



FIRST PACIFIC COMPANY LIMITED
(Incorporated with limited liability under the laws of Bermuda)

Press Release

MPIC UNIT MAYNILAD WINS ARBITRATION

Hong Kong, 28th July, 2017 – First Pacific Company Limited (HKSE: 00142) (“First Pacific” or the “Company”) today announced that a unit of Metro Pacific Investments Corporation (“MPIC”), Maynilad Water Services, Inc. (“Maynilad”), has won an arbitration dispute against the Republic of the Philippines (“the Republic”).

In a decision dated 24th July 2017, the three-person Arbitral Tribunal (“the Tribunal”) unanimously upheld the validity of Maynilad’s claim against the Undertaking Letter issued by the Republic, through the Department of Finance, to compensate Maynilad for the delayed implementation of its relevant tariffs for the rebasing period 2013-2017.

The Undertaking Letter provides, among other things, that the Republic shall indemnify Maynilad in respect of any losses occasioned by a delay attributable to the Republic or by any Government-owned agency in implementing any increase in the Standard Rates, beyond the date of its implementation in accordance with the Concession Agreement (“CA”) dated 21st February 1997.

The Tribunal ordered the Republic to reimburse Maynilad the amount of PhP3,424,690,000 for losses from 11th March 2015 to 31st August 2016, without prejudice to any rights that Maynilad may have to seek recourse against MWSS for losses incurred from 1st January 2013 to 10th March 2015. Further, the Tribunal ruled that Maynilad is entitled to recover from the Republic its losses from 1st September 2016 onwards. In case a disagreement on the amount of such losses arises, Maynilad may revert to the Tribunal for further determination.

Maynilad President and CEO Ramoncito S. Fernandez welcomed the decision of the Tribunal, saying it is an affirmation of the trust and confidence that Maynilad has placed in the CA, and in its integrity, which has been responsible for the significantly improved water and wastewater services in its concession area. “We will continue to honor our commitments under the CA and pursue the capital expenditure projects that will improve further the quality of service to our customers, as well as support the Government’s initiative in ensuring the sustainability of our country’s water resources,” Fernandez said.

In the coming days, Maynilad will coordinate and cooperate with the Government in finding the most efficient way to implement the judgment.

“The general principal underlying the decision is most welcome,” said First Pacific Managing Director and Chief Executive Manuel V. Pangilinan. “This ruling is clearly positive for the regulated industries and generally will be appreciated by investors having long-term investments in the Philippines.”

First Pacific holds 42.0% of MPIC, the biggest infrastructure investment management and holding company in the Philippines. MPIC owns 52.8% of Maynilad, 99.9% of Metro Pacific Tollways Corporation and 45.5% of Manila Electric Company. Each of these companies is the biggest in its industry domestically.

