PUBLISHED REPORT

PhilRatings
PHILIPPINE RATING SERVICES CORPORATION

RATING REPORT

MEGAWIDE CONSTRUCTION CORPORATION

Date: January 7, 2026
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NEW ISSUE CREDIT RATING

Amount	Interest Rate	Maturity Date (Tenor)	Assigned Rating and Outlook
Up to ₱1.5 Billion Fixed-Rate Notes	7.00%	January 23 2029 (3 years)	**PRS Aa Stable Outlook**

Use of Proceeds: The proceeds from the planned notes will be used for refinancing of existing obligations of the Company and for general corporate purposes.

MONITORING

Amount		Interest Rate	Maturity Date	Assigned Rating and Outlook
₱1.60 Billion	Series A	6.95%	February 17, 2026	**PRS Aa Stable Outlook**
₱2.40 Billion	Series B	7.97%	August 17, 2027	
₱3.11 Billion	Series C	7.63%	July 11, 2027	
₱1.07 Billion	Series D	8.06%	July 11, 2029	
₱0.82 Billion	Series E	8.48%	July 11, 2031	
Total: ₱9.00 Billion				

Obligations rated **PRS Aa** are of high quality and are subject to very low credit risk. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A **Stable Outlook** is assigned when a rating is likely to be maintained or to remain unchanged in the next 12 months.

Analysts' Note: The last rating review for the Company was in August 2025. This report covers updates since then.

RATIONALE

1. **Solid brand, track record, and project execution capabilities**
Megawide Construction Corporation (Megawide; the Company) has established a strong reputation as one of the leading businesses in the Philippine construction industry. The Company holds an AAAA Contractor's License from the Philippine Contractors Association Board (PCAB), the highest classification for private contracts, and a Large B government registration for large-scale

public projects. These licenses enable the Company to participate in diverse government and private infrastructure works, including highways, bridges, airports, railways, and social infrastructure.

Historically, Megawide has executed key projects across different administrations, including the Mactan-Cebu International Airport (MCIA), Parañaque Integrated Terminal Exchange (PITX), Clark International Airport, and the Public School Infrastructure Project. Recent contract awards further reinforce this track record. Notably, Megawide is constructing the Caticlan Airport Passenger Terminal Building (PTB), a ₱2.5-billion terminal designed to accommodate up to seven million passengers annually and improve connectivity and travel efficiency for Western Visayas. Other recent contracts include residential projects such as Avesta Residences, which is part of the government's housing program, as well as Uptown Modern and One Portwood Residences. These new contracts further expand the Company's project portfolio across both government and private sectors.

This extensive experience demonstrates Megawide's capacity to manage complex infrastructure projects, as well as its familiarity with government processes.

2. **Strategic transit and property initiatives driving growth opportunities**

Megawide leverages its construction and engineering capabilities across its real estate and transport operations, creating synergies that support project execution and growth. Transit-oriented developments anchored by PITX are set to expand through the Baguio City Integrated Terminal (BCIT), the South Luzon Integrated Terminal Exchange (SLITX), and the Cavite Bus Rapid Transit (CBRT) projects. BCIT, scheduled to open in 2027, is designed to serve up to 25,000 passengers daily across seven southbound routes, while SLITX, under a 30-year joint venture with Carmona, Cavite, will serve 30,000 passengers daily and integrate city and provincial buses, commercial spaces, passenger amenities, and logistics facilities. The CBRT, awarded under a 30-year Build-Operate-Transfer agreement, will be Cavite's first bus rapid transit system, featuring point-to-point (P2P) connection to Metro Manila via PITX and serving up to 80,000 daily passengers. All three projects are expected to generate recurring income through lease and concession arrangements as soon as fully operational.

The Company's property development business, through PH1 World Developers, Inc. (PH1), represents a strategic extension of its construction platform. PH1 focuses on the affordable to mid-income residential segment outside Metro Manila and leverages Megawide's engineering and pre-cast capabilities, creating operational synergies. Participation in the government's Pambansang Pabahay para sa Pamilyang Pilipino (4PH) Program through a new subsidiary Megawide Dreamrise Residences Inc. (MDRI) is likewise expected to provide scale and strengthen its presence in the administration's priority housing campaign.

In the first nine months of 2025 (9M2025), PH1 recorded nearly ₱3.4 billion in reservation sales, more than double the ₱1.6 billion recorded in the same period the previous year, with Lykke Condo in Pasig City surpassing the ₱1-billion reservation mark. As of end-September, unbooked revenues totaled approximately ₱10.2 billion, with outstanding inventory exceeding ₱20 billion. The Company also maintains a pipeline of projects, including Avesta Residences under the 4PH Program and Modan Lofts Pasco.

3. **Sustained increase in margins, albeit bottom line registered a moderate decline**
   Megawide posted revenues of ₱12.3 billion in 9M2025, down by 24.6% year-on-year (YoY). Lower top line was largely driven by the 32.7% YoY drop in construction revenues to ₱10.4 billion, as a number of the Company's existing projects are currently at the winding down phase. Landport revenues also decreased by 7.3% YoY to ₱358.0 million. On a positive note, revenues from real estate operations grew more than threefold to ₱1.5 billion, on account of the steady increase in the construction completion of ongoing projects. Direct costs also recorded a bigger decline than revenues, falling by 31.4% YoY to ₱9.1 billion. Gross profit therefore inched up by 4.2% YoY to ₱3.2 billion. Sustaining its momentum in 2024, gross margin jumped from 19.0% in 9M2024 to 26.3% in 9M2025.

   With the 15.5% and 15.3% respective YoY increases in other operating expenses and finance costs, the Company registered a net income of ₱501.1 million in 9M2025, lower by 12.8% YoY. Net profit margin nevertheless went up from 3.5% in 9M2024 to 4.1% in 9M2025, continuing the improvement in margins seen in full-year 2024 results.

   Megawide looks forward to continuous improvement in its margins over the medium-term, backed by growing revenues and well-controlled costs and expenses.

4. **Improvement in leverage levels, which is seen to be sustained going forward**
   The Company's debt-to-equity ratio improved from 2.1x as of end-2024 to 1.9x as of end-September 2025, given a favorable combination of reduced debt and higher equity. Interest-bearing debt decreased by 3.0%, from ₱35.0 billion as of end-2024 to ₱34.0 billion as of end-September 2025. A portion of the debt was settled using the ₱3.5 billion in cash collected from parent Citicore Holdings Investment, Inc. (CHII) for partial settlement of outstanding advances.

   Total equity, on the other hand, grew by 7.3%, from ₱17.0 billion to ₱18.2 billion. Equity expansion was mainly driven by the 28.0% jump in additional paid-in capital to ₱23.6 billion (following the listing of the Series 6 preferred shares), partly offset by the 35.6% hike in treasury shares to ₱15.2 billion (given the redemption of Series 4 preferred shares).

   Moving forward, Megawide expects further improvement in its leverage ratios. Management has disclosed its intention to strengthen financial position by retiring a substantial portion of the Company's debt over the next year.

BUSINESS RISK

Company Profile

Megawide was incorporated on July 28, 2004 as a mid-sized construction firm. Since its incorporation, the Company has evolved into an infrastructure-focused organization with operations across three core segments: Engineering, Procurement and Construction (EPC), supported by a Precast and Construction Solutions (PCS) platform; landport development and operations under MWM Terminals, Inc. (MWMTI); and real estate development through PH1.

Operations

Table 1: Revenues of Business Segments

In Million Pesos	9M2024	% of Total	9M2025	% of Total
Construction	15,521.87	94.95	10,445.17	84.74
Landport	386.02	2.36	358.00	2.90
Real Estate	440.18	2.69	1,522.47	12.35
Total Revenues	**16,348.06**	**100.00**	**12,325.63**	**100.00**

Table 2: Net Profit (Loss) of Business Segments

In Million Pesos	9M2024	9M2025
Construction	957.37	1,059.49
Landport	(75.78)	(42.36)
Real Estate	(137.86)	(173.67)
Net Profit (Loss)	**743.74**	**843.46**

Construction Operations

Megawide is a fully-integrated construction company providing end-to-end EPC services. Its industrial facility in Taytay, Rizal houses a pre-cast concrete manufacturing plant, batching plant, modern formworks systems, and a company-owned specialized transport fleet, collectively forming the Precast and Construction Solutions (PCS) unit. These capabilities enable the Company to execute projects efficiently across residential, commercial, and infrastructure segments.

Megawide holds an AAAA Contractor's License from PCAB, the highest classification and category for a construction company, allowing it to bid for private projects without limits on contract value. The Company also has a Large B classification for government registration, enabling participation in large-scale infrastructure projects, including highways, roads and bridges, piers, airports, railroads, waterworks, and power plants.

As of end-September 2025, the Company had a ₱35.6 billion order book. Its mix is as follows: infrastructure, 27%; residential, 29%; and office and commercial, 44%.

Megawide's construction business remained the top revenue contributor, with a share of 84.7% to total revenues in 9M2025, compared with 95.0% in 9M2024. Contract revenues accounted for 82.0% and 87.8% of total construction revenues in 9M2024 and 9M2025, respectively.

Ongoing Projects

Table 3 lists the Company's existing projects, with respective percentage of completion and target completion date, as of mid-December 2025.

Table 3: Ongoing Projects

Project Name	Completion Rate (%)	Target Completion Rate
Aglipay Sewage Treatment Plant	97.30%	Q4 2025
Luntal Solar Power (Early Works)	96.50%	Q1 2026
Ascott - Double Dragon Meridian Park	91.90%	Q1 2026
Binalonan Solar Power	96.70%	Q1 2026
Urban Deca Cubao	97.90%	Q1 2026
Luntal Solar Power (Control Building)	96.50%	Q1 2026
MCRP	82.00%	2027
Bolbok Solar Power (Early Works + Control Building)	52.10%	Q2 2026
Sta. Barbara Solar Power	96.70%	Q2 2026
Arayat Solar Power (Early works + Control Building)	94.30%	Q1 2026
Luntal Solar Power (PV Farm)	96.50%	Q1 2026
Binalonan Solar Power	97.50%	Q1 2026
Sta. Barbara Solar Power	96.70%	Q1 2026
Arayat Solar Power (Early works + Control Building)	96.90%	Q1 2026
SJDM NorthScapes	87.80%	Q2 2026
Bolbok Solar Power (Early Works + Control Building)	52.10%	Q2 2026
Suncity B NSC	86.00%	Q4 2026
Double Dragon Meridian Tower	92.80%	Q1 2026
Suncity B	80.00%	Q4 2026
Arayat Solar Power (PV Farm)	94.30%	Q1 2026
136MWp Pagbilao 1&2 Solar Power Plant Project	72.00%	Q1 2026
My Enso Loft	48.40%	2027
Bolbok Solar Power (PV Farm)	52.10%	Q2 2026
Hotel101 - Libis	26.70%	2027
Suncity B MEPF	71.00%	Q4 2026
Double Dragon Meridian Tower	93.50%	Q4 2026
SJDM NorthScapes	86.60%	Q1 2026
CP-104 Manila Subway	30.00%	2031
One Lancaster Park - Package 1	36.00%	2027
One Lancaster Park - Site Development	51.00%	2027
Modan Lofts Ortigas Hills	51.10%	Q4 2026
Carbon P2	8.60%	Q4 2026
Southscapes Trece	17.00%	2027
Landers Aseana	99.50%	Q4 2025
Caticlan Airport	12.00%	Q4 2025
UDO 3 Towers	21.00%	Q4 2026
Imus 4PH Avesta Residences	3.60%	2027

Since the last rating review in August 2025, the Company has completed a number projects, including:

1. Landers Aseana Branch - A single-storey commercial building with one basement level located in Aseana City, Parañaque (total floor area: 18,710.91 sqm; lot area: 15,064 sqm; opened December 2025).[1]

2. University Tower 5 - A 52-storey residential building located in Sampaloc, Manila City (total floor area: 56,871.14 sqm; owned by Prince Jun Development Corp.).

3. Urban Deca Cubao – A 45-storey residential project in Cubao, Quezon City, with a 2-level basement and roof deck, totaling 115,000 sqm.

4. Westside Suncity Site A Package 3B – Part of Westside City Resorts World in Parañaque City, featuring three grand theaters, a mall, and parking, with a total footprint of 113,628.15 sqm.

5. Urban Deca Ortigas (Buildings 10 & 11) – A residential complex along Ortigas Extension in Pasig City, continuing a 24-cluster development.

New Contracts

1. Caticlan Airport[2]
   In November 2024, Megawide was awarded the contract to design and construct the terminal building at Boracay Airport, operated by Trans Aire Development Holdings Corp., a unit of SMC Infrastructure. The groundbreaking ceremony was held on July 14, 2025. The project, with a total cost of ₱2.5 billion, will replace the existing facility and handle up to seven million passengers annually. The new terminal will have a total floor area of 36,470.15 sqm and will feature eight passenger boarding bridges, upgraded baggage handling systems, and streamlined check-in and security processes. The new terminal is targeted for completion by December 2026.

2. Avesta (4PH)[3]
   As part of the government's 4PH Program, Megawide, through PH1, held the groundbreaking ceremony on May 28, 2024 for a five-tower, 1,100-unit affordable mid-rise residential condominium in Barangay Malagasang 1-G, Imus, Cavite. The project will sit on a 1.3-hectare property, with each unit spanning 27 sqm and costing approximately ₱1.7 million to ₱2.0 million to construct.

3. Uptown Modern[4]
   On October 15, 2025, Megawide announced that it secured a multi-billion peso contract with Megaworld Corporation to build residential towers in Uptown Bonifacio. The project covers civil, structural, architectural works, and mechanical, electrical, plumbing, and fire protection (MEPF) systems.

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[1] https://www.manilatimes.net/2025/12/11/tmt-newswire/landers-superstore-opens-its-aseana-branch-expanding-membership-shopping-in-manilas-fastest-growing-lifestyle-district/2241476
[2] https://pco.gov.ph/news_releases/pbbm-leads-new-caticlan-airport-terminal-groundbreaking-heralds-new-era-for-tourism-regional-growth/
[3] https://megawide.com.ph/wp-content/uploads/2025/07/Newsletter-2025-Q2-062625_1-1.pdf
[4] https://mb.com.ph/2025/10/15/megawide-bags-10-billion-contracts-from-megaworld

4. One Portwood Residences
   Megawide also secured a multi-billion peso contract from Megaworld to construct residential towers in Newport City.

Prospective Project Pipeline

1. Sentrove Tower (₱1.4 billion)[5]
   Sentrove is a 43-storey residential condominium within Ayala Land's 11-hectare Cloverleaf Estate in Balintawak, Quezon City. It offers units ranging from studio to three-bedroom units (~30–279 sqm). It is directly connected to Ayala Malls Cloverleaf and is accessible via Epifanio de los Santos Avenue (EDSA), A. Bonifacio Avenue, Skyway Stage 3, and LRT-1 Balintawak Station, providing strong connectivity to major Metro Manila hubs.

2. One Lancaster Park T4 and T5 (₱1.8 billion)[6]
   One Lancaster Park is a mid-rise condominium development inside Lancaster New City, a master-planned township in Imus, Cavite, developed by Famtech Properties. The project comprises 15 residential towers set around landscaped open spaces and a seven-hectare central park. It is accessible via CAVITEX, CALAX, SLEX, and Daang Hari, supported by the Lancaster New City Link Bus System.

3. Tryne Alveo 1 (₱2.2 billion)[7]
   Tryne Enterprise Plaza is a three-tower office-for-sale development by Alveo Land, located in Arca South, a 74-hectare mixed-use estate in Taguig City. It offers modern office spaces (~92–260 sqm) with sustainable design and is strategically accessible via C5 and Skyway, near Bonifacio Global City and Makati.

Major Customers
According to Megawide, it is frequently invited to bid for major domestic low- to high-rise buildings and horizontal property development projects. The scope of work on these projects generally includes site development, earthworks, structural and civil works, masonry works, architectural finishes, electrical works, plumbing and sanitary works, fire protection works, and mechanical works.

In line with its risk policies, Megawide carefully chooses which projects to participate in, based on the following criteria:

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

2. Liquidity of the project owner determined through financial ratios and financial performance for the past three years.

[5] https://www.alveoland.com.ph/properties/condos/quezon-city/sentrove/
[6] https://onelancasterpark.com.ph/
https://www.onelancasterparkcavitecondo.com/p/project-overview.html
[7] https://www.alveoland.com.ph/properties/offices/taguig/tryne-enterprise-plaza/

The Company's major customers as of 9M2025 are as follows:

MCC-Citicore Construction, Inc. (MCC-CCI)[8]
MCC-CCI is the construction arm of Citicore Renewable Energy Corporation (CREC), primarily engaged in the development and construction of renewable energy projects in the Philippines, including solar, wind, and hydro power plants. CCI operates under CREC, a subsidiary of Citicore Power Inc. (CPI) and CHII, and forms part of the broader Citicore-Megawide Group.

PH1 World Developers, Inc. (PH1)
PH1 is the real estate arm of Megawide, focused on applying innovation and engineering technology in property development. PH1 targets the affordable and mid-income housing market segments, aiming to help address the housing backlog in the country.

Travellers International Hotel Group, Inc. (Travellers)
Travellers is a developer of integrated resorts in the Philippines. The company was awarded one of the first licenses issued by the Philippine Amusement and Gaming Corporation (PAGCOR) in June 2008 to construct and operate integrated leisure and gaming facilities to international standards, with the objective of supporting tourism development in the country.

8990 Housing Development Corp. (8990)
8990 is the largest mass housing developer in the Philippines in terms of units licensed under Batasang Pambansa (BP) Blg. 220 from 2011 to 2013, according to HLURB. The company has been developing mass housing projects in high-growth areas across Luzon, Visayas, and Mindanao since 2003. DECA Homes and Urban DECA Homes have gained a strong reputation in the market, resulting in 8990 garnering numerous awards such as Q Asia Magazine's "Best Housing Developer" for 2012 to 2013.

Hotel of Asia, Inc. (HOA)[9]
HOA is the hospitality arm of DoubleDragon Corporation and the developer of the Hotel 101 brand. Its portfolio includes Jinjiang Inn (Makati, Ortigas, and Boracay), Injap Tower Hotel, and Ascott DD Meridian Park Manila.

Double Dragon Properties (DD)
DD has undertaken several vertical and horizontal developments since it started its commercial operations in April 2010. Having met its 2022 portfolio target of 1.2 million sqm of completed gross floor area (GFA), DD has set a new target of increasing its portfolio to 2.4 million sqm of completed GFA by 2030. This will be spread across its four core business segments: 30% in retail, 15% in office, 20% in hospitality, and 35% in industrial leasing.

PhilRatings assigned an Issue Credit Rating of PRS Aaa, with a Stable Outlook, for DD's outstanding bonds amounting to ₱47.9 billion.

Southeast Asia Retail, Inc. (SEARI)[10]
SEARI is a Philippine-based retail company that owns and operates Landers Superstore, a chain of membership-only retail warehouse clubs.

[8] https://crec.com.ph/about-us/corporate-structure
[9] https://hotel101sales.com.ph/developer.php
[10] https://triloker.com/en/company/detail/43026

Landport Operations

MWMTI is a joint venture between Megawide and Megawide Terminals, Inc. (MTI), with equity stakes of 51.0% and 49.0%, respectively. The company was established to develop and operate the PITX under a 35-year concession agreement with the Department of Transportation (DOTr), with operations commencing in November 2018. PITX serves as the country's first integrated landport, providing a model for a safe, secure, and efficient public transport system.

Located along Diosdado Macapagal Boulevard, PITX spans 4.5 hectares and integrates a multi-modal transport terminal with commercial and office spaces. The terminal has a rated capacity of 100,000 passengers daily, connecting provincial and in-city buses, taxis, jeepneys, and UV Express shuttles. Retail outlets provide essential services to commuters, while four five-story office towers above the terminal generate additional foot traffic to support commercial tenants. The PITX mobile app offers schedule information and advanced ticketing, while enabling management to analyze commuter patterns to improve operations. The recent opening of the Asia World–PITX Station on the LRT1 Cavite Extension links PITX directly to Metro Manila's urban rail network, further enhancing accessibility.

PITX continued to demonstrate steady passenger traffic and commercial activity in 9M2025. The terminal recorded an average daily foot traffic of 163,160 passengers, with an average spend of ₱32 per passenger. According to PITX Corporate Communications and Government Relations head Jason Salvador, during the Christmas travel period, more than three million passengers are expected to pass through the terminal from December 19, 2025, to January 5, 2026. The recently opened Asia World LRT-1 station has further improved connectivity to Metro Manila, supporting a consistent increase in commuter volume.[11]

Commercial occupancy was 83% as of end-September 2025, down from 88% as of end-March 2025 (data from the last review) and 92% as of end-September 2024. The decline from March was due to an increase of approximately 2,000 sqm in gross leasable area, which resulted in lower occupancy despite growth in leased space. The tenant mix comprised of 65% food and beverage, 21% retail, and 14% services.

Meanwhile, office tower occupancy declined from 43% as of end-March 2025 to 38% as of end-September 2025, with all tenants being non-Philippine Offshore Gaming Operators (POGO). The reduction was primarily due to Suntrust's departure from the dormitory area. The office tenant mix was led by business process outsourcing (BPO) firms (39%), followed by government agencies (28%), logistics (22%), and event companies (11%). According to management, they continue to seek longer-term, stable tenants that align with the area's character, including logistics firms, travel agencies, and aviation-related companies.

Landport operations generated ₱358.0 million from leasing assets in 9M2025, contributing 2.9% of consolidated revenues during the period and slightly down from ₱386.0 million (2.4% of total revenues) in 9M2024. The segment continued to benefit from sustained passenger traffic and commercial performance at PITX.

Building on PITX as its anchor, Megawide is advancing the development of additional transit-centric terminals, which are expected to potentially provide recurring income streams. On October 17, 2025, the Company received the Notice of Award for the BCIT Project, following successful completion of the Swiss Challenge[12]. The ₱1.2-billion project, scheduled for operation in 2027, is designed to accommodate up to

[11] https://www.gmanetwork.com/news/topstories/metro/968743/over-3m-passengers-expected-at-pitx-during-istmas-rush/story/

[12] A public procurement process for a government contract

25,000 passengers daily across seven southbound routes, including La Union, Pangasinan, Tarlac, Pampanga, Bulacan, Metro Manila, and Cavite, and is expected to decongest traffic in one of Luzon's busiest tourist destinations.[13]

Megawide is also set to develop the SLITX through its subsidiary, Megawide OneMobility Corporation (MOMC). Under a 30-year joint venture agreement (JVA) with the city government of Carmona in Cavite, the ₱800.0-million SLITX project will serve 30,000 passengers daily and feature direct access to the South Luzon Expressway. The terminal will integrate city and provincial buses, commercial spaces, passenger amenities, and logistics facilities, providing a modern, efficient, and safe transport experience.[14]

In addition, Megawide, in partnership with Maplecrest Group Inc. (MGI), is developing the ₱1.9-billion CBRT project under a 30-year Build-Operate-Transfer agreement. Awarded on December 26, 2024, and contracted on January 27, 2025, through their joint venture Cavite Rapid Transport, Inc., the CBRT is Cavite's first bus rapid transit system and includes a P2P connection to Metro Manila via PITX. Developed in two phases, it will feature terminals, 47 stations, and a BRT/P2P network serving up to 80,000 daily passengers, complementing PITX operations and reinforcing Megawide's expansion of its transport-centric development portfolio.

Customers

Contracts of Lease for Retail/Commercial Spaces
MWMTI has existing contracts with various tenants and concessionaires for a period of one to eight years. The monthly rental rates of some contracts are based on the monthly income of their business, while others pay a fixed rate. All contracts have a provision on the payment of security deposit and advance rent. New commercial tenants include ZUS Coffee, Bebang Halo-Halo, Hangang Ramen, Uncle John's, Greenwich, Gugu Manju, and Chatime.

Contracts of Lease for Office Spaces
MWMTI has existing contracts with traditional and non-traditional office tenants. The contracts are for a period of five years with an annual escalation rate of 5.0% on the monthly rent. The contracts require four to six months security deposit and three months advance rent. New office tenants include Agility Tech Solutions, Brookside, AAP Aviation, 2GO, Travel Managers International Inc., and Innotech.

<u>Real Estate Operations</u>
In July 2023, Megawide formally entered property development through the acquisition of PH1, extending its capabilities beyond engineering, procurement, and construction.

PH1 focuses on residential projects targeting the affordable to mid-income end-user segment. In response to market conditions in Metro Manila, developments are primarily concentrated in growth areas outside the capital, including Rizal, Bulacan, and Cavite.

Operations include the acquisition, development, sale, leasing, and management of residential properties, including mid-rise and horizontal housing projects. Selected developments incorporate PH1's Add-Loft Technology, which provides additional usable living space within units. Projects are also embedded with sustainability features to support energy efficiency and long-term decarbonization objectives.

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[13] https://business.inquirer.net/553508/megawide-bags-p1-2-b-baguio-terminal-deal
[14] https://ppp.gov.ph/press_releases/ppp-center-joins-slitx-jva-signing-ceremony/

Table 4 shows PH1's property portfolio as of end-September 2025.

Table 4: Property Portfolio of Real Estate Segment

Project	Location	Status	Launch Date	Completion Date
The Hive Residences	Ortigas Ave. Ext. Taytay, Rizal	Completed	2015	2023
My Enso Lofts	Timog Ave., Quezon City	On-going	2020	2027
Modan Lofts Ortigas Hills	Ortigas Ave. Ext. Taytay, Rizal	On-going	Phase One – 4Q 2022 Phase Two – 2Q 2024	Phase One – 2026
One Lancaster Park	Lancaster New City, Imus, Cavite	On-going	Phase One – 4Q 2021 Phase Two – 3Q 2024 Phase Three –	2033
Northscapes	San Jose Del Monte, Bulacan	On-going	4Q 2022	2025
Southscapes	Trece Martines, Cavite	On-going	2Q 2024	2026
Lykke Kondo	Amang Rodriquez Ave., Pasig City	Launched	4Q 2024	Tower One – 2029
Avesta Residences	Imus, Cavite	-	-	-
Modan Lofts Pasco	Pasig	-	-	-

In 9M2025, PH1 secured nearly ₱3.4 billion in reservation sales, more than double the ₱1.6 billion recorded in the same period last year. Lykke Condo in Pasig City notably surpassed the ₱1.0-billion reservation mark, reflecting strong demand across PH1's residential projects. As of end-September 2025, unbooked revenues totaled approximately ₱10.2 billion, with outstanding inventory exceeding ₱20.0 billion, providing a robust pipeline for future revenue.[15]

Real estate operations generated revenues of ₱1.5 billion in 9M2025, accounting for 12.4% of consolidated revenues, supported by the completion progress of ongoing projects.

The Hive Residences is PH1's first residential condominium project and is located in Taytay, Rizal. The development is an integrated residential condominium connected to a mall component.[16]

My Ensō Lofts is a residential condominium located in Quezon City, near major transport networks. It is approximately a 10-minute walk from the GMA–Kamuning area.

Modan Lofts Ortigas Hills is a mid-rise residential condominium project located in Taytay, Rizal. The development incorporates PH1's Add-Loft Technology and is situated within the Ortigas Hills area.

Located on a 6.3-hectare property in Imus, Cavite, One Lancaster Park is PH1's flagship residential condominium development. The project consists of nine mid-rise towers and features residential units with loft spaces. It is located approximately 10 minutes from the CAVITEX Expressway and about 10 minutes from the Ninoy Aquino International Airport (NAIA).

Northscapes San Jose del Monte is a residential development located in San Jose del Monte, Bulacan, positioned within a growth area north of Metro Manila.

Southscapes Trece Martires is PH1's second horizontal residential development, situated on a five-hectare property in Trece Martires, Cavite. The project incorporates energy-efficient features, including solar panels, window shading technology, and insulated wall systems.

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[15] https://www.bworldonline.com/corporate/2025/10/23/707341/ph1-may-top-2024-sales-performance/
[16] https://ph1worlddevelopers.com/property-list/

Lykke Condo is a residential condominium development located in Pasig City along Marcos Highway, near Ayala Malls Feliz and the Marikina–Pasig station of the LRT-2. The project covers approximately 5,000 sqm and consists of three towers with up to 28 residential floors.

PH1's project pipeline includes Avesta Residences, which marks the Company's entry into the government's flagship 4PH housing program, and Modan Lofts Pasco. The latter is a planned residential condominium under the Modan Lofts brand, featuring mid-rise buildings, modern minimalist design, and PH1's Add-Loft Technology as seen in other Modan Lofts developments.[17]

On December 16, 2025, Megawide and Home Development Mutual Fund (HDMF) signed an Investment and Partnership Agreement to formalize their collaboration and expedite the government's 4PH Program. The agreement involves HDMF's participation as an investor in the 4PH projects via subscription to perpetual preferred shares issued by MDRI, a fully-owned subsidiary of Megawide. HDMF will subscribe to ₱10.0 billion worth of perpetual preferred shares, payable in three tranches. The funds will then be used to deliver at least 7,000 affordable housing units over the next 2–3 years.

Customers
PH1 customers primarily are end-users, intending personal use of purchased properties. These include first-time homebuyers and individuals and families with motivations to upgrade living conditions. Additionally, there are investor-type customers, who acquire properties in hopes of generating rental income and/or capital appreciation.

Suppliers
The real estate segment is forwardly integrated with Megawide, which is its parent company and sole general contractor. Services such as property management, janitorial, security, professional and consultancy, and utility, on the other hand, are outsourced. Service providers are selected by assessing track-record, pricing, technical expertise, and efficiency.

Ownership and Management
As of September 30, 2025, the major owners of Megawide were CHII and Megacore Holdings, Inc. (Megacore), which owned 35.4% and 30.7% of the Company's shares, respectively. CHII and Megacore are both owned by Edgar B. Saavedra.

CHII was incorporated on December 3, 2011 and operates primarily as a holding company with ownership interests in Megawide and other affiliates. On the other hand, Megacore was incorporated on July 20, 2017 and was primarily organized to invest in or purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose real or personal property including shares of stocks, subscriptions, bonds, debentures, evidences of indebtedness and any securities of any corporations.

Mr. Saavedra is one of the co-founders of Megawide and serves as its Chairman of the Board, CEO, and President. He has more than 20 years of engineering experience. He is concurrently the Chairman and President of CHII and Megawide Land, Inc. (MLI). He is also the Chairman of Altria East Land Inc. (Altria), MWMTI, Cebu2World Development, Inc., CPI, Citicore Energy REIT Corp. (CREIT), Citicore-Megawide Consortium, Inc., Tunnel Prefab Corporation, Wide-Horizons, Inc., MTI, Megawide OneMobility Corporation, CREC, and PH1. Mr. Saavedra received his Bachelor's degree in Engineering from De La Salle

[17] https://modanloftsortigashills.com/

University. After obtaining his license as a Civil Engineer, he pursued special studies in Foundation Formworks in Germany.

Manuel Louie B. Ferrer serves as the Vice-Chairman of the Board and Executive Director for Infrastructure Development of Megawide. He concurrently serves as a Director and the President of Altria and MTI. He is also a Director of Cebu2World, CHII, MWMTI, CREIT, and MLI. In addition, Mr. Ferrer serves as a Director and Vice Chairman of PH1. He is also a Director and the Treasurer of CPI and CREC. Mr. Ferrer obtained his degree in Industrial Design in 1996 from De La Salle University.

Jez G. Dela Cruz serves as the Group Chief Finance Officer (CFO). Prior to becoming the Group CFO, he was Assistant Vice President and Head of Corporate Finance and Planning of Megawide. He was also a Director of GMCAC. Before joining Megawide, he was a banker for BPI Capital Corporation and Citibank N.A., as well as the former Financial Planning Manager of San Miguel Beer's international business. Mr. Dela Cruz obtained his Master of Business Administration degree from the Asian Institute of Management and is a Certified Management Accountant (CMA).

PhilRatings notes that the Board elected Gil B. Genio as an Independent Director on October 10, 2025. Mr. Genio also serves as an Independent Director of GT Capital Holdings, Inc. and Puregold Price Club Inc.. He previously held senior leadership roles at Globe Telecom, Globe Capital Venture Holdings, and other telecommunications organizations. He holds a Master's in Business Management with Distinction from the Asian Institute of Management and a Bachelor of Science in Physics, magna cum laude, from the University of the Philippines. Mr. Genio is also a Fellow Member of the Institute of Corporate Directors.

As of July 3, 2025, Megawide had a total of 3,919 employees.

Strategy

Megawide leverages its core strengths in EPC and PCS to expand into higher value-added segments, including real estate and transport infrastructure. Guided by these capabilities, it is pursuing a long-term growth roadmap anchored on five strategic initiatives: (1) balancing and stabilizing the order book to ensure long-term revenue visibility; (2) optimizing PCS utilization to improve efficiency and maximize profitability; (3) participating in the government's 4PH program to address the housing backlog and create synergies within the Group; (4) developing transit-centric developments to enhance mobility and regional connectivity; and (5) strengthening the balance sheet to reduce interest expenses and support financial stability.

The order book is maintained across residential, commercial and industrial, and infrastructure segments, supported by a robust construction pipeline, an expanding property development portfolio, and growth in transit-centric developments under the landport business.

Operational efficiency and profitability are enhanced through higher PCS utilization across conventional and non-conventional applications, including horizontal infrastructure and housing projects under 4PH. This enables faster delivery of residential units while generating demand for both EPC and PCS platforms.

Transit-centric projects, anchored by the PITX, continue to strengthen landport operations, improve mobility, and enhance intra-regional connectivity, while supporting recurring income streams and further diversifying revenue sources.

Financial stability is reinforced through the settlement of inter-company balances and debt reduction, lowering interest expenses and providing additional flexibility to support ongoing growth initiatives.

Sustainability Framework
Megawide is committed to long-term sustainable growth, recognizing that strong financial performance go hand in hand with the development of comprehensive social and environmental programs. Operations are conducted in compliance with local and international environmental laws and standards, with energy and water usage, waste management, and emissions consistently monitored. Research and Development (R&D) technologies are applied to optimize resource efficiency, while a dedicated Compliance Team ensures adherence to regulations and alignment with global best practices.

Employee well-being is a key focus, with benefits, training, and professional development opportunities provided to promote engagement and productivity. Equal opportunity and diversity are actively promoted, and clear channels are maintained for addressing labor concerns, ensuring a safe and supportive work environment.

Corporate governance and accountability are upheld through policies promoting ethical behavior, internal audits, and grievance mechanisms for confidential reporting of potential irregularities. Collectively, these practices support responsible environmental stewardship, ethical business conduct, and a safe, inclusive, and resilient workplace.

Legal Issues
Analysts' Note: This section provides updates on legal issues considered material to Megawide.

Tomas R. Osmeña v. Megawide Construction Corporation, et al.
This case arises from the challenge to the JVA entered into by Megawide and the Cebu City Government for the redevelopment of the Carbon Market Complex. The petitioner, Tomas R. Osmeña, a former mayor of Cebu City, sought to have the JVA declared void on the ground that it allegedly violated various constitutional provisions, laws, and regulations.

On August 8, 2025, the Court issued an Order declaring the case submitted for decision. In its Decision dated November 10, 2025, the Court dismissed the petition, ruling that it was barred by litis pendentia and constituted forum shopping. The Court found that an earlier case, Carbonhanong Alyansa alang sa Reporma ug Bahandianong Ogma sa mga Nanginabuhi, et al. v. Megawide Construction Corporation, et al., involved the same parties, issues, and reliefs, including the request to declare the JVA void.

On November 25, 2025, the Company received the petitioner's Motion for Reconsideration of the November 10, 2025 Decision. The Court has yet to act on the motion and is expected either to resolve the same or to require the respondents to file their comment.

HTLand, Inc. v. Megawide Construction Corporation
In connection with the construction of Mandani Bay Quay – Phase 2 Block 1, the Makati Regional Trial Court issued a Decision dated September 15, 2025, denying the Company's Petition for Judicial Reliefs. In a related proceeding, the Court of Appeals, through a Resolution dated August 28, 2025, dismissed HTLand, Inc.'s Petition for Certiorari for utter lack of merit.

Before the Construction Industry Arbitration Commission (CIAC), the arbitration proceedings advanced to the evidentiary stage. The Company and HTLand, Inc. filed their respective Witness Statements on August

11, 2025, followed by their Witness Counter-Statements on September 11, 2025. Evidentiary hearings were conducted on September 25–26, October 1–3, and October 7–8, 2025.

On November 13, 2025, the parties submitted their respective Draft Arbitral Awards. CIAC is currently reviewing the submissions and is expected to proceed with the preparation and issuance of the Arbitral Award in due course.

ECONOMY

Gross Domestic Product (GDP)

2024

The Philippines' GDP expanded by 5.7% in 2024, mainly driven by the growth in the following industries: Construction (+10.3%), Financial and insurance activities (+9.0%), and Wholesale and retail trade; repair of motor vehicles and motorcycles (+5.6%). While higher than the 5.5% GDP growth recorded in 2023, the number failed to hit the government's 6.0%-6.5% growth target for 2024. According to the Department of Economy, Planning and Development (DEPDev, formerly NEDA)[18] Undersecretary Rosemarie Edillon, extreme weather events and geopolitical tensions during the year prevented the country from achieving its growth target. Nonetheless, the country remained one of the fastest-growing economies in the Asia Pacific region.

Of the three major economic sectors, Services and Industry posted growths of 6.7% and 5.6%, respectively, while Agriculture, Forestry, and Fishing (AFF) contracted by 1.5%. The contraction of the AFF sector was on the back of the six consecutive storms that struck the country from the end of October to the middle of November 2024.

On the demand side, all major expenditure items recorded growth: Household final consumption expenditure (HFCE), +4.9%; Government final consumption expenditure (GFCE), +7.3%; Investment spending, +7.7%; Exports, +3.3%; and Imports, +4.2%. The HFCE growth for 2024 was slightly slower than the 5.5% recorded in 2023, likely due to elevated price levels and borrowing costs during the period.

Third Quarter of 2025 (3Q2025)

In 3Q2025, the country's GDP grew by 4.0%, slower than the 5.5% in the previous quarter and the 5.2% in 3Q2024. The latest recorded growth was also the slowest posted since the 3.8% contraction in 1Q2021. This brought the country's year-to-date economic growth to 5.0%, below the 5.5%-6.5% target for the year. Growth was driven by the following industries: Wholesale and retail trade; repair of motor vehicles and motorcycles, +5.0%; Financial and insurance activities, +5.5%; and Professional and business services, +6.2%. For the major economic sectors, Industry, Services, and AFF grew by 0.7%, 5.5%, and 2.8%, respectively.

HFCE was up by 4.1% in 3Q2025, also slower than the 5.3% growth in 2Q2025 and the 5.2% in 3Q2024. Growth for the period was supported by the increase in the following: Food and non-alcoholic beverages, +4.2%; Health, +11.3%; Miscellaneous goods and services, +3.7%; Restaurants and hotels, +5.9%; and Transport, +4.4%. Gross capital formation (GCF), or Investments, decreased by 2.8% in 3Q2025, driven by

[18] On April 10, 2025, President Ferdinand Marcos Jr. signed the Republic Act No. 12145, which legislated DEPDev's charter. NEDA was then reorganized into the DEPDev.

the 0.5% decline in Construction for the period. This is amid the reported corruption surrounding public infrastructure projects.

Inflation and Interest Rates[19]
In December 2024, inflation settled at 2.9%. This brought the 2024 average inflation rate to 3.2%, well within the 2.0%-4.0% target of the government. Such was also a notable improvement from the 6.0% average inflation rate recorded in 2023. Considering the easing inflation in 2024, the Bangko Sentral ng Pilipinas (BSP) reduced the policy rate by a total of 75 basis points (bps) during the year, bringing it down to 5.75% by end-2024.

According to the Philippine Statistics Authority (PSA), inflation slowed to 1.5% in November 2025, down from October 2025's 1.7% and November 2024's 2.5%. Core inflation, which does not include volatile commodities such as food and energy, marginally decreased from 2.5% in October 2025 to 2.4% in November 2025. Considering the November 2025 figure, year-to-date headline inflation was 1.6%—below the BSP's 2.0%-4.0% target band.

On December 11, 2025, the Monetary Board decided to further reduce the benchmark policy rate by 25 bps to 4.5%, citing manageable inflation. The BSP has therefore reduced policy rates by a total of 125 bps since the beginning of 2025.

Outlook[20,21]
In June 2025, the Philippine government lowered its growth target for the year and narrowed its growth goals for 2026 to 2028. The revised targets reflected global uncertainties stemming from tensions in the Middle East and shifts in United States trade policies. GDP growth for 2025 is now projected at 5.5%-6.5%, down from the earlier forecast of 6%-8%. GDP targets for 2026-2028 were narrowed to 6%-7%, from the previous range of 6%-8%.

The government also trimmed its inflation assumption for 2025, lowering it to 2%-3% from 2%-4%, but maintained its inflation outlook for 2026-2028 at 2%-4%. It also revised its fiscal program, with the budget deficit as a share of GDP now expected to widen to 5.5% in 2025 and 5.2% in 2025, from previous forecasts of 5.3% and 4.7%, respectively.

In December 2025, the World Bank trimmed its growth forecasts for the Philippines to 5.1% for 2025 (from 5.3%) and 5.3% for 2026 (from 5.4%). It cited weaker domestic investment, decreasing business confidence amidst ongoing corruption scandal, declining foreign direct investment, and drag of recent natural disasters. In 2027, however, the Washington-based lender expects modest recovery as growth will inch up to 5.4%, supported by resilient consumption and easing inflation.

Similarly, Japan-based Nomura Group now projects a growth of 5.3% for 2026 (lower than initial forecast of 5.6%), in consideration of ongoing political uncertainty, soft fiscal spending, and persistent external risks. DBS Group Research likewise expects the Philippines to face headwinds in 2026, with forecasted growth at 5.0%.

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[19] https://mb.com.ph//10/09/bsp-lowers-rate-to-475-amid-weaker-growth-outlook-infra-spending-woes
[20] https://business.inquirer.net/563460/world-bank-trims-growth-forecasts-for-the-philippines
[21] https://www.philstar.com/business/2025/12/05/2491916/philippines-faces-tough-economic-outlook

INDUSTRY

Construction[22,23]

Data from the PSA showed that the number of construction projects from approved building permits decreased by 2.0% from 14,627 in August 2024 to 14,340 in August 2025. The aggregate value of these projects, in contrast, increased by 14% to ₱58.66 billion in August 2025.

Philippine Institute for Development Studies senior research fellow John Paolo Rivera explained that the decline in approved building permits "likely reflects a confluence of headwinds such as rising material and labor costs, tighter financing and higher borrowing rates and the after-effects of major weather disruptions and election-related spending slowdowns".

In August 2025, residential buildings accounted for the bulk of approved construction permits with a 68.4% share, up by 5.3% than its counterpart in 2024. Non-residential projects followed with a 19.9% share, while the balance was made up by permits for additions, alterations, and repairs of existing structures and permits for other construction projects.

Looking ahead, the construction industry is forecasted to expand by an annual average growth rate of 7.2% between 2026 and 2029. Such growth will be supported by the continuous investments in transportation infrastructure, investments in tourism, as well as various public-private partnership (PPP) projects.

Infrastructure[24,25,26]

Based on DEPDev data, the Marcos Jr.'s administration has a total of 209 infrastructure flagship projects (IFP) in the pipeline with a combined project cost of ₱10.5 trillion, as of 3Q2025. DEPDev Undersecretary for investment programming group Joseph Capuno reported that physical connectivity-related developments totaled 140 projects, with an aggregate cost of ₱9.0 trillion; followed by water resources, with 32 projects worth ₱821.1 billion; agriculture, with nine projects totaling ₱213.7 billion; and health, with nine projects costing ₱95.7 billion. As of December 2025, the agency stated that 79 projects are still ongoing, with three big-ticket infrastructure projects expected to be completed by end-2025.

In December 2025, the Senate approved the proposed ₱6.8 trillion national budget for 2026. With the ongoing controversies surrounding ghost and substandard flood control projects, along with President Marcos Jr.'s directive to drive down construction costs, however, the Senate reduced the 2026 budget for the Department of Public Works and Highways (DPWH) from ₱624.5 billion in the House of Representatives (House) version to ₱570.5 billion. Of the total IFPs, 40 are expected to be completed by 2028 and 39 projects to be completed beyond 2028.

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[22] https://www.philstar.com/business/2025/10/22/2481525/construction-permits-down-august
[23] https://finance.yahoo.com/news/philippines-construction-industry-report-2025-093300060.html
[24] https://www.bworldonline.com/top-stories/2025/12/02/715776/depdev-says-3-flagship-infrastructure-projects-completed-by-yearend/
[25] https://newsinfo.inquirer.net/2153108/all-eyes-on-bicam-as-senate-oks-draft-2026-budget
[26] https://mb.com.ph/2025/12/01/marcos-administration-set-to-finish-three-flagship-infra-projects-in-2025depdev

Transportation[27,28]

In June 2025, President Marcos Jr. told Filipino commuters that an improved public transportation system can be expected in the latter part of 2025. He explained that the scheduled completion of key transportation infrastructure projects, such as the Metro Rail Transit (MRT) Line 7, along with projects including the "1 plus 3 promo" in the MRT Line 3 and Light Rail Transit (LRT) Lines 1 and 2 every Sunday as well as a 50% fare discount for students, will benefit commuters.

President Marcos Jr. also emphasized the administration's focus on long-term solutions through the Metro Manila Subway Project. Transportation Secretary Vince Dizon added that the Subway Project is progressing in securing the right-of-way to be able to push through with its construction.

In December 2025, Palace Press Officer Claire Castro said that the Metropolitan Manila Development Authority (MMDA), DOTr, and other concerned agencies understood President Marcos Jr.'s directive to act on long-standing congestion problems.

MMDA Chair Don Artes highlighted that the volume of vehicles plying across Metro Manila is extremely high, reaching 450,000 vehicles on EDSA alone, well above its 250,000 capacity. He added that the MMDA has intensified its clearing operations along Mabuhay Lanes and calls for commuters to use mass transportation to help alleviate extreme traffic congestion especially during the holiday season. To accommodate more passengers, he said the MMDA has coordinated with the DOTr to extend MRT, LRT, and other public transport's operating hours.

Real Estate

<u>Residential</u>

In 3Q2025, Metro Manila's condominium market unexpectedly posted a second consecutive quarter of increase in net take-up, a reversal from the previous quarters. The sustained improvement in backouts indicates the positive reactions of buyers to attractive ready-for-occupancy (RFO) promos curated by developers to exhaust their remaining inventory.

In 9M2025, Colliers recorded the launch of 10,800 units in Metro Manila, with the mid-income segment (₱3.2 million to ₱12 million) accounting for nearly two-thirds of launches. The property firm believes that the mid-income segment is starting to recover, lured by extended payment terms, hefty discounts, free appliances offered by developers, among others.

Newly completed condominium units in 3Q2025 amounted to 1,500 and total delivery for 2025 is anticipated to be 8,600 units. Looking ahead, the Bay Area will account for almost 60% of the new supply. Similar to the previous forecasts, however, annual delivery from 2027 to 2029 will still be conservative at 2,000 units, way below than the 13,000 average during the height of the POGO demand.

Net take-up notably improved to 5,900 units in 3Q2025, up 108% quarter-on-quarter (QoQ) and the highest in nine quarters. The mid-income market also dominated net demand, making up for about 77% of units sold during the period.

[27] https://newsinfo.inquirer.net/2072735/public-transportation-will-be-better-by-the-end-of-2025-says-marcos
[28] https://www.pna.gov.ph/articles/1264916

Additionally, Colliers pointed out the strengthening interest in buying units in peripheral areas such as Makati Fringe, as well as parts of Quezon City and Pasig City. Data showed that projects along the C5 Corridor and Katipunan, Quezon City are doing well, enjoying average take-ups of 40% to 100% and 85%, respectively.

Office

As of 9M2025, the Metro Manila office market has already surpassed its full-year net demand forecast. Net take-up reached 215,100 sqm, exceeding the 150,000 sqm target for 2025, on the back of sustained demand and continued pre-leasing activities.

Office transactions showed strong signs of recovery, as recorded deals in 9M2025 reached 674,900 sqm, up by 11% YoY and attained 90% of total transactions closed for the full-year 2024. Fort Bonifacio, Ortigas CBD, C5 Corridor, and Makati CBD covered nearly two-thirds of closed transactions. For deals outside of Metro Manila, Cebu dominated with its more than half share, followed by Pampanga and Iloilo.

In 9M2025, Colliers recorded the completion of 347,100 sqm of office area. For the year, new supply is expected to reach 399,000 sqm, almost a quarter-worth lower than the previous forecast of 525,500 sqm due to construction delays. Annual delivery for the next three years will still be conservative at 359,600 sqm, albeit higher than the initial forecast earlier in the year of 296,700 sqm. New supply is projected to come from the Ortigas Fringe, Fort Bonifacio, and Quezon City.

Vacated office space eased to 127,00 sqm, significantly lower than the 382,000 sqm in 6M2025 and the lowest quarterly level since the POGO ban in 2024. The decline is mainly attributable to the absence of POGO-related surrenders.

The improvement in vacancies and the sustained transaction activity are anticipated to strengthen net take-up in the next two to three years. If such conditions continue to improve, Colliers believes the office market could return to a “normalized” net take-up level of 500,000 sqm.

Retail

Supported by the continuous expansion of foreign retail brands and the integration of omnichannel (online and offline) shopping experience for consumers, the Philippine retail sector is showing signs of full recovery to pre-COVID performance levels. As consumer traffic strengthens—supported by easing inflation rate and rising disposable income, coupled with refreshed and immersive mall spaces—Colliers retains its forecast that mall vacancy will return to pre-pandemic levels by the end of 2026.

From 2Q2025 to 3Q2025, an additional 15,000 sqm of retail space went online. In 2025, a total of 265,000 sqm will be delivered, almost triple of the 86,900 sqm completed in 2024. In the coming years, Colliers conservatively looks forward to an average annual completion of 111,000 sqm, notably below the 322,000 sqm delivered in 2017-2019.

Retail vacancy rate further improved from 13.1% in 1Q2025 to 11.4% in 3Q2025, the lowest since the 9.7% recorded in 1Q2020. This was driven by continued space take-up from local and foreign brands, particularly under home furnishing and personal accessory segments. By end-2025, vacancy is forecasted to inch down to 11.0% due to limited upcoming supply for the remainder of the year.

Rental rates observed a marginal rise of 0.8%. These are expected to stabilize in the coming years as retailers continue to take up physical mall space and developers continue to refresh retail spaces.

Hospitality[29,30,31]

Based on the data from the Department of Tourism (DOT), international arrivals amounted to 2.9 million in the first half of 2025 (1H2025), reaching only 48.7% of the international tourist arrivals recorded in 2024. Considering this, DOT Secretary Ma. Esperanza Christina G. Frasco explained that the agency aims to drive growth from alternative markets to reduce reliance on traditional markets. DOT has started granting visa-free entry to Indian and Taiwanese travelers, as part of a broader strategy to expand tourism opportunities from emerging economies.

As of July 2024, NAIA served as the country's main gateway, welcoming 350,436 or 66.69% of the total air visitor arrivals. Such was followed by the MCIA, Bohol-Panglao International Airport, and Clark International Airport. Majority of arrivals were from South Korea, followed by the United States and Japan. It is worth noting, however, that South Korean arrivals fell by 21.0%. DOT explained that this was not isolated to the Philippines but is spread out across the Association of Southeast Asian Nations (ASEAN).

When asked about how the department is addressing increasing concerns over safety of South Korean tourists, Secretary Frasco answered: “We are also currently working with the Korean Embassy and the Korean community to express [our readiness] to collaborate and ensure that we give priority to the safety of our guests, including tourists”. She also added that the department has trained and continues to train tourist police across various locations, with over 8,000 tourist police under the Tourist-Oriented Police for Community Order and Protection program.

From October 27, 2025 to October 29, 2025, the Philippines participated in the Future Hospitality Summit (FHS) World[32] 2025 in Dubai. Aiming to enhance the country’s tourism investment strategy, the marketing and promotions arm of DOT, Tourism Promotions Board (TPB), highlighted the country’s key destinations and possible future development sites, as well as discussed emerging opportunities (rise of integrated leisure destination and renovation efforts), among others.

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[29] https://www.bworldonline.com/economy/2025/09/03/695672/international-visitor-arrivals-approaching-4m/
[30] https://mb.com.ph/2025/06/26/dot-logs-29-m-tourist-arrivals-in-first-half-of-2025
[31] https://dailyguardian.com.ph/philippines-makes-debut-at-future-hospitality-summit-2025/
[32] FHS World is one of the most anticipated gatherings in the hospitality industry, bringing together hotel owners, operators, developers, and investors for three days of forward-looking discussions and investment opportunities.

FINANCIAL REVIEW

Analysts' Note: PhilRatings' calculation of certain financial metrics may differ from that of the Company.

Profitability

9M2025 vs. 9M2024

Megawide registered revenues of ₱12.3 billion in 9M2025, down by 24.6% from ₱16.3 billion in 9M2024. Lower top line was largely driven by the 32.7% YoY drop in construction revenues, from ₱15.5 billion to ₱10.4 billion. The performance of the construction segment was traced to the cyclical nature of the business, with a number of the Company's existing projects currently at the winding down phase, during which less revenues are generated.

Landport revenues also decreased by 7.3% YoY, from ₱386.0 million to ₱358.0 million, with the segment supported by the steady influx of passengers. On a positive note, revenues from real estate operations grew more than threefold, from ₱440.2 million to ₱1.5 billion. The hike was on account of the steady increase in the construction completion of ongoing projects.

Direct costs posted a bigger decline than revenues, dipping by 31.4% from ₱13.2 billion in 9M2024 to ₱9.1 billion in 9M2025. Construction-related costs notably fell by 37.3% YoY, from ₱12.8 billion to ₱8.0 billion, consistent with expectations for projects that are at the tail-end of the project cycle. Strategic vendor sourcing and the push for project-wide use of more cost-efficient methodologies additionally contributed to the reduction in costs.

Landport-related costs also declined by 14.5% YoY, from ₱245.8 million to ₱210.1 million, as office occupancy is still on the ramp-up mode. Cost of real estate operations, in contrast, ballooned by 4.6x from ₱186.7 million to ₱851.2 million. The jump was in line with the acceleration in the construction progress of ongoing projects.

As a result of the foregoing, gross profit inched up by 4.2% YoY, from ₱3.1 billion to ₱3.2 billion. Gross margin similarly improved from 19.0% in 9M2024 to 26.3% in 9M2025.

Other operating expenses, however, climbed by 15.5% YoY, from ₱1.1 billion to ₱1.2 billion. The increase was mainly due to sales and marketing expenses associated with project launches from PH1. Having said that, operating margin was still higher, from 12.5% in 9M2024 to 16.2% in 9M2025.

Further weighing down the bottom line, finance costs also rose by 15.3% YoY, from ₱1.8 billion to ₱2.1 billion. Higher finance costs were on account of the bond issuance in May 2024 and the availment of working lines at the start of 2025 to support operations.

For 9M2025, Megawide therefore recorded a net income of ₱501.1 million, lower by 12.8% from ₱574.9 million in 9M2024. Return on average assets (ROAA) inched down from 1.1% to 1.0%, while return on average equity (ROAE) decreased from 4.4% to 3.8%, Nonetheless, net profit margin increased from 3.5% to 4.1%.

Projected Period

Megawide looks forward to improvement in its profitability over the medium-term. Expansion in its bottom line will be supported by a similarly increasing trend in its top line, which in turn will be driven by higher revenue recognition from the order book of the construction segment and from real estate sales of PH1 projects. Growing revenues coupled with well-controlled costs and expenses will then result in continuous improvement in margins over the period.

Cash Flow and Liquidity

9M2025 vs. 9M2024

In 9M2025, Megawide posted a net operating cash outflow of ₱1.6 billion, as opposed to the net inflow of ₱486.5 million in 9M2024. Such was largely due to the increase in trade and other receivables as well as in real estate inventories, in addition to lower earnings. On the other hand, cash flows from investing activities amounted to ₱2.2 billion, a turnaround from the net outflow of ₱632.6 million in 9M2024. While capital expenditures remained at around the same level, the Company booked ₱2.8 billion in financing collected from related parties.

In September 2025, Megawide signed separate agreements for the settlement of advances amounting to ₱4.7 billion each (inclusive of principal and interest accrued), due from CHII and CPI. The Company already collected ₱3.5 billion in cash from CHII, with the proceeds used to pay down a portion of Megawide's outstanding debt. Based on the agreements, the balance of ₱5.9 billion would be settled via assignment of CREC shares to Megawide. In October 2025, Megawide and CPI executed the transfer of CPI's existing shares in CREC as full and final settlement of the receivables from CPI amounting to ₱4.7 billion. The balance of ₱1.2 billion due form CHII is expected to be settled by the first half of 2026 through the transfer of CHII's shares in CREC.

Net cash flows used in financing activities amounted to ₱2.4 billion, in contrast with the ₱1.1 billion net inflow in 9M2024, as the Company continued to service its debt obligations and distribute dividends. Megawide redeemed ₱4.0 billion worth of Series 4 preferred shares, using proceeds from its issuance of Series 6 preferred shares amounting to ₱5.2 billion.

Consequently, the Company ended 9M2025 with cash and cash equivalents of ₱4.0 billion, down by 30.1% from ₱5.8 billion as of end-2024. Current ratio nevertheless inched up from 1.7x as of end-2024 to 1.8x as of end-September 2025, and acid test ratio was unchanged at 1.0x. EBITDA interest coverage ratio also remained sufficient, albeit it decreased to 1.4x.

Projected Period

Liquidity ratios will remain adequate over the medium-term. The Company is seen to be in a good position to settle its bonds maturing during the period, supported by sustained cash generation capacity.

Capital Structure

9M2025 vs. 2024

The Company's assets stood at ₱66.0 billion as of end-September 2025, up by 4.2% from ₱63.3 billion as of end-2024. Trade and other receivables still had the biggest share of total assets at 34.7%. PhilRatings positively notes that 74.4% of Megawide's accounts receivable were not more than three months past due as of end-September 2025.

Total liabilities also inched up by 3.0%, from ₱46.3 billion as of end-2024 to ₱47.8 billion as of end-September 2025. Interest-bearing debt, which made up 71.1% of total liabilities, decreased by 3.0% from ₱35.0 billion to ₱34.0 billion.

Total equity grew at a slightly faster rate of 7.3%, from ₱17.0 billion to ₱18.2 billion. Equity expansion was driven by the 28.0% increase in additional paid-in capital to ₱23.6 billion (following the listing of the Series 6 preferred shares), partly offset by the 35.6% jump in treasury shares to ₱15.2 billion (given the redemption of Series 4 preferred shares).

Debt-to-equity ratio therefore improved from 2.1x as of end-2024 to 1.9x as of end-September 2025.

<u>Projected Period</u>
Further improvement in leverage ratios is seen going forward. Management has disclosed its intention to strengthen financial position by retiring a substantial portion of the Company's debt over the next year. Equity will also further increase by end-2025, following the additional listing of ₱3.0 billion preferred shares (Series 7) in November 2025. The proceeds of the latter would be used to refinance the maturing Series 2B preferred shares and serve as additional funds for corporate use and growth aspirations, particularly in relation to the 4PH projects.

Financial Flexibility
As of end-September 2025, Megawide had a significant amount of unavailed credit facilities from various local banks, which the Company could tap should the need arise. Megawide is also publicly listed in the Philippine Stock Exchange (PSE). Its market capitalization stood at ₱6.0 billion as of December 18, 2025. CREC Is likewise listed, with a market capitalization of ₱47.4 billion as of the same date.