

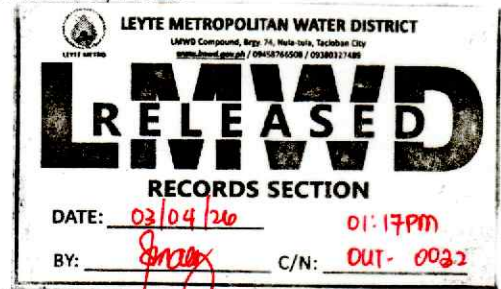


Republic of the Philippines
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March 3, 2026

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Subject: Response to Request for Clarification on Primewater Concession Agreement

Dear Mr. Ilagan:

This refers to your letter dated 18 February 2026, requesting clarifications and copies of documents relating to the Joint Venture Agreement (JVA) between Leyte Metropolitan Water District (LMWD) and Primewater Infrastructure Corporation.

Reported Acquisition

With regard to the reported acquisition of Primewater by Crystal Bridges Holding Corporation of the Lucio Co Group, LMWD was formally notified thereof on January 26, 2026.

Prior to the said acquisition, LMWD was verbally apprised that Primewater had been engaging in discussions with third parties regarding a potential acquisition. This disclosure was made in connection with ongoing deliberations concerning the possible pre-termination of the JVA. It should be noted, however, that the JVA contains no express provisions governing a change in ownership of the private proponent.

Implemented and Ongoing Projects

Pursuant to the JVA, Primewater implemented several pipeline rehabilitation and expansion projects aimed at improving water distribution within LMWD's service area. Among these are the Cogon Pipeline Project, the San Jose Expansion Project, the Manlurip Pipe Rehabilitation Project, the V&G Pipeline Replacement Project, and the Coca-Cola to San Jose Airport Pipeline Rehabilitation Project. These projects were undertaken to address distribution constraints, reduce system losses, and enhance service coverage in identified areas.

Additionally, Primewater has an ongoing project known as the Filter C Reactivation Project, which is intended to significantly improve water supply capacity in Tacloban City, including the northern barangays.

The corresponding costs and capital expenditures related to the foregoing projects are currently subject to ongoing review and validation by LMWD to determine compliance with the investment commitments under the JVA.

Water Rate Adjustments

The imposition of the 12% Value-Added Tax (VAT) was effected during the second year (CY 2019) of the JVA, considering that Primewater is a VAT-registered private entity.

In May 2023, a tariff adjustment was implemented pursuant to the JVA which was duly approved by the National Water Resources Board (NWRB). It bears emphasis that this adjustment was implemented prior to the subsequent pronouncements from the Office of the Government Corporate Counsel (OGCC) and the Local Water Utilities Administration (LWUA) that proposed tariff adjustments by local water districts with JVAs should be reviewed and approved by LWUA.

Nonetheless, LMWD formally notified LWUA and the Commission on Audit (COA) of the said tariff adjustments.

Wastewater and Septage Management

Prior to the execution of the JVA, LMWD had no existing septage management facilities. Under the JVA, the establishment and implementation of septage management services formed part of Primewater's service deliverables, which should have been implemented beginning CY 2021. However, as of this date, said obligation remains unfulfilled and has been cited as one of the violations of Primewater under the JVA.

Pre-Termination of the JVA

On May 5, 2025, LMWD issued a Notice of Material Breach against Primewater for its unfulfilled service obligations under the JVA, including significant capital investment shortfalls and other operational deficiencies, with a directive to remedy the same within sixty (60) days.

Following the failure to cure these breaches within the prescribed period, LMWD subsequently issued a Notice of Intention to Pre-Terminate the JVA on July 17, 2025. This notice mandates LMWD and Primewater to enter into discussions to agree on mutually satisfactory terms either for the continuation or pre-termination of the JVA.

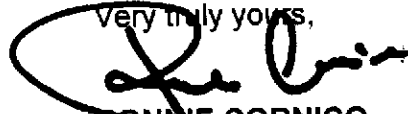
Request for Documents

While LMWD recognizes the right to information on matters of public concern, the requested documents, particularly detailed reports, board resolutions, and other related materials, contain confidential proprietary information, contractually protected data, and privileged communications. Disclosure of such documents at this stage may prejudice contractual rights and ongoing negotiations relating to the JVA.

Considering that these documents have already been duly submitted to and are under review by competent oversight agencies such as the COA, LWUA, Public-Private Partnership (PPP) Center, and the Office of the Ombudsman, and in view of the ongoing discussions relative to the potential pre-termination JVA, LMWD respectfully denies the request for copies of the specified documents at this time.

LMWD assures you that it continues to discharge its statutory mandate under Presidential Decree No. 198, as amended, and remains accountable to appropriate regulatory and oversight institutions.

We hope that the foregoing sufficiently addresses your queries.

Very truly yours,

RONNIE CORNICO
General Manager