100,690)	(15.9%)	0.4%	0.3%
Total Current Liabilities	27,494,853	24,560,628	(2,934,225)	(10.7%)	19.2%	15.0%
Interest-bearing loans - net of current portion	43,107,785	59,214,238	16,106,453	37.4%	30.1%	36.2%
Service concession obligation payable to MWSS - net of current portion	6,069,162	6,489,036	419,874	6.9%	4.2%	4.0%
Deferred tax liabilities - net	1,037,049	1,524,795	487,746	47.0%	0.7%	0.9%
Deferred credits	795,403	1,207,936	412,533	51.9%	0.6%	0.7%
Customers' deposits	529,363	548,618	19,255	3.6%	0.4%	0.3%
Pension liability	151,791	285,731	133,940	88.2%	0.1%	0.2%
Other noncurrent liabilities	1,255,130	1,702,283	447,153	35.6%	0.9%	1.0%
Total Noncurrent Liabilities	52,945,683	70,972,637	18,026,954	34.0%	36.9%	43.4%
Total Liabilities	80,440,536	95,533,265	15,092,729	18.8%	56.1%	58.4%

Trade and other payables were at ₱20,567.7 million as of 31 December 2023, a decrease of ₱1,548.5 million, or 7.0%, from trade and other payables of ₱22,116.2 million as of 31 December 2022. The decrease is primarily due to reversal on provision for water interruptions in 2022.

Short-term and current portion of interest-bearing loans, and interest-bearing loans - net of current portion were at ₱61,801.9 million as of 31 December 2023, an increase by ₱14,887.8 million, or 31.7%, from short-term and current portion of interest-bearing loans, and interest-bearing loans - net of current portion of ₱46,914.1 million as of 31 December 2022. This is primarily due to the additional interest-bearing loans financed by Bank of the Philippine Island and Land Bank of the Philippines in 2023.

Service concession obligation payable to MWSS (current and noncurrent) were at ₱7,363.6 million as of 31 December 2023, an increase by ₱353.5 million, or 5.0%, from service concession obligation payable to MWSS (current and

noncurrent) of ₱7,010.1 million as of 31 December 2022. The increased liability is mainly attributed to additional concession fee on account of loan drawdown of MWSS.

Deferred tax liabilities – net was at ₱1,524.8 million as of 31 December 2023, an increase by ₱487.8 million, or 47.0%, from deferred tax liabilities of ₱1,037.0 million as of 31 December 2022. This increase is primarily due to increase in service concession assets attributed to capital expenditure projects during the period.

Deferred credits were at ₱1,207.9 million as of 31 December 2023, an increase by ₱412.5 million, or 51.9%, from deferred credits of ₱795.4 million as of 31 December 2022. Deferred credits presented herein represents the net effect of unrealized foreign exchange gains on service concession obligation payable to MWSS, and restatement of foreign currency-denominated interest-bearing loans and related interest that will be refunded to the customers. The increase is attributed mainly to the decline in Japanese Yen conversion rate to Philippine peso from 0.4174 as of 31 December 2022 to 0.393 as of 31 December 2023.

Pension liability was at ₱285.7 million as of 31 December 2023, an increase by ₱133.9 million, or 88.2%, from pension liability of ₱151.8 million as of 31 December 2022. The increase is mainly attributed to increase in the number of plan members.

Other noncurrent liabilities were ₱1,702.3 as of 31 December 2023, an increase by ₱447.2 million, or 35.6%, from other noncurrent liabilities of ₱1,255.1 million as of 31 December 2022. The increase is mainly attributed to LTIP accrual of ₱166.0 million for the new cycle, increase in lease liability of ₱86.0 million and increase in contract liabilities on account of connection and installation fees of ₱133.0 million.

Equity

	Years Ended 31 December (in PHP'000s)		Increase (Decrease)		% of Total Assets	
			Amount	In %	In %	In %
	2022	2023	2022 vs 2023		2022	2023
Capital stock	4,546,982	4,546,982	-	0.0%	3.2%	2.8%
Additional paid-in capital	10,032,877	10,041,662	8,785	0.1%	7.0%	6.1%
Treasury shares	(349,054)	(391,919)	(42,865)	12.3%	(0.2%)	(0.2%)
Other equity adjustments	(309,220)	(309,220)	-	0.0%	(0.2%)	(0.2%)
Other comprehensive income (loss)	35,817	(108,427)	(144,244)	(402.7%)	0.0%	(0.1%)
Retained earnings						
Unappropriated	20,230,043	25,641,222	5,411,179	26.7%	14.1%	15.7%
Appropriated	28,750,000	28,750,000	-	0.0%	20.1%	17.6%
Total Equity	62,937,445	68,170,300	5,232,855	8.3%	43.9%	41.6%

Treasury shares were at ₱391.9 million as of 31 December 2023, an increase of ₱42.9 million, or 12.3%, from treasury shares of ₱349.1 million as of 31 December 2022. The increase is due to reacquired ESOP shares from separated and retired employees.

Other comprehensive loss was at ₱108.4 million as of 31 December 2023, a decrease by ₱144.2 million, or 402.7%, from other comprehensive income of ₱35.8 million as of 31 December 2022. The decrease is attributed to the remeasurement loss on retirement plan.

Unappropriated retained earnings were at ₱25,641.2 million as of 31 December 2023, an increase of ₱5,411.2 million, or 26.7%, from unappropriated retained earnings of ₱20,230.0 million as of 31 December 2022. The increase is mainly attributed to the net income recognized by the Company for the year ended 31 December 2023, partially offset by the dividends declared amounting to ₱3,600.0 million in 2023. The appropriated retained earnings, on the other hand, remains unchanged as the projects which are intended to be financed by the appropriations are still ongoing as of 31 December 2023 and 2022.

As of 31 December 2022 compared against as of 31 December 2021

Assets

	Years Ended 31 December (in PHP'000s)		Increase (Decrease)		% of Total Assets	
			Amount	In %	In %	In %
	2022	2023	2022 vs 2023		2022	2023

	2021	2022	2021 vs 2022		2021	2022
Cash and cash equivalents	7,965,705	10,438,664	2,472,959	31.0%	6.2%	7.3%
Trade and other receivables	3,352,921	2,831,360	(521,561)	(15.6%)	2.6%	2.0%
Contract assets	1,159,069	1,000,925	(158,144)	(13.6%)	0.9%	0.7%
Other current assets	1,552,043	1,819,169	267,126	17.2%	1.2%	1.3%
Total Current Assets	14,029,738	16,090,118	2,060,380	14.7%	11.0%	11.2%
Service concession assets	107,471,577	121,187,932	13,716,355	12.8%	84.2%	84.5%
Property and equipment	1,771,663	1,573,960	(197,703)	(11.2%)	1.4%	1.1%
Financial asset at fair value through other comprehensive income	124,864	124,864	-	0.0%	0.1%	0.1%
Other noncurrent assets	4,238,584	4,401,107	162,523	3.8%	3.3%	3.1%
Total Noncurrent Assets	113,606,688	127,287,863	13,681,175	12.0%	89.0%	88.8%

Cash and cash equivalents were at ₱10,438.7 million as of 31 December 2022, an increase by ₱2,473.0 million, or 31.0%, from cash and cash equivalents of ₱7,965.7 million as of 31 December 2021, primarily due to the increase in loan availment of the interest-bearing loans totaling to ₱17,741.9 million, partially offset by the additions to the service concession assets and payments of the existing interest-bearing loans. Please refer to the “*Capital Sources*” discussion above for further details.

Trade and other receivables were at ₱2,831.4 million as of 31 December 2022, a decrease by ₱521.6 million, or 15.6%, from trade and other receivables of ₱3,352.9 million as of 31 December 2021. The decrease is mainly attributed to the increased collections from Domestic and Non-Domestic customers, including collection from bulk water supply arrangements.

Contract assets were at ₱1,000.9 million as of 31 December 2022, a decrease of ₱158.1 million, or 13.6%, from contract assets of ₱1,159.1 million as of 31 December 2021. Contract assets are initially recognized for revenue earned from water and wastewater services as receipt of consideration is conditional on the performance of service. Upon completion of the performance obligation the amounts recognized as contract assets are reclassified to trade receivables. The decrease is on account of longer billing cycle for the period ending 31 December 2022 compared with the period ending 31 December 2021, resulting in lower unbilled customer consumption.

Other Current Assets were at ₱1,819.2 million as of 31 December 2022, a decrease of ₱267.1 million, or 17.2%, from other current assets of ₱1,552.0 million as of 31 December 2021. The increase is primarily attributable to the capitalized materials and supplies, and cost of new water service connections. These costs were capitalized given that these are recoverable and directly associated with the contract with customers.

Service concession assets were at ₱121,187.9 million as of 31 December 2022, an increase by ₱13,716.4 million, or 12.8%, from service concession assets of ₱107,471.6 million as of 31 December 2021. Service concession assets consist of the present value of total estimated concession fee payments pursuant to the CA, and the costs of rehabilitation works incurred. The increase is attributable to the additional concession fees related to the various rehabilitation projects and costs related to UATP, which the Company paid amounting to ₱466.7 million and ₱115.7 million in 2022 and 2021, respectively.

Property and equipment were at ₱1,574.0 million as of 31 December 2022, a decrease by ₱197.7 million, or 11.2%, from property and equipment of ₱1,771.7 million as of 31 December 2021. Aside from the usual wear and tear charges, the decrease is primarily attributed to deferred replacement of fully-depreciated laptops and desktops in 2022 on account of the extension of the assets’ useful life from 3 years to 5 years.

Liabilities

	Years Ended 31 December		Increase (Decrease)		% of Total Assets	
	(in PHP '000s)		Amount	In %	In %	In %
	2021	2022	2021 vs 2022		2021	2022
Trade and other payables	18,559,443	22,116,183	3,556,740	19.2%	14.5%	15.4%
Short-term and current portion of interest-bearing loans	2,356,688	3,806,311	1,449,623	61.5%	1.8%	2.7%
Current portion of service concession obligation payable to MWSS	751,642	940,917	189,275	25.2%	0.6%	0.7%
Income tax payable	366,374	631,442	265,068	72.3%	0.3%	0.4%

Total Current Liabilities	22,034,147	27,494,853	5,460,706	24.8%	17.3%	19.2%
Interest-bearing loans - net of current portion	35,304,963	43,107,785	7,802,822	22.1%	27.7%	30.1%
Service concession obligation payable to MWSS - net of current portion	5,987,197	6,069,162	81,965	1.4%	4.7%	4.2%
Deferred tax liabilities - net	811,304	1,037,049	225,745	27.8%	0.6%	0.7%
Deferred credits	994,839	795,403	(199,436)	(20.0%)	0.8%	0.6%
Customers' deposits	485,720	529,363	43,643	9.0%	0.4%	0.4%
Pension liability	396,199	151,791	(244,408)	(61.7%)	0.3%	0.1%
Other noncurrent liabilities	1,613,879	1,255,130	(358,749)	(22.2%)	1.3%	0.9%
Total Noncurrent Liabilities	45,594,101	52,945,683	7,351,582	16.1%	35.7%	36.9%
Total Liabilities	67,628,248	80,440,536	12,812,288	18.9%	53.0%	56.1%

Trade and other payables were at ₱22,116.2 million as of 31 December 2022, an increase by ₱3,556.7 million, or 19.2%, from trade and other payables of ₱18,559.4 million as of 31 December 2021. The increase is primarily due to the accruals made for unbilled construction costs.

Short-term and current portion of interest-bearing loans, and interest-bearing loans - net of current portion were at ₱46,914.1 million as of 31 December 2022, an increase by ₱9,252.4 million, or 24.6%, from short-term and current portion of interest-bearing loans and interest-bearing loans - net of current portion of ₱37,661.7 million as of 31 December 2021. This is primarily due to the additional availment of interest-bearing loans in 2022 amounting to ₱16,000 million issued by Land Bank of the Philippines and BDO Unibank, Inc., slightly offset by the repayments of the existing interest-bearing loans.

Service concession obligation payables to MWSS (current and noncurrent) were at ₱7,010.1 as of 31 December 2022, an increase by ₱271.2 million, or 4.0%, from service concession obligation payable to MWSS (current and noncurrent) of ₱6,738.8 million as of 31 December 2021. The increased liability is attributed to the additional concession fee on account of loan drawdown of MWSS.

Deferred tax liabilities – net was at ₱1,037.0 as of 31 December 2022, an increase by ₱225.7 million, or 27.8%, from deferred tax liabilities of ₱811.3 million as of 31 December 2021. This is primarily due to the increase in service concession assets.

Deferred credits were at ₱795.4 million as of 31 December 2022, a decrease by ₱199.4 million, or 20.0%, from deferred credits of ₱994.8 million as of 31 December 2021. Deferred credits presented herein represents the net effect of unrealized foreign exchange gains on service concession obligation payable to MWSS, and restatement of foreign currency-denominated interest-bearing loans and related interest that will be refunded to the customers. The decrease can be attributed to the rise in US Dollar conversion rate to Philippine peso from 50.99 as of 31 December 2021 to 55.37 as of 31 December 2022.

Customers' deposits were at ₱529.4 million as of 31 December 2022, an increase by ₱43.6 million, or 9.0%, from customers' deposits of ₱485.7 million as of 31 December 2021. The increase is mainly attributed to collection of guaranty deposits from new service connections.

Pension liability was at ₱151.8 million as of 31 December 2022, a decrease by ₱244.4 million, or 61.7%, from pension liability of ₱396.2 million as of 31 December 2021. The decrease is on account of reduce number of plan members due to redundancies.

Other noncurrent liabilities were at ₱1,255.1 as of 31 December 2022, a decrease by ₱358.7 million, or 22.2%, from other noncurrent liabilities of ₱1,613.9 million as of 31 December 2021. The decrease is mainly attributed to the lower amortization recognized of the connection and installation fees due to the extension of the concession period following the effectivity of the legislative franchise, R.A. No. 11600, on 22 January 2022.

Equity

	Years Ended 31 December		Increase (Decrease)		% of Total Assets	
	<i>(in PHP '000s)</i>		Amount	In %	In %	In %
	2021	2022	2021 vs 2022		2021	2022
Capital stock	4,546,982	4,546,982	-	0.0%	3.6%	3.2%

Additional paid-in capital	10,032,877	10,032,877	-	0.0%	7.9%	7.0%
Treasury shares	(217,245)	(349,054)	(131,809)	60.7%	(0.2%)	(0.2%)
Other equity adjustments	(309,220)	(309,220)	-	0.0%	(0.2%)	(0.2%)
Other comprehensive income (loss)	(150,335)	35,817	186,152	(123.8%)	(0.1%)	0.0%
Retained earnings			-			
Unappropriated	17,355,119	20,230,043	2,874,924	16.6%	13.6%	14.1%
Appropriated	28,750,000	28,750,000	-	0.0%	22.5%	20.1%
Total Equity	60,008,178	62,937,445	2,929,267	4.9%	47.0%	43.9%

Treasury shares were at ₱349.1 million as of 31 December 2022, an increase by ₱131.8 million, or 60.7%, from treasury shares of ₱217.2 million as of 31 December 2021. The increase is primarily due ESOP shares reacquired by the Company from resigned and retired employees.

Other comprehensive income was at ₱35.8 million as of 31 December 2022, an increase by ₱186.2 million, or 123.8%, from other comprehensive loss of ₱150.3 million as of 31 December 2021. The increase is attributed to the remeasurement gains on retirement plans.

Unappropriated retained earnings were at ₱20,230.0 million as of 31 December 2022, an increase by ₱2,874.9 million, or 16.6%, from unappropriated retained earnings of ₱17,355.1 million as of 31 December 2021. The increase is attributed to the net income recognized by the Company for the year ended 31 December 2022, partially offset by the dividends declared amounting to ₱3,000.0 million in 2022. The appropriated retained earnings, on the other hand, remains unchanged as the projects which are intended to be financed by the appropriations are still ongoing as of 31 December 2022 and 2021.

CONTINGENCIES AFFECTING COMPANY'S CASH FLOWS

In addition to the contingent liability discussed under "Legal Proceedings", a contingent liability may be present in the surety bond extension submitted to MWSS on 05 April 2022. On 28 December 2022, the Company posted a surety bond in the amount of ₱3.3 billion issued by Prudential Guarantee and Assurance, Inc. in favor of MWSS covering the performance bond for the sixth rebasing period from 01 January 2023 to 31 December 2027. With the effectivity of the RCA, we are required to submit additional performance bond. On 26 June 2023, Maynilad posted another surety bond in the amount of ₱18.6 billion covering the period 10 May 2023 to 31 December 2027 to satisfy the requirement under the RCA.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth the contractual maturities of the Company's financial liabilities, including interest payments as of 31 December 2023:

	As of 31 December 2023 (in PHP'000s)				Total
	On demand	Due within 3 months	Due between 3 and 12 months	Due after 12 months	
Interest-bearing loans	-	861,486	2,434,914	59,214,238	62,510,638
Trade and payables	703,913	4,418,038	7,188,584	7,126,096	19,436,631
Service concession obligation payable to MWSS	607,217	267,344	-	6,489,036	7,363,597
Customers' deposits	-	-	-	548,618	548,618
Lease Liabilities	-	44,961	110,904	280,573	436,438
Total	1,311,130	5,591,829	9,734,402	73,658,561	90,295,922

As of 31 December 2023, there is no known event that will trigger a direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

OFF-BALANCE SHEET ARRANGEMENTS

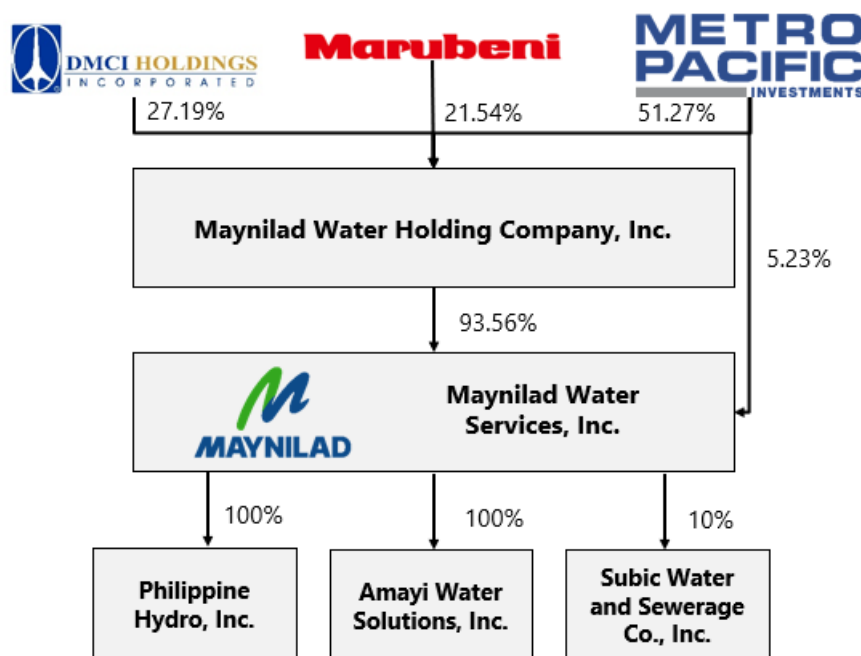
As of the date of this Preliminary Prospectus, the Company has no material off-balance sheet transactions, arrangements, obligations for which the Company is a guarantor. The Company also has no unconsolidated subsidiaries. In the ordinary course of business, the Company has obtained, and may from time to time obtain, performance or bid bonds in favor of their counterparties.

SEASONALITY

The Company experiences higher water demand during summer months (i.e. April and May). Nonetheless, weather conditions have natural variations from season to season and from year to year and may also change permanently because of climate change (e.g. El Niño, La Niña) or other factors.

SHAREHOLDER STRUCTURE

Maynilad Water Holding Company, Inc. is the immediate parent company of Maynilad, with an equity interest of 93.56% as of 31 December 2023. It serves as the holding company of three (3) leading conglomerates, namely, Metro Pacific Investments Corporation (“MPIC”), DMCI Holdings, Inc. (“DMCI”) and Marubeni Corporation (“Marubeni”) (through its subsidiary, MCNK JV Corporation). The ownership structure of Maynilad is shown in the diagram below.



Note: The remaining 1.21% in Maynilad is owned by the various beneficiaries under Maynilad’s Employee Stock Option Plan (ESOP) (1.20%)³⁵ and Metropolitan Bank and Trust Company (0.01%).

MPIC is presently the ultimate parent company of Maynilad, which has an effective ownership interest of 53.2% in the Company. It is a leading infrastructure holding company with a diversified investment portfolio of infrastructure assets such as toll roads, water distribution and railways. It is likewise significantly invested in power generation and distribution, hospitals and healthcare as well as in the logistics space. With a firm commitment to sustainable long-term value, MPIC has begun to expand in the Philippines’ agriculture sector.

DMCI is also a holding company that has diversified interest in various businesses such as general construction, property development, power generation and mining (coal and nickel). In 2007, DMCI entered in the water distribution business through its investment in Maynilad. DMCI, which was incorporated in 1995 to serve as the holding company of the Consunji family, is listed in the Philippine Stock Exchange.

MCNK JV Corporation is a subsidiary of Marubeni, a listed company in Japan. Marubeni is a major Japanese integrated trading and investment business conglomerate that operates in around 66 countries. Its main business includes the trading of food materials, food products, textiles, pulp and paper, chemicals, energy, metals and mineral resources, and transportation machinery. Marubeni also has interests in power projects, infrastructure, financial services, logistics, real estate development and construction.

³⁵ Percentage already includes the issuance of the ESOP Shares to the ESOP beneficiaries as of December 2023.

Shareholders (Common Shares)

The following are the Company's shareholders and their corresponding number of shares held as of 31 December 2023.

	SHAREHOLDER	NO. OF COMMON SHARES	PERCENTAGE (OF COMMON SHARES)
1	Maynilad Water Holding Company, Inc.	4,221,943	93.56%
2	Metro Pacific Investments Corporation	236,000	5.23%
3	ESOP Beneficiaries	53,893 ³⁶	1.20%
4	Metropolitan Bank and Trust Company	524	0.01%
5	Manuel V. Pangilinan	1	0.00%
6	Jose Ma. K. Lim	1	0.00%
7	June Cheryl A. Cabal-Revilla	1	0.00%
8	Ramoncito S. Fernandez	1	0.00%
9	Randolph T. Estrellado	1	0.00%
10	Joseph Ian G. Gendrano	1	0.00%
11	Ricardo M. Pilares III	1	0.00%
12	Isidro A. Consunji	1	0.00%
13	Jorge A. Consunji	1	0.00%
14	Herbert M. Consunji	1	0.00%
15	Kazuaki Shibuya	1	0.00%
16	Nagahito Miyoshi	1	0.00%
17	Fortunato T. de la Pena	1	0.00%
18	Gil S. Jacinto	1	0.00%
19	Ma. Assunta C. Cuyegkeng	1	0.00%
	TOTAL OUTSTANDING SHARES (COMMON)	4,512,375	100.00%

Security Ownership of Certain Record and Beneficial Owners of more than 5% as of 31 December 2023

Title of Class of Securities	Name/ Address of Record Owner and Relationship with Company	Name of beneficial Owner/Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership
Common	Maynilad Water Holding Company, Inc. Unit 9-2, 9 th Floor, Net One Center, 26 th corner 3 rd Avenue, Bonifacio Global City, Taguig City	Metro Pacific Investments Corporation DMCI Holdings, Inc. MCNK JV Holdings Corporation (MPIC, DMCI, and MCNK are major stockholders of Maynilad Water Holding Company, Inc.)	Filipino	4,221,943	93.56%

³⁶ The Company has a total of 88,500 ESOP Shares which was created from Class A Common Shares as reflected in the Company's Amended Articles of Incorporation. Out of such ESOP Shares, only 53,893 ESOP Shares have been issued to ESOP Beneficiaries, thus, considered outstanding as of December 31, 2023.

Title of Class of Securities	Name/ Address of Record Owner and Relationship with Company	Name of beneficial Owner/Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership
Common	Metro Pacific Investments Corporation 10 th Floor, MGO Building, Legaspi cor. Dela Rosa Streets, Legaspi Village, Makati City	Metro Pacific Investments Corporation	Filipino	236,000	5.23%

MANAGEMENT

The following table sets forth information regarding Maynilad's directors:

Name	Position	Age	Nationality	Years in Position
Manuel V. Pangilinan	Chairman	77	Filipino	2007 – Present
Isidro A. Consunji	Vice Chairman	75	Filipino	2007 – Present
Jose Ma. K. Lim	Director	71	Filipino	2007 – Present
Jorge A. Consunji	Director	71	Filipino	2007 – Present
Herbert M. Consunji	Director	71	Filipino	2023 – Present
June Cheryl A. Cabal - Revilla	Director	50	Filipino	2022 – Present
Joseph Ian G. Gendrano	Director	47	Filipino	2023 – Present
Ricardo M. Pilares III	Director	42	Filipino	2023 – Present
Ramoncito S. Fernandez	Director / President / CEO	67	Filipino	2016 – Present
Randolph T. Estrellado	Director / COO	58	Filipino	2007 – Present; COO - 2016 - Present
Kazuaki Shibuya	Director	52	Japanese	2022 – Present
Nagahito Miyoshi	Director	50	Japanese	2023 – Present
Fortunato T. de la Peña	Independent Director	74	Filipino	2023 – Present
Gil S. Jacinto	Independent Director	68	Filipino	2023 – Present
Ma. Assunta C. Cuyegkeng	Independent Director	67	Filipino	2023 – Present

Mr. Manuel V. Pangilinan assumed chairmanship of Maynilad in January 2007 and remain as such up to the present. He is also the President and CEO of Metro Pacific Investments Corp. (MPIC), Philippine Long Distance Telephone Company (PLDT) and Smart Communications, and continues to serve as their Chairman concurrently. He also serves as Chairman, Vice Chairman, or Board of Director of Manila Electric Company (MERALCO), MPIC, Mediaquest Inc., Associated Broadcasting Corp. (TV5), Philex Mining Corp., Philex Petroleum Corp., NLEX Corp. (formerly Manila North Tollways Corp.), Landco Pacific Corp., Medical Doctors, Inc. (owner and operator of Makati Medical Center), Colinas Verdes Hospital Managers Corp. (operator of Cardinal Santos Medical Center), Davao Doctors Incorporated, Riverside Medical Center Incorporated in Bacolod, East Manila Hospital Managers Corp. (operator of Our Lady of Lourdes Hospital), Asian Hospital, Inc., Central Luzon Doctors' Hospital in Tarlac, De Los Santos Medical Center, Metro Pacific Zamboanga Hospital Corporation, and The Megaclinic Incorporated. In 2012, he was appointed as Vice Chairman of Roxas Holdings Inc., which owns and operates the largest sugar milling operations in the Philippines.

Mr. Pangilinan founded First Pacific in 1981 and serves as its Managing Director and CEO. Within the First Pacific Group, he holds the positions of President and Commissioner of P.T. Indofood Sukses Makmur, the largest food company in Indonesia.

For civic duties, Mr. Pangilinan sits as Chairman of the Philippine Business for Social Progress, PLDT-Smart Foundation Inc., One Meralco Foundation Inc., and Co-Chairman of the Philippine Disaster Resilience Foundation, and is a Director of the Philippine Business for Education. He is Chairman of the Board of Trustees of San Beda College and Co-Chairperson of the Board of Trustees of Stratbase Albert del Rosario Institute and the U.S. – Philippine Society.

In sports, Mr. Pangilinan is Chairman of the MVP Sports Foundation, Inc. and Chairman Emeritus of the Samahang Basketbol ng Pilipinas.

Mr. Isidro A. Consunji has been Vice Chairman of Maynilad since January 2007. Presently, he is the Chairman and President of DMCI.

He also serves as a member of the Board of Directors of Semirara Mining and Power Corp., Atlas Consolidated Mining and Development Corp., D.M. Consunji, Inc., DMCI Project Developers Inc., DMCI Mining Corp., DMCI Power Corp., DMCI Masbate Power Corp., Sem-Calaca Power Corp., Sem-Cal Industrial Park Developers, Inc., Southwest Luzon Power Generation Corp., Sem-Calaca Res Corp., Semirara Claystone, Inc., and Wire Rope Corp. of the Philippines.

Mr. Consunji graduated from the University of the Philippines where he earned a degree in Bachelor of Science in Civil Engineering. He also took up Master of Business Economics from the Center for Research and Communication (now University of Asia and the Pacific) and Master of Business Management from the Asian Institute of Management. He took up an Advanced Management Program at IESE School in Barcelona, Spain.

Among Mr. Consunji's civic affiliations are Philippine Overseas Construction Board (Chairman); Construction Industry Authority of the Philippines (Board Member); Philippine Constructors Association and Philippines Chamber of Coal Mines (Past President); and Asian Institute of Management Alumni Association, UP Alumni Engineers, and UP Aces Alumni Association (Member).

In 2016, he was recognized as the Most Distinguished Alumnus by the UP Alumni Engineers (UPAE). Most recently, he was named Management Man of the Year 2022 by the Management Association of the Philippines.

Mr. Jose Ma. K. Lim has been a Director of Maynilad since 2007. He is the former President and Chief Executive Officer of Metro Pacific Investments Corporation.

He joined the MPIC Group (which was then called Metro Pacific Corporation or MPC) in 1995 as Treasury Vice President of the Fort Bonifacio Development Corporation (then a subsidiary of MPC). He was later appointed as its Chief Finance Officer in 2000. In 2001, he assumed more responsibility for the Company as he concurrently served as Vice President and Chief Finance Officer of MPC.

Mr. Lim currently acts as a Director in the following MPIC subsidiary and affiliate companies: Beacon Electric Asset Holdings Incorporated, Meralco, Metro Pacific Tollways Corporation, MNTC, Tollways Management Corporation, Light Rail Manila Corporation, AF Payments Inc, MetroPac Water Investments Incorporated, Indra Philippines, Medical Doctors Incorporated, Colinas Verdes Hospital Managers Corporation, and East Manila Managers Corporation. He is also the Chairman of Asian Hospital Incorporated, Davao Doctors Hospital (Clinica Hilario) Incorporated, and Riverside Medical Center Incorporated. He is also the President of the Metro Strategic Infrastructure Holdings Incorporated.

He is a founding member of the Shareholders Association of the Philippines. He is also an active member of the Management Association of the Philippines where he served as Vice-Chair of the Good Governance Committee from 2007 to 2009.

Prior to joining the MPIC Group, he built himself a solid reputation in foreign banking institutions as Vice President of the Equitable Banking Corporation and Director for Investment Banking of the First National Bank of Boston.

For five consecutive years from 2012-2016, he was conferred the Best CEO for Investor Relations by Corporate Governance Asia.

Mr. Lim earned his Bachelor of Arts degree in Philosophy from Ateneo de Manila University and his Master of Business Administration degree from the Asian Institute of Management.

Mr. Ramoncito S. Fernandez is the President and Chief Executive Officer of Maynilad Water Services, Inc.

He holds directorships in MPIC, MetroPac Water Investments Corporation, Metro Iloilo Bulk Water Supply Corporation, Metro Iloilo Water, Inc., Metro Pacific Dumaguete Water Services, Inc., MetroPac Cagayan De Oro, Inc., Cagayan De Oro Bulk Water, Inc., BOO Phu Ninh Water Treatment Plant Joint Stock Company, Tuan Loc Water Resources Investment Joint Stock Company, Philippine Hydro (PH), Inc., and Amayi Water Solutions, Inc.

He was President of the Management Association of the Philippines in 2018, currently the Chairman of Shareholders Association of the Philippines, Board Trustee of First Pacific Leadership Academy, Board Member of Parish Pastoral Council for Responsible Voting (PPCRV), Member of Makati Business Club and Fellow & Member of the Institute of Corporate Directors, Board member of De La Salle Alumni Association, College of Engineering Chapter and a Certified ASEAN Engineer and recently re-elected as Board Member of the Asia Water Council for 2023-2026.

He is the 2009 PISM GAWAD SINOP Awardee, an award conferred by the Foundation of the Society of Fellows in Supply Management and the Philippine Institute for Supply Management to outstanding achievers in the field of supply management.

Mr. Fernandez was President and CEO of Metro Pacific Tollways Corporation MPTC and Tollways Management Corporation (TMC) from 2009 to 2015.

Mr. Fernandez has been with the MVP Group since 1994, first under the packaging business and later with PLDT and Smart. He has led the tollways group in its expansion projects and championed strategies and programs on customer service satisfaction, innovation and a performance driven culture that has promoted profitability and growth of the organization. He is currently the Head of the MVP Group water business, leading the Next Generation Maynilad Transformation, as well as growth outside Metro Manila.

He is a BS Industrial Management Engineering graduate of De La Salle University. He has a Master's Degree in Business Management from the Asian Institute of Management, and completed the Advanced Management Program at the University of Asia & The Pacific / IESE.

Mr. Randolph T. Estrellado has been a Director of Maynilad since January 2007 and is concurrently the Company's Chief Operating Officer. He was appointed COO of the Company in February 2016, after serving almost 10 years as its Chief Finance Officer since joining the Company in January 2007. He previously served as Director and Chief Finance Officer of Metro Pacific Investments Corp.

Prior to joining Metro Pacific, Mr. Estrellado was Vice President and Chief Finance Officer for ABS-CBN Broadcasting Corporation from 2000 to 2006. He had also served in various positions of senior responsibility with the Lopez Group and Phinma Group of Companies.

Mr. Estrellado obtained his MBA from Harvard Business School in 1991 and his Bachelor of Science Degree in Business Management, Honors Program, from the Ateneo de Manila University in 1986.

Ms. June Cheryl Cabal-Revilla has been a Director of Maynilad since 2022. She is an Executive Director and the Chief Finance, Risk and Sustainability Officer of MPIC. Apart from Maynilad, she is concurrently a Board of Director of all MPIC subsidiaries – Meralco, Metro Pacific Tollways Corporation, Metro Pacific Hospitals Holdings Inc, Light Rail Manila Corporation, Landco Pacific Corporation, among others. She is also the President and Chief Executive Officer of mWell, MPIC's digital healthcare arm.

Prior to joining MPIC, she held various executive leadership positions at the PLDT Group, the Philippines' largest fully integrated telco company. She was the former Senior Vice President and Group Controller, and Chief Sustainability Officer of the PLDT Group and the Chief Financial Officer of Smart, PLDT-Smart Foundation, Philippine Disaster Resilience Foundation and in a number of subsidiaries and affiliates of PLDT, Smart & ePLDT.

She is an Appointed Member of the Financial Reporting and Sustainability Standards Council of the Philippines, the accounting and sustainability standards-setters in the country, since 2010 for FRSC. She was conferred the Accountancy Centenary Award of Excellence (One of the 100 Notable CPAs) in early 2023 by the Philippine Board of Accountancy. She was also hailed as Asian Institute Management Triple A Awardee in 2020 – 145 awardees out of 45,000 graduates. Chaye has received several Best CFO, Best CSO and Top CEO awards by reputable institutions from Singapore, Hong Kong, Malaysia and the Philippines. She was an awardee of the Ten Outstanding Young Men in 2013 and the incumbent President of TOYM Foundation. In 2023, she was conferred the Most Influential Filipina Woman in the World at the Filipina Leadership Global Summit in Prague, Czech Republic.

She is the Founding Chair of Gabay Guro, the Philippines' biggest and longest-running education advocacy program for teachers.

Prior to joining PLDT as Executive Trainee in the Finance Group in 2000, she was a Senior Associate in the Business Audit and Advisory Group of SGV & Co. She received her Bachelor of Science Degree in Accountancy from De La Salle University and Master's Degree in Business Management, Major in Finance, from Asian Institute of Management. She also finished her Executive Program in the Stanford Graduate School of Business in 2018. In 2022, she also took the Swedish Institute Management Program and the Innovative Dynamic Education and Action for Sustainability, a transformational leadership program of the MIT Management Sloan School.

Mr. Jorge A. Consunji has been a Director of Maynilad since January 2007. Presently, he is the President and CEO of D.M. Consunji, Inc. and Chairman of the Board of Wire Rope Corp. of the Philippines.

He also serves as a member of the Board of Directors of DMCI Holdings, Inc., Semirara Mining and Power Corp., DMCI Project Developers, Inc., DMCI Mining Corp., DMCI Power Corp., Sem-Calaca Power Corp., Southwest Luzon Power Generation Corp., DACON Corp., and Beta Electric Corp.

Mr. Herbert M. Consunji has been a Director of Maynilad since April 2023. He previously served as the Company's Chief Operating Officer from May 2006 until February 2016. He is also the Director of DMCI Holdings, Inc., D.M.

Consunji, Inc., Semirara Mining and Power Corporation, DMCI Power Corporation, DMCI Mining Corporation, DMCI Project Developers, Inc., Sem-Calaca Power Corporation, Sem-Cal Industrial Park Development, Inc., Sem Calaca Res Corp., Semirara Materials and Resources, Inc., Southwest Luzon Power Generation Corp., and Subic Water & Sewerage Corporation. Currently, he also serves as Executive Vice President/Chief Finance Officer, Chief Compliance and Chief Risk Officer of DMCI Holdings, Inc.; and Treasurer of DMCI Mining Corp.

Mr. Joseph Ian G. Gendrano has been a Director of Maynilad since April 2023. He has been with PLDT, Inc. for over 10 years. Currently, he is PLDT, Inc.'s Senior Vice President, Chief Technology Officer. Prior to joining PLDT, he had formerly served at Goldman Sachs, Cisco Systems, Inc., and Verizon Business in New York and in New Jersey. Mr. Gendrano graduated from De La Salle University where he earned a Bachelor of Science in Electronics and Communications Engineering. He also took up Master of Science in Engineering, Major in Telecommunications and Networking, from the University of Pennsylvania, School of Engineering and Applied Science.

Atty. Ricardo M. Pilares III joined the Maynilad Board of Directors in April 2023. He is also Vice President for Legal at Metro Pacific Investments Corporation (MPIC). As the Company's Chief Legal Officer, Mr. Pilares takes the lead legal role in various projects of MPIC, including PPP Projects as well as major M&A projects. He also serves as Compliance Officer, Corporate Governance Officer and Corporate Secretary of MPIC. Mr. Pilares also acts as legal counsel and corporate secretary of MPIC's various subsidiaries and affiliates. He is a member of the faculty of Ateneo Law School, teaching Statutory Construction and Conflict of Laws.

Mr. Kazuaki Shibuya joined the Maynilad Board of Directors in April 2022. He is presently General Manager of the Environmental Infrastructure Department of Marubeni Corporation. He has been engaged in the development of various international infrastructure projects, such as power/water projects in Marubeni Corporation for 30 years, including overseas assignments in Chennai/New Delhi, India (2000-2004), Johannesburg, South Africa (2015-2019) as Regional Director, Sub-Saharan Africa, Marubeni Middle-East & Africa Power Limited. Mr. Shibuya held a director position in Marubeni's water business subsidiary and affiliate companies such as Aguas Nuevas S.A (Santiago, Chile), Aguas Decima S.A (Valdivia, Chile), AGS (Lisbon, Portugal) and Shuqaiq Three Company for Water (Jeddah, Saudi Arabia).

Mr. Nagahito Miyoshi has been a Director of Maynilad since April 2023. He is also President of MCNK JV Corporation, and Vice President of Environmental Infrastructure Department of Marubeni Philippines Corporation. Mr. Miyoshi has been with the Marubeni Corporation for over 25 years, serving in various positions across the Company since 1998, including as a General Manager for Energy Infrastructure Projects Sec-1 (2016); General Manager for Plant Projects Sec-1 (2017); and Head Representative of the Marubeni Tashkent Office (2019).

Mr. Fortunato T. de la Peña joined the Maynilad Board of Directors in April 2023. He served as the Secretary of the Department of Science and Technology from 2016 until 2022. He has been the President of the Philippine Association for the Advancement of Science and Technology since 2011. Mr. De La Peña also served as an Undersecretary for the DOST (2001 to 2014) and held a director position in the department's Technology Application and Promotion Institute (1989 to 1991). He also held several positions in the University of the Philippines, such as: Professorial Lecturer in Industrial Engineering (2011-2016), Professor of Industrial Engineering (1973-2011), Vice-President for Planning & Development (1993-1999), Director of Institute for Small Scale Industries (1992-2001), and Chairman of Department of Industrial Engineering (1982-1988).

Mr. Gil S. Jacinto joined the Maynilad Board of Directors in April 2023. He also served as Assistant Vice-President for Academic Affairs (Internationalization), and as Director for Office of International Linkages in the University of the Philippines System (2017 to 2020). For 23 years, Mr. Jacinto served as a Professor in the University of the Philippines Diliman Marine Science Institute (1997- 2020). Among his civic affiliations are UNESCO National Commission-UN Decade of Ocean Science for Sustainable Development (Consultant), National Research Council of the Philippines (Member), IOC Advisory Body of Experts of the Law of the Sea (Member), and UNESCO Intergovernmental Oceanographic Commission (Philippine Focal Person).

Ms. Ma. Assunta C. Cuyegkeng has been part of the Maynilad Board of Directors since April 2023. Currently, she is a professor at the Department of Educational Leadership and Management of the Gokongwei Brothers School of Education and Learning Design. She is also the Executive Director of the Lily Gokongwei Nchohua Leadership Academy and the ASEAN University Network on Ecological Education and Culture. Ms. Cuyegkeng is also Chair of CHED Technical Working Group on Institutional Sustainability Assessment, and Managing Editor of the Journal of Management for Global Sustainability. She obtained her Bachelor's and Master's Degrees in Chemistry from the Ateneo de Manila University, and her doctoral degree in Chemistry from the University of Regensburg in Germany.

The following sets forth the list of key executives:

Name	Position	Age	Nationality	Years in Position
------	----------	-----	-------------	-------------------

Ramoncito S. Fernandez	Director / President / CEO	67	Filipino	2016 – Present
Randolph T. Estrellado	Director / COO / Compliance Officer	58	Filipino	2007 – Present ³⁷
Ricardo F. de los Reyes	Chief Finance Officer/ Chief Compliance Officer	60	Filipino	2017 – Present
Alex Erlito S. Fider	Corporate Secretary	70	Filipino	2007 – present
Kristina Joyce C. Gangan	Assistant Corporate Secretary	41	Filipino	2021 – present
Lourdes Marivic K. Punzalan-Espiritu	Head, Legal & Regulatory Affairs	56	Filipino	2008 – Present
Ronaldo C. Padua	Head, Water Supply Operations	49	Filipino	2012 – Present
Ryan B. Jamora	Head, Central Non-Revenue Water	44	Filipino	2021 – Present
Apollo C. Tiglaio	Head, Wastewater Management	44	Filipino	2019 – Present
Christopher J. Lichauco	Head, Customer Experience & Retail Operations	57	Filipino	2013 – Present
Yolanda C. Lucas	Head, Program Management	60	Filipino	2012 – Present
Francisco C. Castillo	Head, Information Technology Services	56	Filipino	2011 – Present
Marcos D. de Jesus	Head, Technical Resources Management	59	Filipino	2023 – Present ³⁸
Roel S. Espiritu	Head, Quality, Sustainability and Resiliency	51	Filipino	2017 – Present
Cybele L. Regalado	Head, Supply Chain Management	50	Filipino	2023 – Present
Martin B. De Guzman	Head, Human Resources	56	Filipino	2018 – Present
Jose Rizal O. Batiles	Head, Enterprise Risk Management & Internal Audit	57	Filipino	2018 – Present
Marie Antonette H. De Ocampo	Head, Corporate Affairs & Communication	55	Filipino	2021 – Present

Mr. Ricardo F. de los Reyes has served as the Chief Finance Officer of Maynilad since 2017. Prior to joining the Company, he worked at IBM Analytics Solutions Lab Services (North America) and held senior management posts at United Laboratories, Inc. and Johnson & Johnson. He obtained his Master’s Degree in Business Administration and Bachelor’s Degree in Finance at Santa Clara University in California, USA.

Atty. Alex Erlito S. Fider has served as the Company’s Corporate Secretary since 2007. He is one of the founding partners of the Picazo Buyco Tan Fider & Santos Law Offices. His legal experience spans over three decades of involvement in corporate transactions and projects. Recognized by the Asian Business Law Journal as among the top 100 Philippine lawyers, Atty. Fider’s legal work extends to an array of corporate acquisitions and financing transactions of companies involved in public infrastructure, water, and power utilities, telecommunications, broadcast and mass media, and real estate development. He has been ranked as among the leading lawyers in mergers and acquisitions and corporate financing in the Philippines.

Atty. Fider is a Director or Corporate Secretary of several Philippine corporations, including Metro Pacific Tollways Corporation and its subsidiaries, including NLEX Corporation, MP CALA Holdings Inc., and Cebu-Cordova Link

³⁷ Mr. Estrellado started as COO in 2016, but he has been a director of the Company since 2007.

³⁸ Mr. de Jesus was appointed as Technical Resources Management (“TRM”) Division Head in 2023, but he has been Technical Services Division Head since 2012 up to 2023, prior to the reorganization of the division into the TRM Division. TRM was previously the Technical Services Division (“TSD”) prior to its reorganization. Mr. Marcos D. De Jesus served as the Head of TSD from 2012 to 2023 and has been serving as the Head of TRM from 2023 to present.

Expressway Corporation; Smart Communications, Inc.; Roxas Holdings, Inc.; Voyager group, including Voyager Innovations Inc. and Maya Bank Inc.; Cignal TV Inc., and BusinessWorld Publishing Corporation; and Maynilad Water Services, Inc.

He is a member of Financial Executives Institute of the Philippines (“**FINEX**”) and Institute of Corporate Directors where he is a Fellow. He is a member of the Board of Trustees of non-profit organizations such as the Metropolitan Manila Cathedral Basilica Foundation and Alagang Kapatid Foundation.

Atty. Fider graduated from the University of the Philippines with degrees in Economics and Law. He was admitted to the Philippine Bar in 1985 and undertook specialized courses in Strategic Business Economics and Corporate Governance in the Philippines and Australia, respectively.

Atty. Kristina Joyce C. Gangan has served as the Company’s Assistant Corporate Secretary since 2021. She is a Partner at Picazo Buyco Tan Fider & Santos Law Offices. She graduated cum laude with the degree of Bachelor of Arts, Major in Political Science, from the University of the Philippines in 2002, and with the degree of Bachelor of Laws also from the University of the Philippines in 2006.

Atty. Lourdes Marivic K. Punzalan-Espiritu has served as the head of Legal & Regulatory Affairs since 2008. Prior to joining the Company, she held positions as Corporate Affairs Manager of Mars Southeast Asia from 2007 to 2008, External Affairs Manager at Master Foods Philippines, Inc. from 2003 to 2005, and as an Associate of Quisumbing Torres from 1994 to 2003. She is a Certified Public Accountant and member of the Philippine Bar. She obtained her double degrees of Bachelor of Science in Commerce, major in Accounting and Bachelor of Arts, major in Political Science, from the De La Salle University in 1988, and her degree of Bachelor’s Degree in Laws from the University of the Philippines in 1993.

Mr. Ronaldo C. Padua has served as the head of Water Supply Operations since 2012. His prior positions at Maynilad include Head of Water Network Department (2009 to 2012) and Head of South Manila Business Area (2006 to 2009). He is a licensed civil engineer, and he obtained his Bachelor’s Degree in Civil Engineering at University of Sto. Tomas.

Mr. Ryan B. Jamora has served as the head of Central NRW since 2021. His prior positions at Maynilad include head of Central NRW Engineering and Construction (2012 to 2021), Senior Manager of Central NRW Analysis Department (2008 to 2012), and North and South Business Region Technical Assistant (2005 to 2008). He is a licensed civil engineer, and he obtained his Post Graduate Diploma in Water Resources at University of the Philippines and Bachelor’s Degree in Civil Engineering at New Era University.

Mr. Apollo C. Tiglao has served as the head of Wastewater Management since 2019. He is also currently a Director of Subic Water and Sewerage Co., Inc. (since 2016) and Director of Philippine Hydro, Inc. (since 2019). He was formerly President and CEO of Subic Water and Sewerage Co., Inc. (2013 to 2016). Mr. Tiglao has also held several positions in Maynilad, including as Technical Assistant to the COO, Zone Management Head, and AVP for Customer Care. He is a licensed civil engineer, and he obtained his Bachelor’s Degree in Civil Engineering at Holy Angel University.

Mr. Christopher J. Lichauco has served as the head of Customer Experience & Retail Operations since 2013. He is also currently President and Director of Amayi Water Services, Inc. His former positions in Maynilad include Business Area Operations Head (2008 to 2013), Large Accounts Head (2006 to 2007), Northeast Business Area Head (2004 to 2006), and Central Business Area Marketing Manager (1999 to 2000). Mr. Lichauco obtained his Master’s Degree in International Management at Thunderbird School of Global Management in Phoenix, Arizona, and Bachelor’s Degree in Legal Management at Ateneo de Manila University.

Ms. Yolanda C. Lucas has served as the head of Program Management since 2012. Her previous positions in Maynilad include Head of Central Non-Revenue Water Engineering and Construction (2009 to 2012) and Program Manager North Area. She is a licensed civil engineer, and she obtained her Master’s Degree in Management at Philippine Christian University and Bachelor’s Degree in Civil Engineering at University of the East.

Mr. Francisco C. Castillo has served as the head of Information Technology Services since 2011. Prior to joining Maynilad, he worked at Indra as Managing Consultant of Utilities, Energy and Telecommunications Practice Head (Asia-Pacific) from 2003 to 2011, and Managing Consultant of Services and Industry Sector Head (Philippines) from 1998 to 2002. He also worked at Universitat Politecnica de Catalunya (Barcelona, Spain) as Associate Director (1995 to 1996) and Associate Professor (1991 to 1996). Mr. Castillo is also an Adjunct Professor at the Asian Institute of Management, and his accolades include Best ASEAN CIO 2016 at the ASEAN IT Strategy Forum in Singapore. He obtained his PhD in Electronics and Telecommunications Engineering from the Universidad Politecnica de Cataluña in Barcelona, Spain, and Bachelor’s Degree in Electronics and Communication Engineering at De La Salle University.

Mr. Marcos D. De Jesus has served as the head of Technical Resources Management (formerly Technical Services) since 2012. His former positions within the Company include Senior Technical Assistant to the President of Maynilad (2020 to 2023) and Head for Operations Strategy of Maynilad (2010 to 2012). Prior to joining Maynilad, Mr. De Jesus held several positions at Lima Land Incorporated, including Head for Marketing Group and Head for Property Management. He obtained his Bachelor's Degree in Commerce at De La Salle University.

Atty. Roel S. Espiritu has served as the head of Quality, Sustainability and Resiliency since 2017. His former positions within the Company include Head of South Caloocan and Fairview Commonwealth Business Areas (2012 to 2017) and Head of Administration and Labor Relations (2008 to 2012). A member of the Philippine Bar, Atty. Espiritu obtained his Bachelor's Degree in Laws at Lyceum of the Philippines University and Bachelor's Degree in Political Science at University of the Philippines - Diliman.

Ms. Cybele L. Regalado has served as the head of Supply Chain Management since 2023. Prior to this role, she was the Head of Corporate and Financial Planning under the Finance Division of Maynilad for 12 years. Before joining the Company, she worked at Lopez Holdings as AVP-Finance, and at ABS-CBN Broadcasting Corp. as Manager for Financial Analysis and Investor Relations. Ms. Regalado is a member of the Philippine Institute for Supply Management, a professional association of supply management practitioners.

Mr. Martin B. De Guzman has served as the head of Human Resources since 2018. Prior to joining Maynilad, he worked for Colgate-Palmolive Phils., Inc. as Human Resources Director (2009 to 2018). Mr. De Guzman is also a certified Code of Conduct Investigator, certified Trainer in Fundamentals of Accelerating Effective Change, and certified Professional Coach. He obtained his Bachelor's Degree in Psychology at De La Salle University.

Mr. Jose Rizal O. Batiles has served as the head of Enterprise Risk Management since 2018. Prior to joining Maynilad, he was the Chief Finance Officer of Manila Integrated Aviation Services Corp. (2017 to 2018), Finance Manager of The Generics Pharmacy, Inc. (2016 to 2017), and held several Group Manager positions at Procter & Gamble International Operations, Procter & Gamble Asia Pte. Limited, Procter & Gamble Tech. Centres (UK), and Procter & Gamble Philippines, Inc. Mr. Batiles is a Certified Public Accountant, Certified Fraud Examiner, and Certified Internal Auditor. He obtained his Bachelor's Degree in Accountancy at Polytechnic University of the Philippines.

Ms. Marie Antonette H. De Ocampo has served as the head of Corporate Affairs & Communication since 2021. Her previous positions at Maynilad include Head of Government Relations (2017 to 2021), Head of Business Solutions and Sales (2014 to 2016), and Head of Key Accounts and Deep Well Management (2011 to 2013). Before joining Maynilad, she worked for Shangri-la Hotels and Resorts as Director for Sales and Director for Events. She obtained her Bachelor's Degree in Tourism at University of the Philippines - Diliman.

FAMILY RELATIONSHIPS

Messrs. Isidro and Jorge Consunji are brothers. Other than these, no other officers or directors are related within the fourth degree of consanguinity.

COMPENSATION OF EXECUTIVE OFFICERS

Name of Officer and Principal Position	Year	Salary (Php)	Bonus (Php)	Other Compensation
CEO AND TOP FOUR (4) HIGHEST COMPENSATED OFFICERS 1. Ramoncito S. Fernandez 2. Randolph T. Estrellado 3. Francisco C. Castillo 4. Lourdes Marivic P. Espiritu 5. Christopher J. Lichauco	2024 (Est)	76,104,790.75	28,775,528.14	Not applicable
	2023	85,322,043.35	143,910,665.30	Not applicable
	2022	69,049,927.86	32,650,176.45	Not applicable
ALL OTHER UNNAMED	2024 (Est)	68,786,885.48	52,148,621.06	Not applicable
	2023 ³⁹	64,105,229.47	110,853,721.21	Not applicable

³⁹ The indicated amount includes the terminal/last pay of two members of the Top Management Team ("TMT") who have retired from the Company, and the pro-rated salaries and benefits if the outgoing/retired TMT members and the successor of each TMT member.

DIRECTORS AND OFFICERS AS A GROUP	2022	49,872,812,10	21,486,259.09	Not applicable
-----------------------------------	------	---------------	---------------	----------------

COMPENSATION OF DIRECTORS

Standard Arrangements

Maynilad directors do not receive any monthly allowance. Currently, only the independent directors receive a per diem for every Board or Board Committee meeting that they attend. The independent director's per diem for attendance in every Board and Board Committee meeting is ₱50,000.00 and ₱25,000.00, respectively.

Other Arrangements

There are no other arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly by the Company's subsidiaries, for any services provided as a director for 2021, 2022 and 2023.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no special employment contracts and termination of employment and change-in-control arrangements between the Company and the named executive officers.

SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

Name or Owners and Position	Nature of Shares Owned		Percentage of Ownership
	Classification	# of Shares Owned	
Manuel V. Pangilinan	Common A	1	NIL
Jose Ma. K. Lim	Common A	1	NIL
June Cheryl A. Cabal-Revilla	Common A	1	NIL
Ramoncito S. Fernandez ⁴⁰	Common A	1	NIL
Randolph T. Estrellado ⁴¹	Common A	1	NIL
Joseph Ian G. Gendrano	Common A	1	NIL
Ricardo M. Pilares III	Common A	1	NIL
Isidro A. Consunji	Common A	1	NIL
Jorge A. Consunji	Common A	1	NIL
Herbert M. Consunji	Common A	1	NIL
Kazuaki Shibuya	Common A	1	NIL
Nagahito Miyoshi	Common A	1	NIL
Fortunato T. de la Peña	Common A	1	NIL
Gil S. Jacinto	Common A	1	NIL
Ma. Assunta C. Cuyegkeng	Common A	1	NIL

VOTING TRUST HOLDERS OF 5% OR MORE

No person holds, under a voting trust or similar agreement, more than five percent (5%) of Maynilad's voting securities.

INVOLVEMENT IN LEGAL PROCEEDINGS OF DIRECTORS AND EXECUTIVE OFFICERS

The Company is not aware of any legal proceedings where its directors or executive officers have been impleaded in their capacity as directors or executive officers of the Company. Mr. Manuel V. Pangilinan and Ms. June Cheryl Cabal-Revilla, in their respective capacities as director and officer of PLDT, Inc. ("PLDT"), are defendants in a class action suit brought in the United States District Court for the Central District of California against PLDT and certain current and former directors and officers, including Mr. Manuel V. Pangilinan and Ms. June Cheryl Cabal-Revilla alleging that PLDT and

⁴⁰ Mr. Fernandez is also a grantee of shares under the ESOP.

⁴¹ Mr. Estrellado is also a grantee of shares under the ESOP.

certain of its current and former directors and officers (collectively, the “**Defendants**”) made materially false and misleading statements regarding PLDT’s capital expenditures and internal controls during the period April 23, 2020 through December 19, 2022 (among other matters). On March 7, 2024, the court issued preliminary approval of a settlement proposed by PLDT to resolve the action in its entirety. If the settlement is finally approved by the court at or after the scheduled August 5, 2024 hearing, the settlement will resolve the U.S. Class Action in its entirety as against all Defendants.

The Company is not aware of the occurrence of any of the following events within the past five (5) years and up to 31 December 2023:

(a) Any bankruptcy petition filed by or against any business in which any of its directors or officers was a general partner or officer either at the time of the bankruptcy or within two years prior to that time; _

(b) Any conviction by final judgment in a criminal proceeding, domestic or foreign, of, or any criminal proceeding, domestic or foreign, pending against, any of its directors or officers in his capacity as such director or officer;

(c) 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 the involvement of any of its directors or officers in any type of business, securities, commodities or banking activities, and

(d) Any finding 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 electronic marketplace or self-regulatory organization that any of its directors or officers has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated, which occurred during the past five (5) years.

WARRANTS AND OPTIONS OUTSTANDING

There are no outstanding warrants or options held by the Company’s CEO, directors or officers.

However, certain directors and officers of the Company hold ESOP Shares issued under the Company’s Employee Stock Option Plan (“**ESOP**”), which was adopted pursuant to the requirements of the Concession Agreement. Under the ESOP, regular employees of the Company who have rendered continuous satisfactory service during the full year prior to the issuance of ESOP Shares are granted a stock purchase bonus equal to not less than their last basic monthly salary. This bonus is automatically applied to the purchase of the ESOP Shares for the account of the employees. The number of ESOP Shares is fixed at 88,500. As of 25 April 2023, there are 54,148 ESOP Shares issued to the Company’s employees.

SIGNIFICANT EMPLOYEES

Maynilad considers the contribution of every employee as important to the fulfillment of its goals. The Company is not dependent on the services of certain key personnel.

DIVIDEND POLICY

Maynilad does not have a dividend policy. However, it has been the Company’s practice to declare dividends equating to 50% of the company’s net income.

The following table summarizes the dividends previously declared and paid by the Company for the past three (3) years:

Date of Declaration	Record Date	Payment Date	Rate in ₱ per common share
20 February 2023	28 February 2023	14 April 2023	797.69
24 February 2022	28 February 2022	15 April 2022	663.19
28 June 2021	30 June 2021	22 July 2021	662.33

CORPORATE GOVERNANCE

Maynilad abides by the principles of honesty, integrity, fairness, transparency and accountability, and endeavors to establish and foster a corporate culture that will promote the best interest of the Company, its shareholders and other stakeholders, by adhering to sound corporate governance policies and business ethics.

The Company has taken steps to comply with the corporate governance principles under SEC Memorandum Circular No. 19, Series of 2016 (Code of Corporate Governance for Publicly-Listed Companies) (“SEC M.C. No. 19, Series of 2016”) by constituting board committees to support the effective performance of the Board’s functions (in the areas of audit, risk oversight, related party transactions and other key corporate governance concerns, such as nomination and remuneration) and appointment of independent directors.

Board Committees

The Company has the following Board committees in compliance with SEC M.C. No. 19, Series of 2016:

a. Audit, Risk Oversight and Related Party Transactions Committee

The Audit, Risk Oversight and Related Party Transactions Committee performs oversight functions over the Company’s financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. It also performs risk oversight functions and oversight in the implementation of related party policies and procedures, and ensures that any related party transaction occurs at market prices, at arm’s-length basis and under conditions that protect the rights of all shareholders.

The committee is composed of five members, majority of whom are independent directors, including the Chairman.

The members of this committee are Fortunato T. de la Pena (chairperson), Ma. Assunta C. Cuyegkeng, Gil S. Jacinto, June Cheryl A. Cabal-Revilla and Nagahito Miyoshi.

b. Corporate Governance and Sustainability Committee

The Corporate Governance and Sustainability Committee ensures compliance by the Company with corporate governance principles and practices and oversees the development of the Company’s sustainability framework and policies, with a view of creating value not only for the Company but also for the nation at large.

The committee is composed of five members, majority of whom are independent directors, including the Chairman.

The members of this committee are Ma. Assunta C. Cuyegkeng (chairperson), Fortunato T. de la Pena, Gil S. Jacinto, June Cheryl A. Cabal-Revilla and Nagahito Miyoshi.

c. Nomination and Compensation Committee

The Nomination and Compensation Committee ensures that all the directors that will be nominated to the Board have all the qualifications and none of the disqualifications provided in the Manual of Corporate Governance, in R.A. No. 11600 insofar as the independent directors are concerned, and under existing laws and regulations. It also reviews with the Board the appropriate skills and characteristics required on the Board within the context of the Company’s strategic direction, and establishes a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of the directors.

The committee is composed of five members, two of whom are independent directors, and three non-executive directors including the Chairman.

The members of this committee are Manuel V. Pangilinan (chairperson), Jose Ma. K. Lim, Isidro A. Consunji, Ma. Assunta C. Cuyegkeng and Gil S. Jacinto.

In addition, Maynilad has an Executive Committee, which acts upon matters affecting the general policy of the Company and such matters as the Board may entrust to it in between meetings of the Board.

The Executive Committee, as provided in Maynilad’s By-Laws, has five members, composed of the Chairperson of the Board or the Vice Chairperson who shall act as chairperson of all meetings of the committee, two members of the Board and such other persons or officers as the Board may designate

The members of the Executive Committee are Isidro A. Consunji (chairperson), Ramoncito S. Fernandez, Jose Ma. K. Lim, June Cheryl Cabal-Revilla and Nagahito Miyoshi.

Independent Directors

The Company has elected three (3) independent directors in compliance with SEC M.C. No. 19, Series of 2016 and the Company's legislative franchise. R.A. No. 11600 requires the Company's Board to have independent directors constituting at least 20% of its total membership. It also requires the independent directors to have at least three years of management or supervisory experience in the professional fields of water security, water science policy and management, environmental science or any similar field.

Policies

Maynilad implements various corporate governance policies including, but not limited to, Code of Business Ethics, Conflict of Interest Policy, Anti-Bribery and Anti-Corruption Policy, Anti-Fraud Policy, Whistleblowing Policy, Policy on Environment and Social Impact Assessment.

Maynilad has adopted a Manual of Corporate Governance and is currently finalizing its Related Party Transactions Policy.

Looking ahead, Maynilad remains committed to conducting engagements that will mitigate the risks related to complying with its service obligations, particularly providing 24/7 water supply to its customers. Maynilad will continue to conduct audit and investigation activities to minimize commercial losses.

Maynilad continues to intensify its campaigns and initiatives to promote awareness on and encourage participation in corporate governance activities. Maynilad takes part in the Annual Corporate Governance Session ("ACGES"), along with the other companies in the MVP Group of Companies. Each year, the ACGES Team holds lectures and discussions on various governance topics to help and guide the directors and officers of the MVP Group of Companies in the performance of their respective tasks. Maynilad also has other governance initiatives such as the Ethics in the Workplace sessions, Internal Controls Awareness Week, and Risk Awareness Week in 2023, Privacy Awareness Week, Fraud Awareness Week, and Internal Controls and Risk-Mitigation Activities Champion Awards.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Maynilad is a 93.56% owned subsidiary of Maynilad Water Holding Company, Inc. (“**MWHCI**”), a company incorporated in the Philippines. MWHCI is a subsidiary of Metro Pacific Investments Corporation (“**MPIC**”). In addition, MPIC directly owns 5.23% of the Company thereby having effective ownership interest of 53.2%.

Maynilad and its subsidiaries, in their ordinary course of business, engage in transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, construction costs, project management and support services. These transactions are made at arm's length.

Purchases of Maynilad and its Subsidiaries from related parties arise principally from the following transactions and relationships:

- D.M. Consunji, Inc. for construction services;
- Manila Electric Company for electricity;
- Southbend Express Services, Inc. for outsourced services; and
- PLDT and its subsidiaries for telecommunication services.

No other transaction, without proper disclosure, was undertaken by the Company in which any director or executive officer, any nominee for election as director, any beneficial owner (direct or indirect) or any member of his immediate family was involved or had a direct or indirect material interest. Other than what has been discussed in this Preliminary Prospectus and the Company's 2023 audited consolidated financial statements, there are no other related party transactions entered into by the Company with related parties, including transactions with directors or self-dealings by the Company's directors.

It is the Company's policy to observe integrity, transparency, prudence and objectivity in handling transactions with related parties. The Company ensures that the terms of the related party transactions are at arm's length and that no shareholder or stakeholder is unduly disadvantaged.

It is the obligation of every director, employee and consultant (i) to avoid any actual or apparent conflict of interest between himself/herself and Maynilad and/or its affiliates, and (ii) to disclose relevant information relating to such matters as personal relationships or associations, financial interests and such other arrangements that may result in conflict of interest.

Maynilad is currently finalizing its Policy on Related Party Transactions, which will set forth, among others, the approval and disclosure of its transactions between related parties.

For a detailed discussion on related party transactions, see also Note [15] of the Company's 2023 audited consolidated financial statements.

LEGAL PROCEEDINGS

The Company is involved in various legal proceedings in connection with its business operations. The cases in which the Company is a party to are briefly described in this section. These cases could have a material and adverse impact on the Company's business, operations, financial condition and reputation if resolved unfavorably. Also see "*Risk Factors – 8. Adverse results of any pending or future litigation and/or disputes may impact Maynilad's cash flows, results of operations and financial condition.*"

1. **Maynilad Water Services, Inc. v. Metropolitan Waterworks and Sewerage System ("MWSS")**

On 27 July 2015, Maynilad filed a Petition for Confirmation and Execution of Arbitral Award seeking to implement the rate adjustment decreed in the final award in the arbitration case entitled, "Maynilad Water Services Inc. v. Metropolitan Waterworks and Sewerage System and Regulatory Office" (the "Final Award"). The Final Award upheld the 13.41% Rebasing Adjustment that Maynilad proposed for the Fourth Rate Rebasing Period of 1 January 2013 to 31 December 2017.

This case was consolidated with the Consolidated Cases referred in item 2.

On 7 December 2021, the Supreme Court ruled that confirming the Final Award which allows Maynilad to include its corporate income tax in charging years, will injure the public, and will also result in unequal protection of water consumers between the Service Area East and those in Service Area West. The Supreme Court concluded that the Final Award cannot be recognized for being contrary to public policy.

2. **Petitions filed by Water for All Refund Movement, Inc. ("WARM"), Waterwatch Coalition, Inc., ABAKADA-Guro Party List, Virginia S. Javier et al. and Bayan Muna Party-list representatives Neri Colmenares and Carlos Zarate (collectively, the "Consolidated Cases")**

The Consolidated Cases raised, among others, the following issues: (i) the constitutionality of the Concession Agreements of MWSS with Maynilad and Manila Water Company, Inc. ("Manila Water", and together with Maynilad, the "Concessionaires"), (ii) whether or not the Concessionaires are public utilities or mere agents/contractors of MWSS, (iii) the recoverability of the corporate income tax as "expenditures," and (iv) the validity of a purported 2013 Tariff Schedule of the Concessionaires.

On 7 December 2021, the Supreme Court issued its Decision on the Consolidated Cases. The Supreme Court ruled as follows:

- (i) the Concession Agreements are presumed valid and legal.
- (ii) arbitration proceedings between the MWSS and the Concessionaires are presumed valid.
- (iii) the Concessionaires are public utilities, being the operators of the facilities and equipment owned by the MWSS.
- (iv) Consequently, as public utilities, the rates charged by Concessionaires are subject to the limitation of Section 12 of the MWSS Charter, i.e., the 12% limit on Rate of Return within their respective service areas.
- (v) Income taxes are not business taxes under the law, thus, these are not recoverable expenses and should not be included in the computation of the operating expenses of a public utility.

Maynilad received Bayan Muna's Motion for Partial Consideration dated 1 June 2023 ("**Partial MR**"). The Partial MR asked the Supreme Court to direct the MWSS to account for the corporate income taxes of the Concessionaires from 2012 until 2022, and that the Concessionaires be directed to refund the corporate income taxes to their respective customers. The Partial MR is pending with the Supreme Court.

3. **Water for All Reform Movement ("WARM") v. MWSS, Maynilad and Manila Water ("Respondents")**

WARM filed a Petition for Certiorari before the Court of Appeals, praying for the issuance of a Writ of Kalikasan to enjoin the Concessionaires from implementing a combined drainage and sewerage system as it supposedly violates the Clean Water Act ("CWA"), which prohibits the direct deposit and transport of sewage into water bodies.

On 19 July 2023, Maynilad received a copy of the Decision of the Supreme Court. The Supreme Court ruled that WARM failed to prove that the elements for the issuance of a Writ of Kalikasan are present because it did not present any concrete proof of violation of the laws cited in its petition, and it failed to pursue the appropriate

administrative remedies before the DENR, the primary agency mandated to implement environmental policies of the State.

4. Real Property Tax Assessment issued by the Municipality of Norzagaray, Bulacan (“Norzagaray LGU”) on Maynilad and Manila Water (the “Concessionaires”) on certain common purpose facilities (“CPF”) - Central Board of Assessment Appeals (“CBAA”)

The Norzagaray LGU assessed the Concessionaires real property taxes on certain CPF amounting to approximately ₱357 million for the period 1998 to 2005. The Concessionaires argued that subject properties are exempt from taxation as such properties are owned by the RoP. After the Local Board of Assessment Appeals ruled in favor of the Norzagaray LGU, the Concessionaires each filed a separate appeal with the CBAA.

In a Decision dated 25 August 2022, the CBAA ruled that the Concessionaires and MWSS are not liable for the real property tax on the land and the CPF, and so declared as void the Notice of Assessment and Notice of Demand for Payment of RPT which the Municipal Assessor of the Norzagaray LGU issued.

On 11 October 2022, the Province of Bulacan and the Norzagaray LGU appealed the CBAA Decision by way of a Petition for Review, to the Court of the Tax Appeals (“CTA”). The CTA, *En Banc*, dismissed the Petition without prejudice, due to the petitioners’ repeated failure to comply with the Rules of Civil Procedure and the orders of the CTA, despite having been accorded several opportunities to do so.

5. Disputed Claims of MWSS

The MWSS is claiming from Maynilad payment for additional Tranche B Concession Fees and interest penalty amounting to approximately ₱5.1 billion. These are concession fees payable by Maynilad to MWSS under the Concession Agreement representing MWSS’ costs of borrowing, as defined in the 2005 Debt and Capital Restructuring Agreement among Maynilad and its creditors. The Rehabilitation Court denied and disallowed the disputed claims of MWSS in its 19 December 2007 Order, upholding the recommendations of the receiver on the matter. Following the termination of Maynilad’s rehabilitation proceedings, Maynilad and MWSS sought to resolve this matter in accordance with the dispute requirements of the 2007 Transitional and Clarificatory Agreement.

A joint committee, composed of representatives from Maynilad and MWSS, was formed in June 2016 to prepare a report containing a stipulation of facts, issues, and recommendations relating to the disputed claims. On 4 July 2016, Maynilad submitted to MWSS a Statement of Facts which, to date, the MWSS has not yet provided its comments.

6. Maynilad v. National Water Resources Board (“NWRB”), et al.

The Center for Popular Empowerment filed a case against Maynilad, MWSS and RO before the NWRB, contesting the approval by the MWSS BOT of the RO Resolution that set a rebased tariff of PHP 30.19/cu.m. (all-in average tariff), effective 1 January 2005. Claiming that NWRB had no jurisdiction to hear and decide the case, Maynilad and MWSS filed separate motions to dismiss, which were both denied.

On 7 December 2021, the Supreme Court issued its Decision on the Consolidated Cases (item 2). It held that the NWRB (i) had jurisdiction over water rates fixed by the MWSS, and (ii) inherited the adjudicatory powers of the Public Service Commission with respect to cases contesting water rates set by the MWSS.

7. 2016-2018 Income Tax Assessment

The Bureau of Internal Revenue assessed Maynilad deficiency income taxes for years 2016 to 2018 in the total amount of ₱6.4 billion, inclusive of interests (₱2.0 billion) and surcharges (₱1.4 billion). The basic tax due is almost ₱3.0 billion. Maynilad received from the BIR the Final Decision on the Disputed Assessment on 11 December 2023.

The BIR’s assessment arose from disallowed depreciation expense and disallowed direct costs in Maynilad’s application of Optional Standard Deduction.

Maynilad argued, among others, that BIR previously completed the tax investigation of Maynilad for taxable years 2016 to 2018 where Maynilad duly paid the assessed deficiency taxes as a result of said audits, and that the BIR’s right to assess deficiency taxes for the covered taxable years has prescribed. Certain direct costs were disallowed by the BIR in the application of Optional Standard Deduction, even if these costs were directly incurred for the delivery of water and wastewater services. A request for reconsideration has been filed with the Office of the Commissioner of Internal Revenue in the BIR for the deficiency assessments this January 2024.

INDEPENDENT AUDITORS AND COUNSEL

LEGAL MATTERS

All legal opinion/matters in relation to the Offer will be passed upon by Picazo Buyco Tan Fider & Santos (“**Picazo Law**”) for the Issuer, and Romulo Mabanta Buenaventura Sayoc & de los Angeles (“**Romulo Law**”) for the Joint Lead Underwriters and Joint Bookrunners. Certain matters relating to the legality of the Offer and tax matters were passed upon by Adarlo Caoile and Associates Law Offices for the limited purpose of issuing an opinion required by the SEC.

None of the above-mentioned legal counsel own shares in the Company or have any rights, whether legally enforceable or not, to nominate persons or to subscribe for the Company’s securities. None of the above-mentioned legal counsel have any or will receive any direct or indirect interest in the Company or any securities thereof (including options, warrants, or rights thereto) pursuant to or arising from the Offer.

INDEPENDENT AUDITORS

SyCip Gorres Velayo & Co., a member firm of Ernst & Young Global Limited, audited Maynilad Water Services, Inc. and Subsidiaries’ annual consolidated financial statements as at 31 December 2023 and 2022, and for each of the three (3) years in the period ended 31 December 2023 as included in this Preliminary Prospectus.

EXTERNAL AUDIT FEES AND SERVICES

Maynilad Water Services, Inc. and its Subsidiaries paid its independent auditors the following fees in the past two (2) years

Year	Audit & Audit-Related Fees* (in PHP millions)	Tax Fees** (in PHP millions)	Other Fees*** (in PHP millions)
2022	9.18	4.42	0.74
2023	12.21	7.15	6.07

* Pertains to audit fees.

** Pertains to tax advisory fees.

*** Pertains to financial model advisory and other assurance fees.

As and when applicable, tax consultancy services are secured from entities other than the appointed independent auditors.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company has not had any changes in or disagreements with its independent auditors on any matter relating to financial or accounting disclosures.

PHILIPPINE TAXATION

The following is a discussion based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Preliminary Prospectus and are subject to any changes in law occurring after such date. This summarizes the material Philippine tax consequences of the acquisition, ownership and disposition of the Blue Bonds. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Blue Bonds and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Blue Bonds under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Blue Bonds in such other jurisdictions. Prospective purchasers of the Blue Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Blue Bonds.

The tax treatment of a holder of Blue Bonds may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a Bondholder.

PROSPECTIVE PURCHASERS OF THE SECURITIES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF BONDS, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS.

The following is a general description of certain Philippine tax aspects of the Blue Bonds. It is based on the present provisions of the National Internal Revenue Code of 1997, as amended by Republic Act No. 10963, or the TRAIN Law, and Republic Act No. 11534, or the CREATE Law, (the "Philippine Tax Code"), the regulations promulgated thereunder and judicial and ruling authorities in force as of the date of this Preliminary Prospectus, all of which are subject to changes occurring after such date, which changes could be made on a retroactive basis.

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; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines," otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not engaged in trade or business within the Philippines." A "resident foreign corporation" is a non-Philippine corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines. For purposes of this discussion, the term "non-Philippine holders" refers to beneficial owners of the Blue Bonds who are (1) non-resident alien not engaged in trade or business within the Philippines, (2) non-resident foreign corporations, or (3) should an income tax treaty be applicable, whose ownership of the Blue Bonds is not effectively connected with a fixed base or a permanent establishment in the Philippines.

PHILIPPINE TAXATION

The Corporate Recovery and Tax Incentives for Enterprises Law ("CREATE Law") was signed into law by then President Duterte on 26 March 2021 and took effect on 11 April 2021 (with effective dates on specific provisions). The key provisions of CREATE Law include, but not limited to, reduction of regular corporate income tax rate from 30% to 25% (or 20% for 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) effective July 1, 2020; reduction of minimum corporate income tax rate from 2% to 1% for July 1, 2020 until June 30, 2023, thereafter, the rate will revert to 2%; reduction of income tax (final tax) rate on payments to non-resident foreign corporations from 30% to 25% effective January 1, 2021; and repeal of improperly accumulated earnings tax ("IAET"). CREATE Law, took effect, amending fiscal incentives and providing for a uniform tax rate of 15% imposed on capital gains from sale of shares of stock not traded in the stock exchange, on all types of taxpayers.

TAXATION ON INTEREST INCOME

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 Blue Bonds is thus subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Interest on the Blue 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 foreign individuals not engaged in trade or business is subject to 25% final withholding

tax. Interest income received by domestic corporations and resident foreign corporations from the Blue Bonds is subject to a final withholding tax rate of 20%. Interest income derived by non-resident foreign corporations is subject to a 25% final withholding tax. The tax imposed on the interest is a final withholding tax which constitutes a final settlement of Philippine income tax liability with respect to such interest.

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 arises in the Philippines and 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**”) 14-2021, Revenue Memorandum Circular (“**RMC**”) No. 77-2021, and RMC No. 20-2022.

TAX-EXEMPT STATUS / ENTITLEMENT TO PREFERENTIAL TAX ENTITLEMENT

The Philippine tax authorities have prescribed a certain procedure for claiming tax treaty benefits for interest income of non-resident income earners. Under RMO No. 14-2021, withholding agents/income payors may withhold tax on interest income payable to the non-resident income earner at the regular rate or at the applicable preferential tax rate depending on the documents submitted by the non-resident income earner to the withholding agent/income payor.

In accordance with RMO No. 14-2021, as further clarified by RMC Nos. 77-2021 and 20-2022, non-resident income earner intending to avail of treaty benefits should submit to the withholding agent/income payor, prior to the payment of income for the first time, a Tax Residency Certificate (“**TRC**”) duly issued by the foreign tax authority, an Application Form for Treaty Purposes on Interest (“**BIR Form 0901-I**”), and the relevant provision of the applicable tax treaty. Failure to provide the said documents may lead to withholding using the regular withholding tax rates, and not the treaty rate.

If the tax treaty rate was applied by the Issuer based on the representations and supporting documents provided by the Bondholder, the Bondholder (either directly or through its duly authorized representatives) will shall file, on behalf of the Issuer, with the ITAD a Request for Confirmation (“**RFC**”) of the use of the tax treaty rate no later than the last day of the fourth month following the close of the relevant taxable year after the payment of the withholding tax with supporting documents specified in 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. In relation thereto, the Issuer requires that copies of the BIR-stamped “Received” RFC (with the complete accompanying documents) be provided by the Bondholder to the Issuer within sixty (60) days from the payment of the interest income to the Bondholder (either directly or through its duly authorized representatives), and without need of prior request or demand from the Issuer. The Bondholder shall submit to the Issuer the original of the Certificate of Entitlement to Treaty Benefit issued by the BIR within ten (10) days from the Bondholder’s receipt of the Certificate of Entitlement to Treaty Benefit. The Bondholder shall ensure compliance with the requisites under the Certificate of Entitlement to Treaty Benefit for entitlement to the tax treaty benefits.

If the BIR determines that the withholding tax rate used is lower than the applicable tax rate that should have been applied, or that the non-resident taxpayer is not entitled to treaty benefits, the RFC will be denied and the BIR will require the Issuer to pay the deficiency taxes with penalties. In such case, the Bondholder, as the ultimate income earner, shall either advance to the Issuer or reimburse the Issuer, at the option of the Issuer, the total amount of deficiency taxes and penalties imposed by the BIR, as well as all other reasonable and necessary fees that may be incurred by the Issuer as a result of the denial of the BIR application.

In case the Issuer used the regular tax rate under the Tax Code, the non-resident foreign Bondholder ,who intends to obtain a confirmation of entitlement to treaty benefits. may file a Tax Treaty Relief Application (“**TTRA**”) with ITAD after it has received the interest income with supporting documents specified in RMO No. 14-2021 in relation to RMC No. 77-2021. If the BIR determines that the withholding tax rate applied is 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, and the Bondholder may apply for a refund of excess withholding tax with the BIR within the two-year period provided in Section 229 of the Tax Code. The claim for refund of the Bondholder may be filed simultaneously with the tax treaty relief application.

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 Register of Bondholders after the Blue 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 sales arising from the sale of the Blue Bonds in the Philippines by dealers in securities shall be subject to a 12% value-added tax. The term “gross sales” means the “total amount of money or its equivalent representing the contract price, compensation, service fee, rental or royalty, including the amount charged for materials supplied with the services during the taxable quarter for the services performed for another person, which the purchaser pays or is obligated to pay to the seller in consideration of the sale, barter, or exchange of services that has already been rendered by the seller and the use or lease of properties that have already been supplied by the seller, excluding value-added tax and those amounts earmarked for payment to third (3rd) party or received as reimbursement for payment on behalf of another which do not redound to the benefit of the seller as provided under relevant laws, rules or regulations: Provided, That for long-term contracts for a period of one (1) year or more, the invoice shall be issued on the month in which the service, or use or lease of properties is rendered or supplied.”

“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.

GROSS RECEIPTS TAX

Bank 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 Blue 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 Blue Bonds, at the rate of ₱1.50 for each ₱200.00, or fractional part thereof, of the issue price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

TAXATION ON SALE OR OTHER DISPOSITION OF THE BLUE BONDS

Income Tax

Any gain realized from the sale, exchange or retirement of Blue Bonds will, as a rule, form part of the gross income of the sellers, for purposes of computing the relevant taxable income subject to the graduated income tax rates of 15%-35% for individuals or 25% for domestic and foreign corporations, as the case may be. If the bonds are sold by a seller, who is an individual and who is not a dealer in securities, who has held the bonds for a period of more than twelve (12) months prior to the sale, only 50% of any capital gain will be recognized and included in the sellers' gross taxable income.

However, any gains realized by non-residents on the sale of the Blue Bonds, regardless of the maturity date of the bonds, may be exempt from Philippine income tax under an applicable tax treaty to which the Philippines is a party, subject to such other documentary requirements and procedures as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief.

Moreover, any gains realized from the sale, exchange, or retirement of bonds, debentures, and other certificates of indebtedness with an original maturity date of more than five (5) years (as measured from the date of issuance of such bonds, debentures or other certificates of indebtedness) shall not be subject to income tax.

Estate and Donor's Tax

The transfer by a deceased person, whether a Philippine resident or a non-Philippine resident, to his heirs of the Blue Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at a fixed rate of 6%. For transfers through donation, the Bondholder shall be subject to donor's tax at a fixed rate of 6% computed on the basis of the total gifts in excess of ₱250,000.00 exempt gift made during the calendar year.

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 Blue 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 Blue 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 Blue 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 is made in the ordinary course of business (i.e., a transaction which is bona fide, at arm's length, and free from any donative intent), in which case, it will be considered as made for an adequate and full consideration in money.

Documentary Stamp Tax

No documentary stamp tax is imposed on the subsequent sale or disposition of the Blue Bonds, trading the Blue 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 Blue 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 Blue Bonds, documentary stamp tax is payable anew.

Value Added Tax

Gross sales arising from the sale of the Blue Bonds in the Philippines by dealers in securities shall be subject to a 12% value-added tax. The term "gross sales" means the "total amount of money or its equivalent representing the contract price, compensation, service fee, rental or royalty, including the amount charged for materials supplied with the services during

the taxable quarter for the services performed for another person, which the purchaser pays or is obligated to pay to the seller in consideration of the sale, barter, or exchange of services that has already been rendered by the seller and the use or lease of properties that have already been supplied by the seller, excluding value-added tax and those amounts earmarked for payment to third (3rd) party or received as reimbursement for payment on behalf of another which do not redound to the benefit of the seller as provided under relevant laws, rules or regulations: Provided, That for long-term contracts for a period of one (1) year or more, the invoice shall be issued on the month in which the service, or use or lease of properties is rendered or supplied.”

“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.

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.

PARTIES TO THE OFFER

THE ISSUER

MAYNILAD WATER SERVICES, INC
MWSS Complex Katipunan Ave., Balara,
1119 Quezon City, Philippines

SOLE ISSUE MANAGER

BPI CAPITAL CORPORATION
23/F, Ayala Triangle Gardens Tower 2
Paseo De Roxas Cor. Makati Avenue, Makati City, 1226 Philippines

JOINT LEAD UNDERWRITERS AND JOINT BOOKRUNNERS

BPI CAPITAL CORPORATION
23/F, Ayala Triangle Gardens Tower 2
Paseo De Roxas Cor. Makati Avenue, Makati City, 1226 Philippines

BDO CAPITAL & INVESTMENT CORPORATION

17th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226, Philippines

FIRST METRO INVESTMENT CORPORATION

45th Floor GT Tower International
6813 Ayala Ave. cor. H.V. dela Costa Street Makati City 1227, Philippines

EAST WEST BANKING CORPORATION

The Beaufort, 5th Avenue corner 23rd Street
Bonifacio Global City, Taguig 1634

LEGAL ADVISOR TO THE SOLE ISSUE MANAGER, JOINT LEAD UNDERWRITERS, AND JOINT BOOKRUNNERS

ROMULO MABANTA BUENAVENTURA SAYOC & DE LOS SANTOS
21st Floor, AIA Tower,
8767 Paseo de Roxas, Makati City, 1226, Philippines

LEGAL ADVISOR TO THE ISSUER

PICAZO BUYCO TAN FIDER & SANTOS
Penthouse, Liberty Center – Picazo Law
104 H.V. Dela Costa St., Salcedo Village, Makati City, 1227, Philippines

INDEPENDENT AUDITORS

SYCIP GORRES VELAYO & CO.
6760 Ayala Avenue, Makati City, 1126, Philippines

FINANCIAL AND OTHER INFORMATION

1. Annex A: Audited Consolidated Financial Statements as of 31 December 2023 and 2022, and for each of the three (3) years in the period ended 31 December 2023 and Audited Consolidated Financial Statements as of 31 December 2022 and 2021, and for each of the three (3) years in the period ended 31 December 2022