



SMC GLOBAL POWER

A SUBSIDIARY OF SAN MIGUEL CORPORATION

SMC Global Power Holdings Corp.

155 EDSA, Wack-Wack, Mandaluyong City, Philippines

OFFER SUPPLEMENT

**Offer of ₱25,000,000,000 with an oversubscription option of up to
₱5,000,000,000 Fixed Rate Bonds
under its ₱60,000,000,000 Shelf Registration**

consisting of

Series H Bonds: 6.8350% p.a. Due 2022,

Series I Bonds: 7.1783% p.a. Due 2024

and

Series J Bonds: 7.6000% p.a. Due 2026

Offer Price: 100% of Face Value

to be listed in the Philippine Dealing & Exchange Corp.

Joint Issue Managers, Joint Lead Underwriters and Bookrunners



**BPI Capital
Corporation**



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

The date of this Offer Supplement is March 29, 2019.

SMC Global Power Holdings Corp.

155 EDSA, Wack-Wack, Mandaluyong City, Philippines

Telephone Number: (632) 702 4500

This Offer supplement relates to the offer and sale (the “**Offer**”) of fixed rate bonds (the “**Offer Bonds**”) with an aggregate principal amount of Twenty Five Billion Pesos (₱25,000,000,000)(the “**Base Offer**”), and in the event of an oversubscription, the Joint Lead Underwriters and Bookrunners, in consultation with SMC Global Power Holdings Corp. (the “**Company**”, the “**Issuer**” or “**SMC Global Power**”), may increase the size of the Offer by up to Five Billion Pesos (₱5,000,000,000) (the “**Oversubscription Option**”, and the Offer Bonds pertaining to such option, the “**Oversubscription Offer Bonds**”) to an aggregate issue size of up to Thirty Billion Pesos (₱30,000,000,000) under its shelf registration of Sixty Billion (₱60,000,000,000) worth of Bonds. In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the Bonds under shelf registration will be automatically increased by such principal amount of the Oversubscription Offer Bonds that will not be taken up or exercised.

The Offer Bonds will be listed and traded on the Philippine Dealing & Exchange Corp. (“**PDEX**”). The Offer Bonds will be issued on April 24, 2019 (the “**Issue Date**”) and will be comprised of the Series H Bonds, the Series I Bonds and the Series J Bonds. While the Issuer has the discretion to allocate the principal amount among the Series H Bonds, Series I Bonds and Series J Bonds based on the bookbuilding process, the Issuer may opt not to allocate any of the principal amount to any of these series. The Securities and Exchange Commission (the “**SEC**”) is expected to issue an order rendering the Registration Statement effective and a corresponding permit to offer the securities for sale covering the Offer Bonds.

This Offer Supplement contains the final terms of the Offer Bonds and must be read in conjunction with the Prospectus dated March 29, 2019 (the “**Prospectus**”). Unless defined in this Offer Supplement, terms used herein shall be deemed to be defined as set forth in the Prospectus. Full information on the Issuer and the Offer is only available on the basis of the combination of the Offer Supplement, the Prospectus, and all other Bond Agreements. All information contained in the Prospectus are deemed incorporated by reference in this Offer Supplement.

The Series H Bonds shall have a term of three (3) years from the Issue Date, with a fixed interest rate equivalent to 6.8350% per annum. The Series I Bonds shall have a term of five (5) years from the Issue Date, with a fixed interest rate equivalent to 7.1783% per annum. The Series J Bonds shall have a term of seven (7) years from the Issue Date, with a fixed interest rate equivalent to 7.6000% per annum. Interest on the Offer Bonds shall be payable quarterly in arrears on January 24, April 24, July 24 and October 24 of each year with the first Interest Payment Date on July 24, 2019, for as long as the Offer Bonds remain outstanding or the subsequent Business Day without adjustment if such Interest Payment Date is not a Business Day. For a more detailed discussion on the interest payments due on the Offer Bonds, see “*Description of the Offer Bonds*” – “*Interest*” of this Offer Supplement.

Subject to the consequences of default as may be contained in the Trust Agreement, and unless otherwise redeemed or purchased prior to the relevant Maturity Date, the Offer Bonds will be redeemed at par or 100% of the face value thereof on the relevant Maturity Date. For a more detailed discussion on the redemption of the Offer Bonds, see “*Description of the Offer Bonds*” – “*Redemption and Purchase*” of this Offer Supplement.

The Company reserves the right to withdraw the offer and sale of the Offer Bonds at any time, and the Joint Lead Underwriters and Bookrunners reserve the right to reject any application to purchase the Offer Bonds in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Bonds sought by such purchaser. If the Offer is withdrawn or discontinued, the Company shall subsequently notify the SEC and, as applicable, the PDEX. Any of the Joint Lead Underwriters and Selling Agents may acquire for their own account a portion of the Offer Bonds.

It is expected that the Offer Bonds will be delivered in book-entry form against payment thereof to the Philippine Depository & Trust Corp. (“**PDTC**”).

This Offer Supplement contains the final terms of the Offer Bonds and must be read in conjunction with the Prospectus. Unless defined in this Offer Supplement, terms used herein shall be deemed to be defined as set forth in the Prospectus. All information contained in the Prospectus are deemed incorporated by reference in this Offer Supplement.

Unless otherwise stated, the information contained in the Prospectus and this Offer Supplement has been supplied by the Company. The Company (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in the Prospectus and this Offer Supplement is correct, and that there is no material misstatement or omission of fact which would make any statement in the Prospectus and this Offer Supplement misleading in any material respect. The Joint Lead Underwriters and Bookrunners have exercised reasonable due diligence required by regulations in ascertaining that all material representations contained in the Prospectus and this Offer Supplement are true and correct and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading.

Unless otherwise indicated, all information in the Prospectus and this Offer Supplement is as of the date provided. Neither the delivery of the Prospectus and this Offer Supplement nor any sale made pursuant to the Prospectus and this Offer Supplement shall, under any circumstances, create any implication that the information contained herein is correct as of any date after the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date. No representation or warranty, express or implied, is made or given by the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, the Trustee or the Registry and Paying Agent or their respective affiliates or legal advisers as to the accuracy, completeness or sufficiency of the information contained in this Offer Supplement, and nothing contained in this Offer Supplement is, or shall be relied upon as, a promise, representation or warranty by the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, the Trustee or the Registry and Paying Agent or their respective affiliates or legal advisers. This Offer Supplement is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, the Trustee or the Registry and Paying Agent or their respective affiliates or legal advisers that any recipient of this Offer Supplement should purchase the Offer Bonds.

Market data and certain industry forecasts used throughout the Prospectus and the Offer Supplement were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and the Company does not make any representation, undertaking or other assurance as to the accuracy or completeness of such information, or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to the Offer. Any reliance placed on any projections or forecasts is a matter of commercial judgment. Certain agreements are referred to in the Prospectus and the Offer Supplement in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

All disclosures, reports, and filings of the Company made after the date of the Prospectus and this Offer Supplement (the “**Company Disclosures**”) and submitted to the SEC and/or PDEX pursuant to the Corporation Code, the Securities Regulation Code, and the disclosure rules of PDEX are incorporated or deemed incorporated by reference in this Offer Supplement. Copies of the Company Disclosures may be viewed at the website of the Company at <http://www.smcglobalpower.com.ph>. The Company Disclosures contain material and meaningful information relating to the Company and investors should review all information contained in the

Prospectus, this Offer Supplement and the Company Disclosures incorporated or deemed incorporation herein by reference.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN IS TRUE AND CURRENT.

SMC GLOBAL POWER HOLDINGS CORP.

By:


RAMON S. ANG
Chairman & Chief Executive Officer and
President & Chief Operating Officer

SUBSCRIBED AND SWORN to before me this MAR 29 2019, affiant exhibiting to me his Passport with No. P4589066A issued on 2 October 2017 as competent evidence of identity.

Doc. No. : 450 :
Page No.: 91 :
Book No.: II :
Series of 2019.

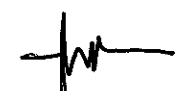

JULIE ANN B. DOMINO-PABLO
Appointment No. 0470-18
Notary Public for Mandaluyong City
Until December 31, 2019
No. 155 EDSA, Brgy. Wack-Wack, Mandaluyong City
Roll No. 57163
PTR No. 3823278; 01/04/2019; Mandaluyong City
Lifetime Member No. 012880; 6/17/14; Quezon City Chapter
MCLE Compliance No. VI-0016980; 12/28/2018; Pasig City

Table of Contents

DEFINITION OF TERMS	7
SUMMARY OF THE OFFER.....	25
DESCRIPTION OF THE OFFER BONDS.....	30
USE OF PROCEEDS	52
PLAN OF DISTRIBUTION	55
PARTIES TO THE OFFER	64

Definition of Terms

In this Offer Supplement, unless the context otherwise requires, the following terms shall have the meanings set out below:

Affiliates	With respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or any Subsidiary of such Person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.
Allocation Plan	The agreed on procedure for application, acceptance, or rejection of the Applications to Purchase, whether in whole or in part.
Applicable Law.....	Any statute, law, regulation, ordinance, rule, judgment, order, decree, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority.
Applicant	Any Person who submits a duly accomplished Application to Purchase, together with all requirements set forth therein.
Application to Purchase	The application form accomplished and submitted by an Applicant for the purchase of a specified amount of the Series H, Series I and Series J Bonds, together with all the other requirements set forth in such application form.
BDO Capital	BDO Capital & Investment Corporation.
BIR	Bureau of Internal Revenue of the Philippines.
Board of Directors or Directors	Board of Directors of SMC Global Power.
Bondholder	A Person whose name appears, at any time, as the registered owner of the Offer Bonds in the Registry of Bondholders.
Bonds	Collectively, the Philippine Peso-denominated fixed rate bonds of up to an aggregate principal amount of ₱60,000,000,000, inclusive of the Offer Bonds, to be issued in one or more tranches within the Shelf Period.
BPI Capital	BPI Capital Corporation.

BSP	Bangko Sentral ng Pilipinas.
Business Day	A day, other than Saturday, Sunday or legal holiday, on which the facilities of the Philippine banking system are open and available for clearing, and banks are open for business in Metro Manila, Philippines.
Capital Stock	With respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the date of the Trust Agreement or issued thereafter, including, without limitation, all Common Stock and preferred stock.
Change in Law or Circumstance	Each of the events described as such under <i>"Description of the Offer Bonds – Redemption by Reason of Change in Law or Circumstance"</i> .
Change of Control	San Miguel Corporation (and/or its affiliates) ceasing to, whether directly or indirectly, have an aggregate economic interest of more than 50% in the Issuer or ceasing to have control over the Issuer. For purposes of this definition, "affiliate" means, with respect to San Miguel Corporation, any Person that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with San Miguel Corporation. In this context, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and under common control with) means the possession, directly or indirectly, of the power to direct, or cause the direction of, the management and policies of such Person whether through ownership of voting shares, by contract, or otherwise.
China Bank Capital	China Bank Capital Corporation.
Common Stock	With respect to any Person, any and all shares, interests, rights to purchase, warrants, options or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Trust Agreement, and include, without limitation, all series and classes of such common stock or ordinary shares.
Company, Issuer, or SMC Global Power	SMC Global Power Holdings Corp. including, as the context requires, its subsidiaries.
Consolidated EBITDA	For any period, the consolidated net income of the Company (excluding items between any or all of the Company and its subsidiaries): (a) before any provision on account of taxation; (b) before any interest, commission, discounts, other fees or foreign exchange gains or losses incurred or payable,

	received or receivable or realized by the Company or any of its subsidiaries in respect of Indebtedness of the Group; (c) before any item treated as exceptional or extraordinary items; (d) before any amount attributable to the amortization of intangible assets and depreciation of tangible assets; and (e) excluding income attributable to or generated by Ring-Fenced Subsidiaries, and so that no amount shall be included or excluded more than once and all as determined on a consolidated basis for the Company and its subsidiaries in conformity with the PFRS.
Consolidated Interest Expense	The total Interest Expense per consolidated financial statements less interest due on the Project Debt.
Consolidated Net Total Debt	At any time, the Consolidated Total Debt less the aggregate amount at that time of all cash and temporary cash investment (on a consolidated basis) to which the Company or any of its subsidiaries is beneficially entitled at that time and which is not subject to any security interest.
Consolidated Total Debt	At any time, the aggregate amount of all obligations of the Company and its Subsidiaries for or in respect of Indebtedness but excluding; (a) any such obligation to the Company and/or any of its Subsidiaries (and so that no amount shall be included or excluded more than once) and (b) all Project Debt.
Consolidated Total Equity	The consolidated total assets minus consolidated total liabilities plus deposit for future subscription as reported in the consolidated financial statements.
Debt	The sum of interest-bearing debt of the Issuer, as reflected in its financial statements.
Declaration of Default	Has the meaning defined under “ <i>Events of Default – Consequences of Default</i> ”.
Default Payment Date	Has the meaning defined under “ <i>Events of Default – Consequences of Default</i> ”.
Disqualified Stock	Any class or series of Capital Stock of any Person that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or otherwise is (a) required to be redeemed prior to the Maturity Date of the Series J Bonds, (b) redeemable at the option of the holder of such class or series of Capital Stock or any other person at any time prior to the Maturity Date of the Series J Bonds or (c) convertible into or exchangeable for Capital Stock referred to in paragraphs (a) or (b) above or Indebtedness having a scheduled maturity prior to the Maturity Date of the Series J Bonds; provided that any class or series of debt securities or preferred stock convertible or exchangeable into Common Stock, the terms of which allow for a cash payment in lieu of Common Stock upon conversion or exchange in the event that the issue or distribution of Common Stock to the holder thereof will cause such Person to violate foreign ownership regulations applicable in the Philippines from time to time, shall not constitute

	Disqualified Stock provided that any such cash payments are made with the proceeds of the sale of equity interests of such Person to an unaffiliated Person.
Disruption Event	Either or both of: (a) a material disruption to those payment communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the transactions contemplated by the Trust Agreement to be carried out which disruption is not caused by, and is beyond the control of, any of the parties; or (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a party preventing that party from: (i) performing its payment obligations under the Trust Agreement and the Registry and Paying Agency Agreement; or (ii) communicating with other relevant parties (including, but not limited to, the Trustee and Paying Agent) in accordance with the terms of the Trust Agreement and the Registry and Paying Agency Agreement.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
Event of Default	Each of the events described as such under “ <i>Events of Default</i> ”.
Four Quarterly Period	In respect of any date, the then most recent four quarterly periods prior to such date for which consolidated financial statements of the Company (which the Company shall use its best efforts to compile in a timely manner) are available.
Group	At any time, the Company and its Subsidiaries at such time.
Government	The Government of the Philippines.
Governmental Approval	Any authorization, consent, concession, grant, approval, right, franchise, privilege, registration, filing, certificate, license, permit or exemption from, by or with any Governmental Authority, whether given or withheld by express action or deemed given or withheld by failure to act within any specified time period.
Governmental Authority	The Philippine government or political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to the Philippine government.
Guarantee	Any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or

	advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "Guarantee" shall not include endorsement for collection or deposit in the ordinary course of business. The term Guarantee used as a verb has a corresponding meaning.
Hedging Obligation	With respect to any Person, the obligations of such Person pursuant to any currency agreement or interest rate agreement or commodities agreement.
Ilijan IPPA Agreement	The IPPA Agreement dated May 11, 2010 between PSALM and South Premiere Power Corp. with the conformity of the NPC relative to the administration of the IPP contract of NPC for the Ilijan Power Plant.
Ilijan Power Plant	The natural gas fired combined cycle power plant with contracted capacity of 1,200 MW located in Ilijan, Batangas.
Indebtedness	With respect to any Person, any indebtedness for or in respect of: (a) all obligations of such Person for borrowed money except for non-interest bearing obligations from Affiliates; (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business; (d) all obligations of such Person as lessee which are capitalized in accordance with PFRS; (e) all Indebtedness of others secured by a Security Interest on any asset of such Person; (f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); (g) all obligations in respect of any Disqualified Stock, provided that such Disqualified Stock (i) falls within paragraph (a) of the definition of "Disqualified Stock" or (ii) falls within paragraph (b) of the definition of

	"Disqualified Stock" and the Person entitled to exercise the option to require redemption of such Disqualified Stock has exercised or given notice to exercise such option or (iii) falls within paragraph (c) of the definition of "Disqualified Stock" and has been converted into Indebtedness having a scheduled maturity prior to the Maturity Date of the Series J Bonds; (h) all Indebtedness of others Guaranteed by such Person; (i) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit, Guarantee or similar instrument; and (j) any interest rate swap, currency swap, forward foreign exchange transaction, cap, floor, collar or option transaction or any other treasury transaction or any combination thereof or any other transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and the amount of Indebtedness in relation to any such transaction described in this paragraph (j) shall be calculated by reference to the mark-to-market valuation of such transaction at the relevant time), and so that where the amount of Indebtedness is to be calculated, no amount shall be taken into account more than once in the same calculation and, where the amount is to be calculated on a consolidated basis in respect of a corporate group, monies borrowed or raised, or other indebtedness, as between members of such group shall be excluded.
Incur	With respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; provided that (a) any Indebtedness of a Person existing at the time such Person becomes a Subsidiary of the Issuer will be deemed to be Incurred by such Subsidiary of the Issuer at the time it becomes a Subsidiary of the Issuer and (b) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms Incurrence, Incurred, and Incurring have meanings correlative with the foregoing.
Interest Payment Date	Each January 24, April 24, July 24 and October 24 of each year, or on the next Business Day if such date falls on a non-Business Day, during which any of the Offer Bonds are outstanding, without adjustment to the amount of interest to be paid.

IPP	Independent Power Producer.
IPPA	Independent Power Producer Administrator.
IPPA Agreement	Each of the Ilijan IPPA Agreement, the San Roque IPPA Agreement and the Sual IPPA Agreement, collectively referred to as “IPPA Agreements”.
IPPA Power Plants	The Sual Power Plant, the San Roque Power Plant and the Ilijan Power Plant.
Issue Date	April 24, 2019 or such other date as the Issuer and the Joint Lead Underwriters and Bookrunners may agree in writing (and with notice to PDTC); provided, that such date shall be a date which is within the validity of the Permit to Sell Securities.
Joint Issue Managers or Joint Lead Underwriters and Bookrunners	BDO Capital BPI Capital China Bank Capital PNB Capital RCBC Capital SB Capital
Majority Bondholders.....	Means: (a) with respect to matters relating only to the Series H Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series H Bonds; (b) with respect to matters relating only to the Series I Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series I Bonds; (c) with respect to matters relating only to the Series J Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series J Bonds; and (d) with respect to matters affecting all Offer Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Offer Bonds.
Master Certificate of Indebtedness.....	For each of the Series H Bonds, Series I Bonds and Series J Bonds, the bond certificate issued by the Issuer in the name of the Trustee for the benefit of the Bondholders covering the entire principal amount of the relevant series of the Offer Bonds purchased during the Offer Period and to be issued by the Issuer on the Issue Date.
Material Adverse Effect.....	In the reasonable opinion of the Majority Bondholders, acting in good faith and in consultation with the Issuer, a material adverse effect on (a) the ability of the Issuer to observe and comply with the

	provisions of and perform its financial obligations under the Offer Bonds and the Transaction Documents; or (b) the validity or enforceability of the Offer Bonds or any Transaction Document; or (c) the financial condition, business or operations of the Issuer taken as a whole.
Material Agreement.....	Each of the IPPA Agreements, as may be amended or supplemented from time to time.
Material Subsidiary	At any time, a Subsidiary of the Company: (a) whose net income (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose Total Assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Company and its Subsidiaries relate, are equal to) not less than 25% of the consolidated net income of the Company and its Subsidiaries taken as a whole, or, as the case may be, 25% of the consolidated Total Assets, of the Company and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Company and its Subsidiaries, provided that (i) in the case of a Subsidiary of the Company acquired after the end of the financial period to which the then latest audited consolidated accounts of the Company and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Company and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Company and (ii) if the then latest audited consolidated accounts of the Company and its Subsidiaries show a net loss for the relevant financial period then there shall be substituted for the words "net income" the words "gross revenues" for the purpose of this definition; (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Company which immediately prior to such transfer is a Material Subsidiary of the Company, provided that the transferor Subsidiary shall

	upon such transfer forthwith cease to be a Material Subsidiary of the Company and the transferee Subsidiary shall cease to be a Material Subsidiary of the Company pursuant to this sub-paragraph on the date on which the consolidated accounts of the Company and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary of the Company on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of sub-paragraph (i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Company and its Subsidiaries relate, generate net income equal to) not less than 25% of the consolidated net income of the Company and its Subsidiaries taken as a whole, or represent (or, in the case aforesaid, are equal to) not less than 25% of the consolidated Total Assets of the Company and its Subsidiaries taken as a whole, all as calculated as referred to in sub-paragraph (a) above, provided that the transferor Subsidiary (if a Material Subsidiary of the Company) shall upon such transfer forthwith cease to be a Material Subsidiary of the Company unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate net income equal to) not less than 25% of the consolidated net income of the Company and its Subsidiaries taken as a whole, or its assets represent (or, in the case aforesaid, are equal to) not less than 25% of the consolidated Total Assets of the Company and its Subsidiaries taken as a whole, all as calculated as referred to in sub-paragraph (a) above, and the transferee Subsidiary shall cease to be a Material Subsidiary of the Company pursuant to this sub-paragraph on the date on which the consolidated accounts of the Company and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary of the Company on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of
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	sub-paragraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition.
Maturity Date	Means: (a) in respect of the Series H Bonds, the third (3rd) anniversary of the Issue Date or April 24, 2022; (b) in respect of the Series I Bonds, the fifth (5th) anniversary of the Issue Date or April 24, 2024; and (c) in respect of the Series J Bonds, the seventh (7th) anniversary of the Issue Date or April 24, 2026, provided, that if the relevant Maturity Date falls on a day that is not a Business Day, then the payment of the principal shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and principal to be paid.
Offer	The public offer for sale, distribution and issuance of the Offer Bonds by the Issuer to eligible investors.
Offer Bonds	The SEC-registered Series H Bonds, Series I Bonds and Series J Bonds, to be issued by SMC Global Power in the aggregate amount of up to ₱30,000,000,000, consisting of the Base Offer of ₱25,000,000,000 and the Oversubscription Option of up to ₱5,000,000,000. As the context may require, the term shall include Bonds issued by SMC Global Power on the Issue Date pursuant to the Prospectus, this Offer Supplement and the other Bond Agreements.
Offer Period	The period when the Offer Bonds are publicly offered for sale, distribution and issuance by the Issuer to eligible investors, commencing at 9:00 a.m., Manila time, on April 1, 2019, and ending at 5:00 p.m., Manila time, on April 12, 2019, or on such other times and dates as may be mutually agreed between the Issuer and the Joint Lead Underwriters and Bookrunners.
Offer Supplement	The document so titled and dated March 29, 2019 issued along with and supplementary to the Prospectus and containing the specific terms and conditions of the Offer and the Offer Bonds.
Optional Redemption Date.....	Means (a) in respect of the Series I Bonds, (i) the third (3 rd) anniversary of the Issue Date or (ii) the fourth (4 th) anniversary of the Issue Date; and (b) in respect of the Series J Bonds, (i) the fifth (5 th) anniversary of the Issue Date, or (ii) the sixth (6 th) anniversary of the Issue Date, provided that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of the principal shall be made by the Issuer on the next

	Business Day, without adjustment to the amount of interest and principal to be paid.
Oversubscription Option.....	means the right of the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, to increase the offer size of Twenty Five Billion Pesos (₱25,000,000,000) worth of Offer Bonds by up to an additional Five Billion Pesos (₱5,000,000,000) worth of Offer Bonds to cover oversubscriptions, if any.
Paying Agent	PDTC, whose principal obligation is to handle payments of the principal of, and interest on, the Offer Bonds, to the Bondholders, pursuant to the Registry and Paying Agency Agreement. The term includes, wherever the context permits, all other Person or Persons for the time being acting as paying agent or paying agents under the Registry and Paying Agency Agreement.
Payment Date	Each date on which payment for interest, principal, and/or all other payments due on the Bonds become due.
PDEX	The Philippine Dealing & Exchange Corp.
PDTC	The Philippine Depository & Trust Corp.
PDTC Rules	The SEC-approved rules of the PDTC, including the PDTC operating procedures, as may be amended, supplemented, or modified from time to time.
Permit to Sell Securities.....	The permit to be issued by the SEC authorizing the Issuer to sell, distribute and issue the Offer Bonds to the public.
Permitted Security Interest.....	Means: (a) any Security Interest existing as of the date of the Trust Agreement; (b) any preference or priority granted over the payments under the IPPA Agreements pursuant to Article 2244(14) of the Civil Code of the Philippines; (c) any Security Interest over or affecting any asset of any company which becomes a member of the Group after the date of the Trust Agreement, where the Security Interest is created prior to the date on which that company becomes a member of the Group; (d) to the extent notified to the Trustee in writing, any Security Interest created by a Ring-Fenced Subsidiary securing Project Debt incurred by that Ring-Fenced Subsidiary; (e) to the extent notified to the Trustee in writing, Security Interest created over

	shares in any Ring-Fenced Subsidiary securing Project Debt incurred by that Ring-Fenced Subsidiary; (f) any Security Interest upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including uncalled capital) of any of the Material Subsidiaries to secure: (i) any Indebtedness which (subject to (ii) of this definition below) is not Public Debt; or (ii) any Public Debt (1) which (x) by its terms does not provide that the Company or any Material Subsidiary is an obligor, (y) by its terms does not provide that a Guarantee or credit support of any kind is given by the Company or any of the Material Subsidiaries and (z) does not have the legal effect of providing recourse against any of the assets of the Company or any of the Material Subsidiaries and (2) no default with respect to which would permit upon notice, lapse of time or both any holders of any other Indebtedness of the Company or any of the Material Subsidiaries to declare a default on such other Indebtedness or cause the payment of such other Indebtedness to be accelerated or payable prior to its stated maturity, which, in either case (either alone or when aggregated with all other present or future business, undertaking, assets or revenues (including uncalled capital) of any of the Material Subsidiaries upon, or with respect to, which Security Interests are subsisting), does not exceed 15% of the consolidated Total Assets of the Company and its Subsidiaries taken as a whole; (g) any extension, renewal, supplement, or replacement (or successive extensions, renewals, supplements, or replacements) in whole or in part of any Security Interest referred to in paragraphs (a), (b), (d), (e), and (f), or any Indebtedness secured thereby; provided that such extension, renewal, supplements, or replacement is limited to all or any part of the same property that secured the Security Interest extended, renewed, supplemented, or replaced (plus any construction, repair, or improvement on such property) and shall secure no larger amount of financial Indebtedness than that existing at the time of such extension, renewal, supplement, or replacement; (h) Security Interest created with the prior written consent of the Majority Bondholders;
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	(i) Liens for taxes, assessments, or governmental charges or levies; provided, that the Indebtedness which is secured thereby is paid when due or contested in good faith in appropriate proceedings and properly provisions; and (j) Any Lien arising by operation of law and in the ordinary course of trading of any property or asset of the Company or its Subsidiaries; provided, that the debt or other obligations which is secured thereby is paid when due or contested in good faith in appropriate proceedings and properly provisions.
Person	Any individual, firm, corporation, partnership, association, joint venture, tribunal, limited liability company, trust, government or political subdivision or agency or instrumentality thereof, or any other entity or organization.
PFRS	The Philippine Financial Reporting Standards.
Philippine peso or PhP or Pesos or ₱	The legal currency of the Republic of the Philippines.
Philippines	The Republic of the Philippines.
PhilRatings	The Philippine Rating Services Corporation.
PNB Capital	PNB Capital and Investment Corporation.
Project Debt	Indebtedness incurred by a Ring-Fenced Subsidiary in relation to project finance in respect of which there is no recourse to the Company or any other member of the Group, and in respect of which neither the Company nor any other member of the Group has any actual or contingent liability of any nature, whether as principal, guarantor, surety or otherwise, except in respect of any Security Interest granted by the Company or any member of the Group over its shares in a Ring-Fenced Subsidiary.
Prospectus	The prospectus dated March 29, 2019 and any amendments, supplements and addenda thereto for the offer and sale to the public of the Bonds (inclusive of Offer Bonds) within the Shelf Period. For purposes of these Terms and Conditions, the term "Prospectus" is deemed to include this Offer Supplement.
PSALM	Power Sector Assets and Liabilities Management Corporation.
Public Debt	Any present or future indebtedness (whether being principal, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being, or capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or

	other securities market, and any Guarantee or indemnity of any such indebtedness.
RCBC Capital.....	RCBC Capital Corporation
Record Date	As used with respect to any Payment Date, (a) 2 Business Days immediately preceding the relevant Payment Date, which shall be the cut-off date in determining the Bondholders entitled to receive interest, principal or any amount due under the Offer Bonds or (b) such other date as the Issuer may duly notify PDTC.
Redemption Date	The date when the Offer Bonds (or any series thereof) are redeemed earlier than the relevant Maturity Date in accordance with the terms and conditions of the Offer Bonds; provided that if the relevant Redemption Date falls on a day that is not a Business Day, then the payment of the principal shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and principal to be paid. For the avoidance of doubt, the term "Redemption Date" includes the Optional Redemption Date.
Registrar	PDTC, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at the 37th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City, whose principal obligation is to maintain the Registry of Bondholders and record the initial issuance and subsequent transfers of the Offer Bonds, pursuant to the Registry and Paying Agency Agreement.
Registration Statement	The registration statement filed by the Issuer with the SEC in relation to the shelf registration and the offer and sale to the public of the Bonds, as the same may be amended or supplemented.
Registry of Bondholders	The electronic registry book of the Registrar containing the official information on the Bondholders, including, but not limited to, the names and addresses of the Bondholders and the amount of Offer Bonds they respectively hold, including all transfers and assignments thereof, and any lien or encumbrance thereon, to be maintained by the Registrar pursuant to and under the terms of the Registry and Paying Agency Agreement.
Registry and Paying Agency Agreement (RPAA)	The Registry and Paying Agency Agreement dated March 29, 2019, and its annexes and attachments, as may be modified, supplemented or amended from time to time, and entered into between the Issuer and the Registrar and Paying Agent in relation to the Offer Bonds.
R.G. Manabat & Co.	R.G. Manabat & Co., a member firm of KPMG.
Ring-Fenced Subsidiary	Any entity that satisfies the following conditions:

	(a) such entity is a Subsidiary of the Company but not a Material Subsidiary; (b) such entity, to the extent directly owned by the Company or a member of the Group (other than another Ring-Fenced Subsidiary), is a limited liability company or corporation organized and existing under the laws of the Philippines; (c) the Company has delivered a written notification to the Trustee designating such entity as a Ring-Fenced Subsidiary; (d) no member of the Group (other than that Ring-Fenced Subsidiary) shall be contingently liable for any Indebtedness of such entity or its Subsidiaries, except in respect of the granting by a member of the Group of Security Interest over its shares in such entity or such entity's Subsidiaries; and (e) all transactions conducted between any member of the Group and such entity or its Subsidiaries must be on an arm's length basis and on normal commercial terms, and each Subsidiary of any such entity shall also be a Ring-Fenced Subsidiary.
RTGS	The Philippine Payment Settlement System via Real Time Gross Settlement.
San Roque IPPA Agreement	The IPPA Agreement dated December 29, 2009 between PSALM and Strategic Power Devt. Corp. with the conformity of NPC relative to the administration of the IPP contract of NPC for the San Roque Power Plant.
San Roque Power Plant	Hydroelectric multipurpose power plant with contracted capacity of 345 MW located in San Manuel, Pangasinan.
San Roque PPA	The PPA made between SPDC and NPC dated October 11, 1997 in relation to the San Roque Power Plant.
SB Capital	SB Capital Investment Corporation
SEC	The Securities and Exchange Commission of the Philippines.
Security Interest	Any (a) mortgage, charge, pledge, lien or other security interest or encumbrance or other preferential arrangement of any kind, including, without limitation, any preference or priority under Article 2244 (14) of the Civil Code of the Philippines, as the same may be amended from time to time, in each case, to the extent securing payment or performance of an Indebtedness prior to any general creditor of such

	person; and (b) right of a vendor, lessor, or similar party under any conditional sales agreement, capital lease or other title retention agreement, any other right of or arrangement with any creditor to have its claims satisfied out of any property or assets, or the proceeds therefrom, prior to any general creditor of the owner thereof.
Selling Agents.....	Bank of Commerce.
Series H Bonds	Bonds to be issued by the Issuer, with an aggregate principal amount of ₱10,246,530,000.00 and, in case the Oversubscription Option is exercised, such additional principal amount equivalent to the Offer Bonds as may have been taken up for this series, having a term beginning on the Issue Date and ending three (3) years from the Issue Date or on April 24, 2022, with a fixed interest rate equivalent to 6.8350% per annum.
Series I Bonds	Bonds to be issued by the Issuer, with an aggregate principal amount of ₱8,476,910,000.00 and, in case the Oversubscription Option is exercised, such additional principal amount equivalent to the Offer Bonds as may have been taken up for this series, having a term beginning on the Issue Date and ending five (5) years from the Issue Date or on April 24, 2024, with a fixed interest rate equivalent to 7.1783% per annum.
Series J Bonds	Bonds to be issued by the Issuer, with an aggregate principal amount of ₱6,276,560,000.00 and, in case the Oversubscription Option is exercised, such additional principal amount equivalent to the Offer Bonds as may have been taken up for this series, having a term beginning on the Issue Date and ending seven (7) years from the Issue Date or on April 24, 2026, with a fixed interest rate equivalent to 7.6000% per annum.
Shelf Period	Subject to applicable regulations, a period of three years from the effective date of the Registration Statement within which the Bonds under shelf registration may be offered and sold in tranches.
SRC	Securities Regulation Code of the Philippines (Republic Act No. 8799) and its implementing rules, as amended.
Sual IPPA Agreement	The IPPA Agreement dated September 2, 2009 between PSALM and SMEC with the conformity of NPC relative to the administration of the IPP contract of NPC for the Sual Power Plant.
Sual Power Plant	Coal-fired power plant with a contracted capacity of 1,000 MW located in Sual, Pangasinan.
Subsidiary	With respect to any Person, more than 50% of the voting power of the outstanding voting stock of which is owned or controlled, directly or indirectly, by such Person and one or more other Subsidiaries of such

	Person. To be controlled by another means that (a) the controlling entity (whether, directly or indirectly, and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that controlled company or otherwise controls or has a power to control the affairs and policies of that controlled company and control shall be construed accordingly, and (b) the controlling entity identifies said controlled company as a subsidiary in its latest available consolidated financial statements.
Tax Code	The National Internal Revenue Code of 1997, as amended.
Taxes	Any present or future taxes, including, but not limited to, documentary stamp tax, levies, imposts, filing and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof, including surcharges, penalties and interests on said taxes, but excluding final withholding tax, gross receipts tax, taxes on the overall income of the underwriter or of the Bondholders, value added tax, and taxes on any gains realized from the sale of the Offer Bonds.
Total Assets	With respect to any specified Person for any period, the aggregate total current assets and total non-current assets for such period, on a consolidated basis, determined in conformity with PFRS; provided that any foreign currency denominated deposits secured for the purposes of Hedging Obligations shall be excluded in computing Total Assets (without duplication).
Total Equity	With respect to any period, the sum of the total paid up capital, deposit for future subscription and all accumulated profits of the Company and its Subsidiaries, as reflected in the consolidated financial statements.
Transaction Documents	As the context may require the Trust Agreement, the Underwriting Agreement and/or the Registry and Paying Agency Agreement.
Trust Agreement	The Trust Agreement dated as of March 29, 2019, and its annexes and attachments, as may be modified, supplemented or amended from time to time, executed by and between the Issuer and the Trustee in connection with the distribution and sale by the Issuer of the Offer Bonds.
Trustee	Philippine National Bank – Trust Banking Group
Underwriting Agreement	The Issue Management and Underwriting Agreement dated as of March 29, 2019, and its annexes and attachments, as may be modified, supplemented or amended from time to time, executed by and among the Issuer, the Joint Issue Managers and the Joint

	Lead Underwriters and Bookrunners for the issuance, placement, distribution and sale of the Offer Bonds in the Philippines.
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Summary of the Offer

The following summary is qualified in its entirety by, and should be read in conjunction with the more detailed information appearing elsewhere in this Offer Supplement and the Prospectus.

Issuer.....	SMC Global Power Holdings Corp.
Instrument.....	Fixed rate bonds constituting the direct, unconditional, unsecured and unsubordinated Peso-denominated obligations of SMC Global Power.
Offer Size.....	Base Offer: ₱25,000,000,000, Oversubscription option: up to ₱5,000,000,000.
The Offer.....	The Offer Bonds will be issued in 3 series, namely, the 3-year Series H Bonds due 2022, the 5-year Series I Bonds due 2024 and the 7-year Series J Bonds due 2026.
Manner of Distribution.....	Public offering in the Philippines to eligible investors.
Use of Proceeds.....	The entire proceeds for this Offer will be used for: (i) partial refinancing of existing loan obligations and/or re-denomination of US Dollar denominated obligations of the Company, (ii) investments in power-related assets, and (iii) payment of related transaction fees, costs and expenses. For a detailed discussion on the Use of Proceeds, please refer to the section on “<i>Use of Proceeds</i>” in this Offer Supplement and in the Prospectus.
Form and Denomination of the Bonds.....	The Offer Bonds shall be issued in scripless form in minimum denominations of ₱50,000 each, and in integral multiples of ₱10,000 thereafter.
Purchase Price.....	The Offer Bonds shall be issued at 100% of face value.
Offer Period.....	The Offer shall commence at 9:00 a.m., Manila time, on April 1, 2019 and end at 5:00 p.m. on April 12, 2019, or on such other date as the Issuer, Joint Issue Managers, Joint Lead Underwriters and Bookrunners may agree upon.
Issue Date of the Offer Bonds.....	April 24, 2019
Maturity Date.....	Series H Bonds: April 24, 2022 or the 3rd anniversary of the Issue Date Series I Bonds: April 24, 2024 or the 5th anniversary of the Issue Date Series J Bonds: April 24, 2026 or the 7th anniversary of the Issue Date

Interest Rate.....	Series H Bonds: 6.8350% per annum Series I Bonds: 7.1783% per annum Series J Bonds: 7.6000% per annum	
Interest Payment Dates and Interest Payment Computation.....	Interest payment on the Offer Bonds shall be payable every January 24, April 24, July 24 and October 24, or the next Business Day if such date falls on a non-Business Day, during the term of the Offer Bonds (each, an “ Interest Payment Date ”).	
Optional Redemption...	The Issuer shall have the right, but not the obligation, to redeem in whole (but not in part), any outstanding Series I Bonds and Series J Bonds on the relevant dates as set forth below (each an “ Optional Redemption Date ”).	
	Optional Redemption Date on Series I Bonds	Optional Redemption Price
	Third (3 rd) anniversary of Issue Date	101.0%
	Fourth (4 th) anniversary of Issue Date	100.5%
	Optional Redemption Date on Series J Bonds	Optional Redemption Price
	Fifth (5 th) anniversary of Issue Date	101.0%
	Sixth (6 th) anniversary of Issue Date	100.5%
	Provided, that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of the optional redemption price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and Optional Redemption Price to be paid. Bondholders shall not have any right to cause the Issuer to redeem the Offer Bonds pursuant to this Optional Redemption Option. The amount payable to the Bondholders upon the exercise of the Optional Redemption Option by the Issuer shall be calculated, based on the principal amount of the Offer Bonds being redeemed, as the sum of: (i) accrued interest computed from the last Interest Payment Date up to and including the relevant Optional Redemption Date; and (ii) the product of the principal amount of the Offer Bonds being redeemed and the Optional Redemption Price in accordance with the above table. The Issuer shall give not more than sixty (60) days nor less than thirty (30) days prior written notice of its intention to redeem the Offer Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such optional redemption of the Offer Bonds on the Optional Redemption Date stated in such notice.	

	For a detailed discussion on Optional Redemption please refer to the section on “<i>Description of the Offer Bonds – Optional Redemption</i>” in this Offer Supplement.
Final Redemption.....	The Offer Bonds shall be redeemed at par or 100% of face value on their respective Maturity Dates, unless earlier redeemed by the Issuer. In the event the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment for accrued interest, on the succeeding Business Day.
Redemption for Taxation Reasons... ..	If payments under the Offer 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, then the Issuer may redeem the Offer Bonds in whole, but not in part, on any Interest Payment Date (having given not more than 60 days nor less than 30 days’ prior written notice to the Trustee, the Registrar and the Paying Agent) at par (or 100% of face value) and paid together with the accrued interest thereon, subject to the requirements of Applicable Law. The Bondholders shall not have any right to cause the Issuer to redeem the Offer Bonds due to taxation reasons. For a detailed discussion on Redemption for Taxation Reasons please refer to the section on “<i>Description of the Offer Bonds – Redemption for Taxation Reasons</i>” in this Offer Supplement.
Redemption by Reason of Change in Law or Circumstance.....	Upon the occurrence of a Change in Law or Circumstance, the Issuer may redeem the Offer Bonds in whole, but not in part, having given not more than 60 days’ nor less than 30 days’ written notice to the Trustee, the Registrar and the Paying Agent, at par (or 100% of face value) and paid together with accrued interest thereon. The Bondholders shall not have any right to cause the Issuer to redeem the Offer Bonds pursuant to a Change in Law or Circumstance. For a detailed discussion on Redemption for Taxation Reasons please refer to the section on “<i>Description of the Offer Bonds – Redemption by Reason of Change in Law or Circumstance</i>” in this Offer Supplement.

Redemption by Reason of Change of Control.....	Upon the occurrence of a Change of Control, Bondholders holding at least 2/3 of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem all (but not some) of the Offer Bonds, at par (or 100% of face value) which shall be paid together with the accrued interest thereon. The decision of the Bondholders holding at least 2/3 of the outstanding principal amount of the Offer Bonds shall be conclusive and binding upon all the Bondholders. For a detailed discussion on Redemption for Taxation Reasons please refer to the section on “<i>Description of the Offer Bonds – Redemption by Reason of Change of Control</i>” in this Offer Supplement.
Status of the Bonds.....	The Offer Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu with all other present and future, contingent or otherwise, unsecured and unsubordinated Debt of the Issuer, other than Debt mandatorily preferred by law, and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors’ rights generally and by general principles of equity (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines).
Negative Pledge.....	The Offer Bonds will have the benefit of a negative pledge on all properties and assets of the Issuer and its Material Subsidiaries, subject to the exceptions as described in this Offer Supplement.
Listing.....	The Issuer intends to list the Offer Bonds in the PDEX on Issue Date.
Purchase and Cancellation.....	The Issuer may purchase the Offer Bonds at any time at the open market or by tender or by contract, in accordance with PDEX rules, without any obligation to make pro rata purchased from all Bondholders. Offer Bonds so purchased shall be redeemed and cancelled and may not be reissued. Upon listing of the Offer Bonds in the PDEX, the Issuer shall disclose any such transaction in accordance with the applicable PDEX disclosure rules.
Bond Rating.....	The Offer Bonds have been rated PRS Aaa by the Philippine Rating Services Corporation (“PhilRatings”) on 7 February 2019. The rating is subject to regular annual reviews, or more frequently as market developments may dictate, while the Offer Bonds are outstanding.

Transfer of the Offer Bonds.....	Trading of the Offer Bonds shall be coursed through a PDEX participant subject to the applicable PDEX rules and conventions. Transfer, and/or settlement of the Offer Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and the Registrar. Upon any assignment of the Offer Bonds, title thereto will pass by recording of the transfer from the transferor to the transferee in the electronic register of Bondholders to be maintained by the Registrar. Please see the section on “<i>Description of the Offer Bonds – Transfer; Tax Status</i>” in this Offer Supplement for a more detailed discussion on the transfer of the Offer Bonds.
Joint Issue Managers....	BDO Capital BPI Capital China Bank Capital PNB Capital RCBC Capital SB Capital
Joint Lead Underwriters and Bookrunners.....	BDO Capital BPI Capital China Bank Capital PNB Capital RCBC Capital SB Capital
Registry and Paying Agent.....	Philippine Depository & Trust Corp.
Trustee.....	Philippine National Bank – Trust Banking Group.
Counsel to SMC Global Power.....	Picazo Buyco Tan Fider & Santos
Counsel to the Joint Lead Underwriters and Bookrunners.....	SyCip Salazar Hernandez & Gatmaitan
Incorporation by way of Reference.....	All disclosures, reports, and filings of the Company made after the date of the Prospectus and this Offer Supplement (the “Company Disclosures”) and submitted to the SEC and/or PDEX pursuant to the Corporation Code, the Securities Regulation Code, and the disclosure rules of PDEX are incorporated or deemed incorporated by reference in this Offer Supplement. Copies of the Company Disclosures may be viewed at the website of the Company at http://www.smcglobalpower.com.ph. The Company Disclosures contain material and meaningful information relating to the Company and investors should review all information contained in the Prospectus, this Offer Supplement and the Company Disclosures incorporated or deemed incorporation herein by reference.

Description of the Offer Bonds

The following does not purport to be a complete listing of all the rights, obligations, or privileges of the Offer Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the articles of incorporation, by-Laws and resolutions of the Board of Directors of SMC Global Power submitted to the SEC, the information contained in this Offer Supplement, the Trust Agreement, Registry and Paying Agency Agreement (“RPAA”), Issue Management and Underwriting Agreement (the “Underwriting Agreement”), and other documents relevant to the Offer, Applicable Law, rules and regulations of PDTC and PDEX relevant to the Offer, and to perform their own independent investigation and analysis of the Issuer and the Offer Bonds. Prospective Bondholders must make their own appraisal of the Issuer and the Offer, and must make their own independent verification of the information contained herein and the other aforementioned documents and any other investigation they may deem appropriate for the purpose of determining whether to participate in the Offer. They must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor's independent evaluation and analysis. Prospective Bondholders are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Offer Bonds.

The offer and issuance of the Bonds, in one or more tranches, was authorized by a resolution of the Board of Directors of the Company on February 6, 2019. The Offer Bonds, with an aggregate principal amount of ₱25,000,000,000, with an oversubscription option of up to ₱5,000,000,000, shall be issued as the first tranche of the shelf-registered Bonds. The Offer Bonds will be issued on the Issue Date, that is April 24, 2019, and will comprise of 3-year Series H Bonds due 2022, 5-year Series I Bonds due 2024 and 7-year Series J Bonds due 2026.

The Offer Bonds shall be governed by a Trust Agreement dated March 29, 2019 between the Issuer and Philippine National Bank – Trust Banking Group as Trustee. The Trustee has no interest in or relation to the Issuer which may conflict with the performance of its functions. The description of the terms and conditions of the Offer Bonds set out below includes summaries of, and is subject to, the detailed provisions of the Trust Agreement.

An RPAA in relation to the Offer Bonds was executed on March 29, 2019 between the Issuer and PDTC as Registrar and Paying Agent. PDTC has no interest in or relation to the Issuer which may conflict with the performance of its functions.

Copies of the Trust Agreement and the RPAA are available for inspection during normal business hours at the specified offices of the Trustee. 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 all the provisions of the RPAA applicable to them.

Form and Denomination

The Offer Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing the Series H Bonds, Series I Bonds, and Series J Bonds sold in the Offer shall be issued to and registered in the name of the Trustee for the benefit of the Bondholders.

The Offer Bonds shall be issued in minimum denominations of ₱50,000 each, and in integral multiples of ₱10,000 thereafter, and traded in denominations of ₱10,000 in the secondary market.

Title

Legal title to the Offer Bonds will be shown in the Registry of Bondholders maintained by the Registrar. A notice confirming the principal amount of the Offer 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 Offer Bonds shall pass by recording of the transfer from the transferor to the transferee in the Registry of Bondholders maintained by the Registrar.

BOND RATING

The Offer Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings. PRS Aaa is the highest rating assigned by PhilRatings. 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 agency.

The rating is subject to regular annual review, or more frequently as market developments may dictate, for as long as the Offer Bonds are outstanding. After Issue Date, the Trustee shall monitor the compliance of the Offer Bonds with the regular annual reviews.

TRANSFER OF BONDS

Registry of Bondholders

The Issuer will cause the Registry of Bondholders to be kept by the Registrar in electronic form. The names and addresses of the Bondholders and the particulars of the Offer Bonds held by them and of all transfers and assignments of the Offer Bonds, including any liens and encumbrances thereon, shall be entered into the Registry of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry of Bondholders.

As required by Circular No. 428-04 issued by the BSP, the Registrar shall send each Bondholder a written statement of registry holdings at least every quarter (at the cost of the Issuer), and a written advice confirming every receipt or transfer of the Offer Bonds that is effected in the Registrar's system. Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Any requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfer of the Offer Bonds may be made during the Closed Period (as defined below).

Transfers; Tax Status

Settlement in respect of such transfers or change of title to the Offer 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 provisions of the RPAA, the relevant rules, conventions and guidelines of PDEX and PDTC, the Bondholders may not transfer their Offer Bonds as follows:

- (a) transfers across Tax Categories on a date other than an Interest Payment Date that falls on a Business Day; provided, however, that transfers from a tax-exempt Tax Category to a taxable Tax Category on a date other than an Interest Payment Date shall be allowed using the applicable tax rate, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt entity shall be treated as being of the same Tax Category as its taxable counterparty for the interest period within which such transfer occurred; provided, finally, that this restriction shall be in force until a Non-Restricted Trading & Settlement Environment for Corporate Securities is implemented. For purposes hereof, "**Tax Categories**" shall refer to the 4 final withholding tax categories in the PDEX system covering, particularly, tax-exempt persons, 20% tax-withheld persons, 25% tax-withheld persons, and 30% tax-withheld persons, as such categories may be revised, amended or supplemented by PDEX in accordance with its rules and Applicable Law;

- (b) transfers by Bondholders with deficient documents; and
- (c) transfers during a Closed Period. For purposes hereof, “**Closed Period**” means the period during which the Registrar shall not register any transfer or assignment of the Offer Bonds, specifically: (i) the period of 2 Business Days preceding any Interest Payment Date or the due date for any payment of the Final Redemption Amount of the Offer Bonds; or (ii) the period when any of the Offer Bonds have been previously called for redemption.

Transfers taking place in the Registry of Bondholders after the Offer Bonds are listed on PDEX may 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 guidelines of PDEX and PDTC.

A Bondholder claiming tax-exempt status is required to submit to the Registry of Bondholders the required tax-exempt documents as detailed in the RPAA upon submission of the account opening documents to the Registrar. Please see the section on “*Description of the Offer Bonds –Tax-Exempt Status or Entitlement to Preferential Tax Rate*” for a detailed discussion on the requirements for claiming a preferential tax status.

Notwithstanding the submission by the Bondholder, or the receipt by the Issuer, the Registrar, the Joint Lead Underwriters and 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 Offer 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 Registry of Bondholders. The payment report to be prepared by the Registrar and submitted to the Issuer in accordance with the RPAA, which shall be the basis of payments on the Offer Bonds on any Interest Payment Date, shall reflect the tax status of the Bondholders as indicated in their accounts as of the Record Date.

Secondary Trading of the Offer Bonds

The Issuer intends to list the Offer Bonds on PDEX for secondary market trading and, for that purpose, the Issuer has filed an application for such listing. However, there can be no assurance that such a listing will actually be achieved or whether such a listing will materially affect the liquidity of the Offer Bonds on the secondary market. Such listing would be subject to the Issuer’s execution of a listing agreement with PDEX that may require the Issuer to make certain disclosures, undertakings and payments on an ongoing basis.

For so long as any of the Offer Bonds are listed on PDEX, the Offer Bonds will be traded in a minimum board lot size of ₱10,000, and in multiples of ₱10,000 in excess thereof. Secondary market trading 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.

RANKING

The Offer Bonds shall constitute the direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking at least *pari passu* and ratably without any preference or priority among themselves and at least *pari passu* with all its other present and future, contingent or otherwise, unsecured and unsubordinated obligations of the Issuer, (except for Indebtedness mandatorily preferred by law, and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of rights of the creditors generally and by general principles of equity but not the preference or priority established by Article 2244, paragraph 14(a) of the Civil Code of the Philippines), but in the event

of insolvency, such financial obligations shall be absolute and unconditional only to the extent permitted by Applicable Law relating to creditors' rights generally.

INTEREST

Interest Payment Dates

Each Series H Bond bear interest on its principal amount from and including Issue Date at the rate of 6.8350% per annum, payable quarterly in arrears on January 24, April 24, July 24, and October 24 of each year, commencing on July 24, 2019, or the subsequent Business Day without adjustment for accrued interest, if such Interest Payment Date falls on a non-Business day (each of which, for purposes of this clause is an **"Interest Payment Date"**).

Each Series I Bond bear interest on its principal amount from and including Issue Date at the rate of 7.1783% per annum, payable quarterly in arrears on January 24, April 24, July 24, and October 24 of each year, commencing on July 24, 2019, or the subsequent Business Day without adjustment for accrued interest, if such Interest Payment Date falls on a non-Business day (each of which, for purposes of this clause is an **"Interest Payment Date"**).

Each Series J Bond bear interest on its principal amount from and including Issue Date at the rate of 7.6000% per annum, payable quarterly in arrears on January 24, April 24, July 24, and October 24 of each year, commencing on July 24, 2019, or the subsequent Business Day without adjustment for accrued interest, if such Interest Payment Date falls on a non-Business day (each of which, for purposes of this clause is an **"Interest Payment Date"**).

The cut-off date in determining the existing Bondholders entitled to receive interest, principal or any amount due under the Offer Bonds shall be two (2) Business Days prior to the relevant Payment Date or such other date as the Issuer may duly notify PDTC (the **"Record Date"**). The Record Date shall be the reckoning date in determining the Bondholders entitled to receive interest, principal or any other amount due under the Offer Bonds. No transfers of the Bonds may be made during the Closed Period.

Interest Accrual

The Offer Bonds shall cease to bear interest from and including the relevant Maturity Date, as defined in the discussion on *"Description of the Offer Bonds - Final Redemption"* below, unless, upon due presentation, payment of the principal in respect of the Offer Bonds then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see *"Description of the Offer Bonds - Penalty Interest"* below) shall apply.

Calculation of Interest

The interest shall be calculated on a European 30/360-day count basis, regardless of the actual number of days in a month.

REDEMPTION AND PURCHASE

Final Redemption

Unless earlier redeemed, purchased and cancelled, each of the Offer Bonds will be redeemed at par or 100% of their face value on their respective Maturity Dates. However, if the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment for accrued interest, on the succeeding Business Day.

Each Bondholder in whose name the Offer Bonds are registered in the Registry of Bondholders at the close of business on the Record Date preceding the relevant Maturity Date shall be entitled to receive the principal amount of the Offer Bonds. In all cases, repayment of principal shall be remitted to the Bondholders in accordance with the terms of the RPAA.

Optional Redemption

The Issuer shall have the right, but not the obligation, to redeem in whole (but not in part), the outstanding Series I Bonds and Series J Bonds on the dates set out below (each an “**Optional Redemption Date**”):

Series I Bonds	
Optional Redemption Dates	Optional Redemption Price
On the 3 th year from Issue Date	101.0%
On the 4 th year from Issue Date	100.5%

Series J Bonds	
Optional Redemption Dates	Optional Redemption Price
On the 5 th year from Issue Date	101.0%
On the 6 th year from Issue Date	100.5%

provided, that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of the optional redemption price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and optional redemption price to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer redeem the Offer Bonds pursuant to this Optional Redemption Option.

The amount payable to the Bondholders upon exercise of the optional redemption by the Issuer shall be calculated based on the principal amount of the Offer Bonds being redeemed, as the sum of (i) the accrued interest computed from the last Interest Payment Date up to the relevant Optional Redemption Date; and (ii) the product of the principal amount of the Offer Bonds being redeemed and the optional redemption price in accordance with the table above.

The Issuer shall give no less than thirty (30) nor more than sixty (60) days’ prior written notice to the Trustee, the Registrar and Paying Agent of its intention to redeem the Offer Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such optional redemption of the Offer Bonds on the Optional Redemption Date stated in such notice. Upon receipt by the Trustee of such notice, the Trustee shall, through the Issuer secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended optional redemption. Each Bondholder in whose name the Offer Bonds subject of the optional redemption are registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the interest and optional redemption price. The Issuer shall pay the Bondholders in accordance with the terms of the RPAA.

Redemption for Taxation Reasons

If payments under the Offer Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the relevant Offer Bond series in whole, and not in part only, on any Interest Payment Date (having given not more than 60 nor less than 30 days’ written notice to the Trustee, Registrar and Paying Agent) at par (or 100% of face value) and paid together with the accrued interest thereon, subject to the requirements of Applicable Law; provided that if the Issuer does not

redeem the Offer Bonds then all payments of principal and interest in respect of the Offer Bonds shall be made free and clear of, and without withholding or deduction for, any such new or additional taxes, duties, assessments or governmental charges, unless such withholding or deduction is required by Applicable Law. In that event, the Issuer shall pay to the Bondholders concerned, such additional amount as will result in the receipt by such Bondholders of such amounts as would have been received by them had no such withholding or deduction for new or additional taxes been required.

Upon receipt by the Trustee of a written notice from the Issuer hereunder, the Trustee through the Issuer shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended optional redemption. Each Bondholder in whose name the Offer Bonds subject of the optional redemption are registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the principal of the Offer Bonds subject of the optional redemption and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the RPAA.

Accrued interest on the Offer Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

The Bondholders shall not have any right to cause the Issuer to redeem the Offer Bonds under this section.

Redemption by Reason of Change in Law or Circumstance

Upon the occurrence of a Change in Law or Circumstance (as enumerated below), the Issuer may redeem the Offer Bonds in whole, but not in part (having given not more than 60 days' nor less than 30 days' written notice to the Trustee, the Registrar and the Paying Agent, at par (or 100% of face value) and paid together with the accrued interest thereon.

The following events shall be considered as changes in law or circumstance (each a "**Change in 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:

- (a) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Offer Bonds shall be modified, withdrawn or withheld in a manner which shall materially and adversely affect the ability of the Issuer to comply with such obligations, or
- (b) Any provision of the Transaction Documents (in whole or in part) is or becomes, for any reason, invalid, illegal or unenforceable to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provision hereunder or thereunder; or any law is introduced or any existing Applicable Law is modified or rendered ineffective or inapplicable to prevent or restrain the performance by the Issuer of its obligations under the Transaction Documents.
- (c) Any concession, permit, right, franchise or privilege required for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer; or
- (d) The Philippines or any competent authority thereof 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 materially and adversely affect the financial condition or operations of the Issuer.

Upon receipt by the Trustee of a written notice from the Issuer on the occurrence of any Change in Law or Circumstance, the Trustee through the Issuer shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended optional redemption. Each Bondholder in whose name the Offer Bonds subject of the optional redemption are registered in the Registry of Bondholders at the close of business on the relevant Record Date shall be entitled to receive the principal of the Offer Bonds subject of the optional redemption and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the RPAA.

Accrued interest on the Offer Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

The Bondholders shall not have any right to cause the Issuer to redeem the Offer Bonds pursuant to a Change in Law or Circumstance under this section.

Redemption by Reason of Change of Control

Upon the occurrence of a Change of Control, Bondholders holding at least 2/3 of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem all (but not some) of the Offer Bonds, at par (or 100% of face value), which shall be paid together with the accrued interest thereon. Within 15 days following a Change of Control, the Issuer shall notify the Trustee, which shall, in turn, notify the Bondholders (i) that a Change of Control has occurred and that the Bondholders holding at least 2/3 of the outstanding principal amount of the Offer Bonds may require the Issuer to redeem all (but not some) of the Offer Bonds, and (ii) the date set by the Issuer for such redemption (which shall not be earlier than 45 days and no later than 60 days from the date written notice is received by the Trustee). The decision of the Bondholders holding at least 2/3 of the outstanding principal amount of the Offer Bonds under this section shall be conclusive and binding upon all the Bondholders.

Each Bondholder in whose name the Offer Bonds are registered in the Registry of Bondholders at the close of business on the Record Date indicated in the notice to the Bondholders shall be entitled to receive the principal of the Offer Bonds and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the RPAA.

Accrued interest on the Offer Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

Purchase and Cancellation

The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract, in accordance with PDEX rules, without any obligation to make pro rata purchases from all Bondholders. Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Offer Bonds in the PDEX, the Issuer shall disclose any such transaction in accordance with the applicable PDEX disclosure rules.

Payments

The principal of, interests on, and all other amounts payable on the Offer Bonds shall be paid to the Bondholders through the Paying Agent. The Paying Agent shall credit the proper amounts received from the Issuer via RTGS, net of final taxes and fees (if any), to the cash settlement

banks of the Bondholders (nominated by the Bondholders in the Application to Purchase or as the Bondholder may notify the Paying Agent in writing), for onward remittance to the relevant cash settlement account of the Bondholder with the cash settlement bank. The principal of, and interest on, the Offer Bonds shall be payable in Philippine Pesos.

In the event that the details of the cash settlement account indicated by the relevant Bondholder in the Application to Purchase are incomplete or erroneous, or the cash settlement account of the relevant Bondholders has been closed, dormant, or inexistent, due to which payments to the Bondholders cannot be effected in a timely manner, the relevant cash settlement bank shall handle such funds in accordance with its own internal procedures until the correction of the cash settlement account is effected and until credit of the relevant cash entitlement is completed. In these cases, the Issuer and the Registrar and Paying Agent shall not be liable to the relevant Bondholder for any failure or delay in the Bondholder's receipt of such payments.

The Issuer shall ensure that so long as any of the Offer Bonds remain outstanding, there shall at all times be a Paying Agent for purposes of the Offer Bonds and the Issuer or the Paying Agent may only terminate the appointment of the Paying Agent as provided in the RPAA. In the event the appointed office of any institution shall be unable or unwilling to continue to act as the Paying Agent, the Issuer shall appoint such other leading institution in the Philippines authorized to act in its place.

Payment of Additional Amounts – Taxation

Interest income on the Offer Bonds is subject to a final withholding tax at rates of 20%, 25% or 30%, 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 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) The withholding tax applicable on interest earned on the Offer Bonds prescribed under the Tax Code, as amended and its implementing rules and regulations as may be in effect from time to time; provided, further, that all Bondholders are required to provide the Issuer through the Bondholders' Selling Agent or PDEX Trading Participant and endorsed to the Registrar and Paying Agent their validly issued tax identification numbers issued by the BIR;
- (b) Gross Receipts Tax under Section 121 of the Tax Code;
- (c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding;
- (d) Value Added Tax under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337; and
- (e) Any applicable taxes on any subsequent sale or transfer of the Offer Bonds by any holder which shall be for the account of such holder (or its buyer, as the holder and the buyer may have agreed upon).

Documentary stamp tax for the primary issue of the Offer Bonds and the execution of the Transaction Documents, if any, shall be for the Issuer's account.

Please see the section on "*Taxation*" on page 146 of the Prospectus for a more detailed discussion on the tax consequences of the acquisition, ownership and disposition of the Offer Bonds.

Tax-Exempt Status or Entitlement to Preferential Tax Rate

An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer, as being sufficient in form and substance:

- (a) BIR-certified true copy of a valid, current and subsisting 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;
- (b) with respect to tax treaty relief,
 - (i) for Applicant investors, (1) 3 originals of a duly accomplished valid, current and subsisting Certificate of Residence for Tax Treaty Relief ("**CORTT**") Form or the prescribed certificate of residence of their country together with the CORTT Form as required under BIR Revenue Memorandum Order No. 8-2017 and (2) 3 originals of the Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the CORTT Form and other documents are accomplished by an authorized representative) shall be submitted by the Bondholder to the Issuer upon the submission of the Application to Purchase or no later than the 1st day of the month when the initial interest payment date shall fall due. For subsequent interests due, 3 originals of Part II (D) of the CORTT Form shall be submitted by the Bondholder to the Issuer through the Registrar no later than the 1st day of the month when such subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto,
 - (ii) For transferee Bondholders, (1) 3 originals of a duly accomplished valid, current and subsisting CORTT Form or the prescribed certificate of residence of their country together with the CORTT Form as required under BIR Revenue Memorandum Order No.8-2017 and (2) 3 originals of the Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the CORTT Form and other documents are accomplished by an authorized representative) shall be submitted by the Bondholder to the Issuer through the Registrar upon the submission of the account opening documents or no later than the 1st day of the month when the first interest payment date shall fall due following the transfer of the Offer Bonds to the said transferee Bondholder. For subsequent interests due, 3 originals of Part II (D) of the CORTT Form shall be submitted by the Bondholder to the Issuer through the Registrar no later than the 1st day of the month when such subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto.
- (c) a duly notarized undertaking, in the form prescribed under the RPAA, executed by (i) the corporate secretary or any authorized representative of such applicant or Bondholder, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Bondholder holds, the Offer 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 Offer 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; (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 is any change of circumstance, relevant treaty, law or regulation or any

supervening event that may or would result in the interest income of the Offer 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 investor 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. In the event that the Issuer is assessed by the relevant taxing authority or other authorities arising from the exemption, reduced withholding tax rate and/or an incorrect or non-withholding of tax due to the above representation of the Bondholder, the Issuer shall pay the said assessed amount to the relevant taxing authority or other authorities and the Bondholder shall immediately reimburse Issuer for any amount/s paid subject to the imposition of interest as may be deemed appropriate by the Issuer; and

- (d) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty relief, shall include a duly accomplished CORTT Form or the prescribed certificate of residence of their country together with the CORTT Form, consularized 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 to support the applicability of a tax treaty relief; 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 (or with reduced rates, as the case may be), subject to the submission by the Bondholder claiming the benefit of any exemption or preferential rate of the required documents and of additional reasonable evidence of such tax-exempt or preferential rate status to the Registrar.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of an initial issuance of Offer Bonds, upon submission of the Application to Purchase to the Joint Lead Underwriters and 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.

FINANCIAL RATIO

The Issuer may incur Debt if on the Transaction Date, after giving effect to the incurrence of such Debt, but not giving any effect to the receipt or application of proceeds therefrom, provided its Net Debt to Equity Ratio does not exceed 3.25x and its Interest Coverage Ratio does not fall below 2.25x in respect of any incurrence of any Indebtedness.

For avoidance of doubt, any debt to be incurred to refinance, in the same currency or its equivalent amount, an existing debt outstanding on the date of the Trust Agreement, shall not be construed as an incurrence of additional debt.

The ratios shall be computed using the following formula:

Net Debt to Equity (all items being net of amounts attributable to Ring-Fenced Subsidiaries):

Consolidated Net Total Debt + total PSALM lease liabilities

Consolidated Total Equity

Interest Coverage Ratio (all items being the amounts for the most recent Four Quarterly Period and excluding Ring-Fenced Subsidiaries):

Consolidated EBITDA

Consolidated Interest Expense

For the avoidance of doubt, any Indebtedness to be Incurred to refinance, in the same currency or its equivalent amount, an existing Indebtedness outstanding on the Issue Date, shall not be construed as an incurrence of additional Indebtedness.

In the determination of any particular amount of Indebtedness in connection with Financial Covenant, Guarantees, Security Interests or obligations with respect to letters of credit supporting Indebtedness otherwise included in the determination of such particular amount shall not be included.

NEGATIVE PLEDGE

Until redemption or payment in full of the aggregate outstanding principal amount of the Offer Bonds, the Company will not and will ensure that none of its Material Subsidiaries will, without the prior written consent of the Majority Bondholders, create or have outstanding any Security Interest upon or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Company or any of the Material Subsidiaries to secure any Indebtedness unless the Company, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) All amounts payable by it under the Offer Bonds are secured by the Security Interest equally and ratably with the relevant Indebtedness to the satisfaction of the Majority Bondholders; or
- (b) Such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided to the satisfaction of the Majority Bondholders;

provided, that the foregoing restriction shall not apply to any Permitted Security Interest.

EVENTS OF DEFAULT

Each of the following events shall constitute an “**Event of Default**” under the Offer Bonds and the Trust Agreement:

- (a) the Issuer defaults in the payment when due of any amount payable under the Trust Agreement, the Offer Bonds, or any other Transaction Document unless such failure arises solely as a result of an administrative or technical error or a Disruption Event and payment is made within 3 Business Days after the date such payment is due (a “**Payment Default**”);
- (b) the Issuer fails to perform, comply with, or violates any material provision, term, condition, covenant or obligation contained in the Transaction Documents (other than by reason of paragraph (a) above), and any such failure, non-compliance or violation is not remediable or, if remediable, continues unremedied for a period of 30 days (or such longer curing period granted to the Issuer by the Majority Bondholders) from the date after written notice thereof shall have been given to the Issuer by the Trustee;

- (c) any representation or warranty which is made or deemed to be made by the Issuer or any of the Issuer's directors or officers herein or otherwise in connection herewith, or in any certificate delivered by the Issuer hereunder or in connection herewith, shall prove to have been untrue or incorrect in any material respect as of the time it was made or deemed to have been made;
- (d) the Company or any of its Subsidiaries defaults in the performance or observance of, or compliance with, any one or more of its obligations under a Material Agreement and such default shall not have been remedied as provided therein and such event might reasonably be expected to have a Material Adverse Effect;
- (e) a Material Agreement is terminated, repudiated, cancelled or revoked and such event might reasonably result to a Material Adverse Effect;
- (f) a Material Agreement or any provision thereof is or becomes invalid, illegal or unenforceable and there is a Material Adverse Effect as a result thereof which has not been remedied within 30 days of the occurrence thereof;
- (g) any Indebtedness of the Issuer, whether singly or in the aggregate, in excess of One Billion Two Hundred Fifty Million Pesos (₱1,250,000,000) or its equivalent in other currencies is not paid on its due date or within any applicable grace period or is declared to be due and payable prior to its stated date of payment (except where liability for payment of that Indebtedness is being contested in good faith by appropriate means);
- (h) a decree or order by a court or other Governmental Authority having jurisdiction over the premises is entered without the consent or application of the Issuer:
 - (i) adjudging the Issuer bankrupt or insolvent;
 - (ii) approving a petition seeking a suspension of payments by or a reorganization of the Issuer under any applicable bankruptcy, insolvency or reorganization law;
 - (iii) appointing a receiver, liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or of all or substantially all of the business or assets of the Issuer;
 - (iv) providing for the winding up or liquidation of the affairs of the Issuer;
 - (v) with a view to the rehabilitation, administration, liquidation, winding-up or dissolution of the Issuer; or
 - (vi) taking other action under Applicable Law which is similar to any of the events mentioned in paragraphs (i) to (v) above (inclusive);

Provided, that the issuance of any such decree or order shall not be an Event of Default if the same shall have been dismissed or stayed by injunction or otherwise within 90 days from issuance thereof;

- (i) the Issuer:
 - (i) institutes voluntary proceedings to be adjudicated bankrupt or insolvent or consents to the filing of a bankruptcy or insolvency proceeding against it;
 - (ii) files a petition seeking a suspension of payments by it or its reorganization under any applicable bankruptcy, insolvency or reorganization law or consents to the filing of any such petition;
 - (iii) seeks or consents to the appointment of a receiver or liquidator or trustee or

assignee in bankruptcy or insolvency of it or of all or substantially all of its business or assets;

- (iv) makes an assignment for the benefit of its creditors or admits in writing its inability to pay its debts generally as they become due;
 - (v) files a petition seeking the winding up or liquidation of its affairs or consents to the filing of any such petition;
 - (vi) takes any other step with a view to its rehabilitation, administration, liquidation, winding-up or dissolution or a suspension of payments by it; or
 - (vii) takes other action under Applicable Law which is similar to any of the events mentioned in paragraphs (i) to (vi) above (inclusive);
- (j) final and executory judgment(s) or order(s) are rendered by a court of competent jurisdiction against the Issuer or its properties or assets from which no appeal may be made for the payment of money which will have a Material Adverse Effect and such judgment or order shall continue unsatisfied or undischarged after 90 days;
- (k) the Issuer shall suspend or discontinue all or a substantial portion of its business operations, whether voluntarily or involuntarily for a period of 30 consecutive days except in cases of strike or lockout when necessary to prevent business losses, or when due to fortuitous events or *force majeure*, *provided* that in any such event of strikes, lockouts or closure due to force majeure events, there is no Material Adverse Effect;
- (l) any event or circumstance that will have a Material Adverse Effect has occurred and is continuing; and
- (m) any Governmental Approval now or hereafter necessary to enable the Issuer to comply with its obligations under any Material Agreement to which it is party is not issued when required or is revoked, cancelled, withdrawn or withheld, not renewed, modified or amended or otherwise ceases to remain in full force and effect and such cancellation, withdrawal withholding, non-renewal, modification or amendment has a Material Adverse Effect; provided, that if the same is capable of being remedied, it shall not be an Event of Default if remedied within 90 days from occurrence thereof.

Notice of Default

The Trustee shall, within 5 Business Days after receipt of written notice from the Issuer or the Majority Bondholders of the occurrence of an Event of Default, give to all the Bondholders written notice of any such Event of Default unless the same shall have been cured before the giving of such notice; provided, that in the case of a Payment Default (as described in paragraph (a) of the “*Description of the Offer Bonds – Events of Default*”) the Trustee shall immediately notify the Bondholders upon the occurrence of such Payment Default.

Consequences of Default

- (a) If any one or more of the Events of Default shall have occurred and be continuing after the lapse of the period given to the Issuer within which to cure such Event of Default, if any, or upon the occurrence of such Event of Default for which no cure period is provided, (i) the Trustee upon the written direction of the Majority Bondholders, by notice in writing delivered to the Issuer, or (ii) the Majority Bondholders, by notice in writing delivered to the Issuer and the Trustee, may declare the Issuer in default (“**Declaration of Default**”) and declare the principal of the Offer Bonds then outstanding, together with all accrued and unpaid interest thereon and all amounts due thereunder, to be due and payable not later than 5 Business Days from the receipt of the Declaration of Default (“**Default Payment Date**”) with a copy to the Registrar and Paying Agent who shall then prepare a payment report in accordance with

the RPAA. Thereupon, the Issuer shall make all payments due on the Offer Bonds in accordance with the RPAA.

- (b) All the unpaid obligations under the Offer 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 the Issuer.

Penalty Interest

In case any amount payable by the Issuer under the Offer Bonds, whether for principal, interest, or otherwise, is not paid on the relevant due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay a penalty fee on the defaulted amount(s) at the rate 12% per annum (the “**Penalty Interest**”) from the time the amount fell due until it is fully paid in accordance with the Terms and Conditions of this Offer and the Trust Agreement.

Payments in the Event of Default

Upon the occurrence of any Event of Default, and provided that there has been a Declaration of Default and acceleration of payment of the Offer Bonds by the Majority Bondholders, then in any such case, the Issuer will pay the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on such outstanding Offer Bonds with interest at the rate borne by the Offer Bonds on the overdue principal and with Penalty Interest, where applicable, based on the payment report no later than the Default Payment Date. The Issuer also undertakes that it shall give the Trustee written notice of its intention to make any payments under this paragraph.

Application of Payments

Any money collected by the Trustee as a consequence of a Declaration of Default and any other funds held by it, subject to any other provision of the Trust Agreement relating to the disposition of such money and funds or to the RPAA, shall be applied by the Trustee in the order of preference as follows:

- (a) First: To the pro-rata payment to the Trustee, the Registrar, Paying Agent and PDEx of the reasonable, actual and documented costs, expenses, fees, and other charges of collection, including reasonable compensation to them, their agents, attorneys, and all reasonable, actual and documented expenses and liabilities incurred or disbursements made by them, without gross negligence or bad faith in carrying out their respective obligations under their respective agreements with the Issuer in connection with the Offer Bonds.
- (b) Second: to the payment of all outstanding interest, including any Penalty Interest, in the order of maturity of such interest.
- (c) Third: to the payment of the principal amount of the Offer Bonds then due and payable.
- (d) Fourth: the remainder, if any, shall be paid to the Issuer, its successors, or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Prescription

Claims in respect of principal and interest or other sums payable under the Offer Bonds shall prescribe unless the claim is made within 10 years (in the case of principal or other sums) or 5 years (in the case of interest) from the date on which payment becomes due.

Remedies

All remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement subject to the discussion under “*Description of the Offer Bonds – Ability to File Suit.*”

No delay or omission by the Trustee or the Bondholders, to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from the Issuer under the Trust Agreement on account of principal, interest, and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder unless:

- (a) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Offer Bonds in accordance with the provisions of the Notice of Default (see *Description of the Offer Bonds – Notice of Default*);
- (b) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in its own name;
- (c) the Trustee, for 60 days after the receipt of such notice and request, shall have neglected or refused to institute any such action, suit or proceeding; and
- (d) no directions inconsistent with such written request or rescission and annulment of a Declaration of Default by the Majority Bondholders has been made.

it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no Bondholder 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 Offer Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders.

Waiver of Default by the Bondholders

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or may, on behalf of the Bondholder, waive any past default except the Events of Default defined as a Payment Default, insolvency default (paragraph (i)) or closure default (paragraph (k)), and its consequences. In case of any such waiver, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights under the Trust Agreement; provided, 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 Offer Bonds.

SUBSTITUTION

Substitution of the Offer Bonds is not contemplated.

TRUSTEE; NOTICES

The following discussion is qualified by the more detailed information as contained in the Trust Agreement.

TRUSTEE

Notice to the Trustee

All documents required to be submitted to the Trustee and all other notices, requests and other communications must be in writing and will be deemed to have been duly given only if delivered personally, by facsimile transmission, or mailed (first class postage prepaid) or emailed to the Trustee at the following address, facsimile number or email address; and addressed to the individuals named below:

To the Trustee:

PHILIPPINE NATIONAL BANK – TRUST BANKING GROUP

3/F PNB Financial Center, President Diosdado Macapagal Blvd. 1300 Pasay City, Metro Manila, Philippines

Attention: Ms. Josephine E. Jolejole

Telephone: (632) 573 4655/4665/4575

Email: rugall@pnb.com.ph/ jolejoleje@pnb.com.ph

All such notices, requests and other communications will: (i) if delivered personally to the address as provided above, be deemed given upon delivery; (ii) if delivered by facsimile transmission to the facsimile number as provided above, be deemed given upon receipt in readable form; and (iii) if delivered by mail or email in the manner described above to the address as provided above, be deemed given upon receipt and in case of email if received in readable form (in each case regardless of whether such notice, request or other communication is received by any other Person on behalf of such individual to whom a copy of such notice, request or other communication is to be delivered). The Trustee may from time to time change its address, facsimile number or other information for the purpose of notices hereunder by giving notice specifying such change.

Any notice, report or communication received on a non-working day or after business hours in the place of receipt will only be deemed given on the next working day in that place.

Notice to the Bondholders

The Trustee shall send all notices to Bondholders to their mailing address as set forth in the Registry of Bondholders. Except where a specific mode of notification is provided for in the Transaction Documents, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) ordinary mail; (iii) by publication for at least once a week for 2 consecutive weeks in at least 2 newspapers of general circulation in the Philippines; (iv) personal delivery to the address of record in the Registry of Bondholders; or (v) disclosure through the Online Disclosure System of the PDEX. The Trustee shall rely on the Registry of Bondholders in determining the Bondholders entitled to notice. All notices shall be deemed to have been received (i) 10 days from posting if transmitted by registered mail; (ii) 15 days from mailing, if transmitted by ordinary mail; (iii) on the date of last

publication, if notice is made by publication; or (iv) on the date of delivery, for personal delivery; or (v) on the date of disclosure, if notice is made by disclosure through the Online Disclosure System of the PDEX.

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 PDEX on a matter relating to the Offer Bonds shall be deemed a notice to the Bondholders of said matter on the date of the first publication or the date of the disclosure, as the case may be.

Duties and Responsibilities of the Trustee

The Trustee shall be responsible for performing, among others, the following duties for the benefit of the Bondholders, including but not limited to:

- (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. The Trustee shall, in accordance with the terms and conditions of the Trust Agreement, monitor the compliance or non-compliance by the Issuer with all its representations and warranties, and the observance by the Issuer of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement. 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 remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters that must be taken up with the Issuer.
- (b) 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 diligence, judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters will exercise in the management of their own affairs.
- (c) None of the provisions contained in the Trust Agreement, the Prospectus and this Offer Supplement 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 under the Trust Agreement.

Resignation and Change of Trustee

The Trustee may resign at any time by giving 90 days' prior written notice to the Issuer of such resignation.

Upon receipt of such notice of resignation of the Trustee, the Issuer shall immediately appoint a replacement trustee (the "**Replacement Trustee**") by written instrument in duplicate, executed by its authorized officers, 1 copy of which instrument shall be delivered to the resigning Trustee and 1 copy to the Replacement Trustee. If no Replacement Trustee shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor, or any Bondholder who has been a bona fide holder for at least the immediately preceding 6 months may, for and in behalf of the Bondholders, petition any court of competent jurisdiction for the appointment of a Replacement Trustee. Such court may thereupon after notice, if any, as it may deem proper, appoint a Replacement Trustee.

The Issuer may, subject to the occurrence of any of the events specified in the Trust Agreement, within 30 days, remove the Trustee and appoint a Replacement Trustee, by written instrument in duplicate, 1 copy of which instrument shall be delivered to the Trustee so removed and 1 copy to the Replacement Trustee. If the Issuer fails to remove the Trustee and appoint a Replacement Trustee, any Bondholder may, on behalf of himself and all other Bondholders, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a Replacement Trustee. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a Replacement Trustee.

The Majority Bondholders may at any time remove the Trustee for cause, and with consent of the Issuer, and appoint a Replacement Trustee, in accordance with the terms of the Trust Agreement, without prejudice to whatever remedies may be available to the Majority Bondholders under the law or in equity.

The Replacement Trustee must possess all the qualifications required under pertinent laws and the Trust Agreement.

Any resignation or removal of the Trustee and the appointment of a Replacement Trustee pursuant to any of the provisions in the Trust Agreement shall become effective upon the earlier of: (i) the effectivity of the resignation notice sent by the Trustee under the Trust Agreement; or (ii) the acceptance of appointment by the Replacement Trustee as provided in the Trust Agreement; provided, however, that until such Replacement Trustee is qualified and appointed, the resigning Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the Replacement Trustee promptly upon the appointment thereof by the Issuer.

Within 10 days from the effectiveness of the resignation or removal of the outgoing trustee and the appointment of the Replacement Trustee, the outgoing trustee shall transfer and turn over to the Replacement Trustee, and shall make an accounting of, all the assets, documents or instruments which are in the custody of the outgoing trustee pursuant to the Trust Agreement, if any.

Replacement Trustee

The appointed Replacement Trustee shall execute, acknowledge and deliver to the Issuer and to its outgoing trustee an instrument accepting his/her appointment, and thereupon the resignation or removal of the outgoing trustee shall become effective and the Replacement Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor under the Trust Agreement. The foregoing notwithstanding, on the written request of the Issuer or of the Replacement Trustee, the outgoing trustee shall execute and deliver an instrument transferring to the Replacement Trustee, all the rights, powers and duties of the outgoing trustee. Upon request of any such Replacement Trustee, the Issuer shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor trustee all such rights, powers and duties.

Upon acceptance of the appointment by the Replacement Trustee, the Issuer shall notify the Bondholders in writing and/or by publication once in a newspaper of general circulation in Metro Manila, Philippines of the succession of such trustee to the trusteeship. If the Issuer fails to notify the Bondholders within 10 days after the acceptance of appointment by the successor trustee, the latter shall cause the Bondholders to be notified at the expense of the Issuer.

Reports to the Bondholders

Only upon the existence of (a) and (b) below, the Trustee shall submit to the Bondholders on or before February 28 of each year from the Issue Date until full payment of the Offer Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:

- (a) 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

- (b) 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 Offer Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.

The Trustee shall submit to the Bondholders a brief report within 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, the remaining unpaid amounts of such advance is at least 10% of the aggregate outstanding principal amount of the Offer Bonds at such time.

Inspection of Documents

Upon due notice to the Trustee, the following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

- (a) the Trust Agreement;
- (b) the RPAA;
- (c) the Articles of Incorporation and By-laws of the Company; and
- (d) the Registration Statement of the Company with respect to the Bonds (including the Offer Bonds) with the Prospectus and this Offer Supplement.

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 in behalf of the Bondholders of any specified aggregate principal amount of Offer 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 Offer Bonds.

The following discussion is qualified by the more detailed information as contained in the Trust Agreement.

Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, on its own accord or upon the written request by the Issuer or the Majority Bondholders, for purposes of taking any actions authorized under the Trust Agreement. The meeting may be held at such time and at such place within Metro Manila as the party requesting such meeting may determine.

Unless otherwise provided in the Trust Agreement, the Trustee shall give notice of every meeting of the Bondholders (which notice must set forth the time, place, and purpose of such meeting in reasonable detail) to the Issuer and each of the registered Bondholders not earlier than 45 days nor later than 15 days prior to the date fixed for the meeting and shall publish such notice once in a newspaper of general circulation; provided, that the Trustee shall fix the record date for determining the Bondholders entitled to notice and vote during the meeting, which record date shall not be earlier than 45 days before the date of the meeting; provided, further, that all reasonable, actual and documented costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within 10 days from receipt of the duly supported billing statement, subject to obtaining prior written consent of the Issuer for reasonable, actual and documented costs and expenses in excess of Fifty Thousand Pesos (₱50,000) per occurrence.

Failure of the Trustee to Call a Meeting

Failure of the Trustee to call a meeting upon the written request of either the Issuer or the Majority Bondholders within 3 Days from receipt of such request shall entitle the requesting party to send and publish the appropriate notice of Bondholders' meeting and fix the record date for determining the Bondholders entitled to attend and vote in accordance with the procedure set forth under "*Description of the Offer Bonds – Notice of Meetings*". The costs for calling such a meeting shall be for the Trustee's account.

Quorum

The presence of Majority Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Bondholders. The Trustee shall determine and record the presence of the Majority Bondholders based on the list of Bondholders prepared by the Registrar in accordance with the RPAA (which list shall include all information necessary to 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 Registrar shall provide the Trustee through the Issuer with the foregoing list and information upon receipt of a written request from the Issuer.

Procedure for Meetings

The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Majority Bondholders as provided under "*Description of the Offer Bonds – Failure of the Trustee to Call a Meeting*" in which case the Issuer or the Majority Bondholders calling the meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting. The elected secretary shall take down the minutes of the meeting, covering all matters presented for resolutions 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 "*Description of the Offer Bonds – Voting Rights*". 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.

Any meeting of the Bondholders may be adjourned from time to time for a period or periods not to exceed in the aggregate 1 year from the date for which the meeting shall originally have been called, and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by Persons representing a majority of the aggregate principal amount of the Offer Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

Voting Rights

To be entitled to vote at any meeting of the Bondholders, a Person should be a registered holder of the Offer Bonds as reflected in the Registry of Bondholders on the relevant record date fixed by the Trustee, the Issuer, or the Majority Bondholders, as the case may be, or a Person appointed in writing by a public instrument as proxy or agent by any such Bondholder (and, in case of corporate or institutional Bondholders, duly supported by the resolutions of its board of directors or equivalent body authorizing the appointment of the proxy or agent duly certified by its corporate secretary or an authorized officer) for the meeting. Bondholders shall be entitled to one vote for every Five Thousand Pesos (₱5,000). 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, the Trustee, and any representative of the Issuer and its legal counsel.

Voting Requirement

Except as provided in the Trust Agreement, 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. Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee as if the votes were unanimous.

Role of the Trustee in Meetings of the Bondholders

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations (not inconsistent with the Trust Agreement) as it may deem advisable for any meeting of the Bondholders, with regard to proof of ownership of the Offer Bonds, the appointment of proxies by the Bondholders, 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.

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 Offer Bonds may take any action (including the making of any demand or request 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 in accordance with the Trust Agreement, or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance with the Trust Agreement; or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

Non-Reliance

Each Bondholder represents and warrants to the Trustee and to the Issuer that it has independently and, without reliance on the Trustee or the Issuer, made its own credit investigation and appraisal of the financial position and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Offer Bonds and 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 or the Issuer.

In the absence of willful misconduct, fraud, evident bad faith, or gross negligence on the part of the Trustee, the Bondholders agree to indemnify and hold the Trustee free and harmless from and against any and all claims, liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature including attorney's fees in case of litigation which may be suffered or incurred by the Trustee in respect of its obligations under the Trust Agreement, except for its gross negligence, fraud, evident bad faith or willful misconduct.

Amendments

The Issuer and the Trustee may, without prior notice to or the consent of the Bondholders or other parties, amend or waive any provisions of the Trust Agreement 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; provided, further, that all Bondholders are notified of such amendment or waiver.

With the consent of the Majority Bondholders, the Issuer, when authorized by a resolution of its board of directors or the executive committee of its board of directors, and the Trustee may, from time to time and at any time, enter into an agreement or agreements supplemental to the Trust Agreement for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions of the Trust Agreement; provided, that no such supplemental agreement shall:

- (a) without the consent of all Bondholders affected thereby: (i) extend the maturity date of the Offer Bonds; or (ii) reduce the principal amount of the Offer Bonds; or (iii) reduce the rate or extend the time of payment of interest and principal thereon;
- (b) impair the right of any Bondholder to (i) receive payment of principal of and interest on the Offer Bonds on or after the due dates therefore or (ii) to institute suit for the enforcement of any payment on or with respect to such Bondholder;
- (c) affect the rights of some of the Bondholders without similarly affecting the rights of all the Bondholders;
- (d) make any Offer Bond payable in money other than that stated in the Offer Bond;
- (e) subordinate the Offer Bonds to any other obligation of the Issuer;
- (f) amend or modify the provisions of the Terms and Conditions on Taxation, the Events of Default or the waiver of default by the Bondholders;
- (g) reduce the percentage of the Bondholders required to be obtained under the Trust Agreement for their consent to or approval of any supplemental agreement or any waiver provided for in the Trust Agreement, without the consent of all the Bondholders; or
- (h) make any change or waiver of the conditions under paragraphs (a) to (g) inclusive.

It shall not be necessary to obtain the consent of the Bondholders under the foregoing paragraphs for the purpose of approving the particular form of any proposed supplemental agreement but such consent shall be necessary for the purpose of approving the substance thereof.

Any consent given pursuant to this section shall be conclusive and binding upon all Bondholders and upon all future holders and owners of the Offer Bonds or of any Offer Bonds issued in lieu thereof or in exchange therefor, irrespective of whether or not any notation of such consent is made upon the Offer Bonds.

GOVERNING LAW

The Transaction Documents are governed by and are construed in accordance with Philippine law.

VENUE

Any suit, action, or proceeding arising out of, or relating to, the Offer Bonds or the Trust Agreement shall be brought before the proper courts in the Cities of Makati and Mandaluyong, to the exclusion of all other courts, and the parties submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment, the Issuer, Trustee and Bondholders expressly waiving other venue.

WAIVER OF PREFERENCE

The obligations created under the Transaction Documents and the Offer 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 Transaction Documents may have or any Person deriving a right hereunder may have under Article 2244, paragraph 14(a) of the Civil Code of the Philippines are hereby absolutely and unconditionally waived and renounced. This waiver and renunciation of the priority or preference under Article 2244, paragraph 14(a) of the Civil Code of the Philippines shall be revoked if it be shown that any Indebtedness of the Issuer has a priority or preference under the said provision.

Use of Proceeds

SMC Global Power expects to raise ₱25,000,000,000.00 as gross proceeds from the Base Offer. The Company estimates that the net proceeds from the Base Offer after deducting expenses payable by the Company, will be approximately ₱24,678,331,875.00, estimated as follows:

Particulars	Total (₱)
Estimated proceeds from the Offer	25,000,000,000.00
Less: Estimated fees, commissions and expenses	
<i>Gross Underwriting Fees</i>	112,500,000.00
<i>Documentary Stamp Taxes to be paid by the Company.....</i>	187,500,000.00
<i>SEC Registration fee</i>	8,062,500.00
<i>SEC legal research fee</i>	80,625.00
<i>PDEX Listing Application Fee</i>	300,000.00
<i>Listing and Maintenance Fee</i>	450,000.00
<i>Legal and other professional fees.....</i>	5,500,000.00
<i>Rating Fee.....</i>	5,625,000.00
<i>Printing Cost.....</i>	200,000.00
<i>Trustee Fees.....</i>	300,000.00
<i>Paying Agency and Registry Fees.....</i>	200,000.00
<i>Other expenses.....</i>	950,000.00
Total estimated fees, commissions and expenses	321,668,125.00
Estimated net proceeds.....	24,678,331,875.00

Assuming full exercise of the Oversubscription Option, the Company estimates that the net proceeds from Offer Bonds shall amount to approximately ₱29,617,206,875.00, after deducting the following fees, commissions and expenses:

Particulars	Total (₱)
Estimated proceeds from the Offer (Assuming full exercise of the Oversubscription Option)	30,000,000,000.00
Less: Estimated fees, commissions and expenses	
<i>Gross Underwriting Fees</i>	135,000,000.00
<i>Documentary Stamp Taxes to be paid by the Company.....</i>	225,000,000.00
<i>SEC Registration fee</i>	8,062,500.00
<i>SEC legal research fee</i>	80,625.00
<i>PDEX Listing Application Fee</i>	300,000.00
<i>Listing and Maintenance Fee</i>	450,000.00
<i>Legal and other professional fees.....</i>	5,500,000.00
<i>Rating Fee.....</i>	6,750,000.00
<i>Printing Cost.....</i>	200,000.00

<i>Trustee Fees.....</i>	300,000.00
<i>Paying Agency and Registry Fees.....</i>	200,000.00
<i>Other expenses.....</i>	950,000.00
Total estimated fees, commissions and expenses	382,793,125.00
Estimated net proceeds.....	29,617,206,875.00

Aside from the foregoing one-time costs, SMC Global Power expects the following annual expenses related to the Offer Bonds:

1. The Issuer will be charged by the PDEX for the first annual maintenance fee in advance upon approval of the listing and thereafter, the Issuer will pay PDEX an annual maintenance listing fee amounting to ₱450,000.00 per annum;
2. The Issuer will pay an annual retainer fee to the Trustee amounting to ₱300,000.00 per annum;
3. After the Issue Date, a Paying Agency fee amounting to approximately ₱150,000.00 is payable every Interest Payment Date. The Registrar will charge a monthly maintenance fee based on the face value of the Offer Bonds and number of Bondholders; and
4. The Issuer will pay an annual monitoring fee of ₱500,000.00 to PhilRatings.

The entire proceeds for this Offer will be used for: (i) partial refinancing of existing loan obligations and/or re-denomination of US Dollar denominated obligations of the Company, (ii) investments in power-related assets, and (iii) payment of transaction-related fees, costs and expenses. The said loan obligations and US Dollar denominated obligations were used mainly to finance the following transactions:

- (i) the acquisition of 100% equity interests of AES Phil Investment Pte., Ltd (“**AES Phil**”) and Gen Plus B.V. in Masin-AES Pte. Ltd. (“**MAPL**”), the indirect parent company of Masinloc Power Partners Co. Ltd (“**MPPL**”);
- (ii) the acquisition of 100% equity interest of AES Phil in **AES Transpower Private Ltd.** (“**ATPL**”); and
- (iii) the acquisition of 100% equity interest of AES Phil in AES Philippines Inc. (“**API**”).

In summary, the proceeds of the Offer will be used as follows:

Use of Proceeds	Allocation	Estimated Timing of Disbursement
Partial refinancing of existing loan obligations and/or re-denomination of US Dollar denominated obligations	₱14,310,000,000.00	Within 6 months from Issue Date
Investments in power-related assets	₱15,307,206,875.00	Within 24 months from Issue Date
Payment of transaction-related fees, costs and expenses	₱382,793,125.00	Within 6 months from Issue Date

For a detailed discussion on the foregoing transactions, please refer to the subsection “*2018 Significant Transactions*” under “*Management’s Discussion and Analysis of Results of Operations and Financial Condition*” in this Offer Supplement.

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 of any substantial deviation/adjustment in the planned use of proceeds, the Company shall inform the SEC and the Bondholders in writing at least 30 days before such deviation, adjustment or reallocation is implemented.

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

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

Plan of Distribution

The Offer Bonds shall be the first tranche to be issued under the ₱60,000,000,000.00 Fixed Rate Bonds Shelf Registration Program of SMC Global Power. The Company shall issue the Offer Bonds to institutional and retail investors in the Philippines through a public offering to be conducted through the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners. The Offer does not include an international offering.

Joint Issue Managers and Joint Lead Underwriters and Bookrunners

Pursuant to an Issue Management and Underwriting Agreement with SMC Global Power dated March 29, 2019, BDO Capital, BPI Capital, China Bank Capital, PNB Capital, RCBC Capital and SB Capital (the “**Joint Issue Managers**” or “**Joint Lead Underwriters and Bookrunners**”) as Joint Issue Managers have agreed to distribute and sell the Offer Bonds at the Purchase Price; and as the Joint Lead Underwriters and Bookrunners, subject to the fulfillment of the conditions provided in the Underwriting Agreement, have committed to underwrite the following amounts on a firm basis:

Joint Lead Underwriters and Bookrunners	Underwriting Commitment
BDO Capital & Investment Corporation	₱4,166,666,667.00
BPI Capital Corporation	₱4,166,666,667.00
China Bank Capital Corporation	₱4,166,666,667.00
PNB Capital and Investment Corporation	₱4,166,666,667.00
RCBC Capital Corporation	₱4,166,666,666.00
SB Capital Investment Corporation	₱4,166,666,666.00
Total	₱25,000,000,000.00

As Joint Issue Managers, subject to the terms and conditions of the Issue Management and Underwriting Agreement, the Joint Issue Managers agreed to arrange the issuance, placement, distribution and sale of the Offer Bonds within the Philippines during the Offer Period.

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to SMC Global Power of the net proceeds of the Offer Bonds.

The underwriting fees and any selling fees to be paid by the Issuer in relation to the Offer shall be equivalent to 0.45% of the gross proceeds of the Offer. This shall be inclusive of fees to be paid to the Joint Lead Underwriters and Bookrunners and any commissions to be paid to the Selling Agents.

The Joint Lead Underwriters and Bookrunners have no direct relations with the SMC Global Power in terms of ownership by either of their respective major stockholder/s and have no right to designate or nominate any member of the Board of Directors of SMC Global Power.

The Joint Lead Underwriters and Bookrunners have no contract or other arrangement with SMC Global Power by which it may return to SMC Global Power any unsold Offer Bonds.

For the purpose of complying with their respective commitments under the Underwriting Agreement, each Joint Lead Underwriter and Joint Bookrunner 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 Bookrunners, enter into agreements with co-lead managers and co-managers, and appoint Selling Agents for the sale and distribution to the public of the Offer Bonds; provided, that the Joint Lead Underwriters and Bookrunners shall remain solely responsible to the Issuer in respect of their obligations under the Underwriting Agreement entered into by them with the Issuer, and except as otherwise provided in the Underwriting Agreement, the Issuer shall not be bound by any of the terms and conditions of any agreements entered into by the Joint Lead Underwriters and Bookrunners with the co-lead managers, co-managers, and Selling Agents.

The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners are duly-licensed by the SEC to engage in the underwriting or distribution of the Offer Bonds. The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners may, from time to time, engage in transactions with and perform services in the ordinary course of its business, for SMC Global Power or any of its subsidiaries.

BDO Capital was incorporated in the Philippines in December 1998. It is duly licensed by the SEC to operate as an investment house and was licensed by the SEC to engage in underwriting or distribution of securities to the public. As of 31 December 2017, it had ₱4.2 billion and ₱4.1 billion in consolidated resources and capital, respectively. It has an authorized capital stock of ₱1.1 billion, of which approximately ₱1.0 billion represents its paid-up capital.

BPI Capital offers investment banking services in the areas of financial advisory, mergers and acquisitions, debt and equity underwriting, private placements, project finance and loan syndication. Founded in December of 1994, BPI Capital is duly licensed by the Philippine SEC to engage in the underwriting and distribution of securities. As of 31 December 2017, BPI Capital had total assets of ₱4.6 billion and total equity of ₱3.8 billion. The company operates as a wholly owned subsidiary of the Bank of the Philippine Islands.

China Bank Capital, a subsidiary of China Bank, provides a wide range of investment banking services to clients across different sectors and industries. Its primary business is to help enterprises raise capital by arranging or underwriting debt and equity transactions, such as project financing, loan syndications, bonds and notes issuances, securitizations, initial and follow-on public offerings, and private equity placements. China Bank Capital also advises clients on structuring, valuation, and execution of corporate transactions, including mergers, acquisitions, divestitures, and joint ventures. It was established and licensed as an investment house in 2015 as the spin-off of China Bank's investment banking group, which was organized in 2012.

PNB Capital, an investment house was incorporated on 30 July 1997 and commenced operations on 8 October 1997. It is a wholly-owned subsidiary of the Philippine National Bank. As of 31 December 2017, it had an authorized and paid-up capital of ₱850.0 million. Its principal business is providing investment banking services, namely: debt underwriting (bonds, commercial papers), equity underwriting, private placements, loan syndications and financial advisory services. PNB Capital is authorized to buy and sell for its own account, securities issued by private corporations and the government of the Philippines. As of 31 December 2017, total assets of PNB Capital were at ₱1,481.8 million while total capital was at ₱1,454.5 million.

RCBC Capital is a 99.96%-owned, investment banking subsidiary of Rizal Commercial Banking Corporation. It offers a complete range of investment banking and financial consultancy services which include (i) the underwriting of equity, quasi-equity and debt

securities on a firm or best efforts basis for private placement or public distribution, (ii) the syndication of foreign currency or Peso loan, and (iii) financial advisory services. It has been in existence for 45 years, making it one of the most recognized houses in the Philippine investment banking arena. Throughout its existence, it also has taken lead roles in arranging a number of syndicated loans, project financing and notes issues. The firm is composed of seasoned professionals with over 85 years' experience in investment banking or corporate finance.

SB Capital is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. SB Capital provides a wide range of investment banking services including financial advisory, underwriting of equity and debt securities, project finance, privatizations, mergers and acquisitions, loan syndications and corporate advisory services. SB Capital is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major equity and debt issues, both locally and internationally.

SALE AND DISTRIBUTION

The distribution and sale of the Offer Bonds shall be undertaken by the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners who shall sell and distribute the Offer Bonds to third party buyers/investors. Nothing herein shall limit the rights of the Joint Issue Managers and the Joint Lead Underwriters from purchasing the Offer Bonds for their own respective accounts.

There are no Persons to whom the Offer Bonds are allocated or designated. The Offer Bonds shall be offered to the public at large and without preference.

The obligations of each of the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners will be several, 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. Unless otherwise expressly provided in the Underwriting Agreement, the failure by an Issue Manager and Underwriter to carry out its obligations thereunder shall neither relieve the other Issue Managers and Joint Lead Underwriters of their obligations under the same Underwriting Agreement, nor shall the Issue Manager or Underwriter be responsible for the obligation of another Issue Manager or Underwriter.

OFFER PERIOD

The Offer Period shall commence at 9:00 a.m., Manila time, on April 1, 2019 and end at 5:00 p.m., Manila time, on April 12, 2019 or such other date as may be mutually agreed by the Company and the Joint Issue Managers and the Joint Lead Underwriters and 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 Offer Bonds during the relevant Offer Period by submitting to the Joint Lead Underwriters properly completed Applications to Purchase, together with 2 signature cards, and the full payment of the Purchase Price of the Offer 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 an equivalent officer of the Applicant setting forth resolutions of the board of directors, partners or equivalent body (i) authorizing the purchase of the Offer 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 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) 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) validly issued tax identification number issued by the BIR;
- (e) identification document(s) of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below; and such other documents as may be reasonably required by any of the Joint Lead Underwriters, Selling Agents (if any) or the Registrar in the implementation of its internal policies regarding “know your customer” and anti-money laundering.

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: Passport, Driver’s License, Professional Regulation Commission ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Voter’s ID, Barangay Certification, Government Service Insurance System e- Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman’s Book, Alien Certification of Registration/Immigrant Certificate of Registration, MARINA ID, 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) 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 Joint Lead Underwriters, Selling Agents (if any) or the Registrar in implementation of its internal policies regarding “know your customer” and anti-money laundering.

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 Joint Lead Underwriter and Bookrunner 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:

- (a) for Applicant investors, (1) 3 originals of a duly accomplished valid, current and subsisting Certificate of Residence for Tax Treaty Relief ("**CORTT**") Form or the prescribed certificate of residence of their country together with the CORTT Form as required under BIR Revenue Memorandum Order No. 8-2017 and (2) 3 originals of the Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the CORTT Form and other documents are accomplished by an authorized representative) shall be submitted by the Bondholder to the Issuer upon the submission of the Application to Purchase or no later than the 1st day of the month when the initial interest payment date shall fall due. For subsequent interests due, 3 originals of Part II (D) of the CORTT Form shall be submitted by the Bondholder to the Issuer through the Registrar no later than the 1st day of the month when such subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto.
- (b) For transferee Bondholders, (1) 3 originals of a duly accomplished valid, current and subsisting CORTT Form or the prescribed certificate of residence of their country together with the CORTT Form as required under BIR Revenue Memorandum Order No.8-2017 and (2) 3 originals of the Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the CORTT Form and other documents are accomplished by an authorized representative) shall be submitted by the Bondholder to the Issuer through the Registrar upon the submission of the account opening documents or no later than the 1st day of the month when the first interest payment date shall fall due following the transfer of the Offer Bonds to the said transferee Bondholder. For subsequent interests due, 3 originals of Part II (D) of the CORTT Form shall be submitted by the Bondholder to the Issuer through the Registrar no later than the 1st day of the month when such subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto
- (c) 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 based on his official functions, if the Applicant purchases, or the Bondholder holds, the Offer 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 Offer 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 RPAA; (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 Offer 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 investor 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. In the event that the Issuer is assessed by the relevant taxing authority or other authorities arising from the exemption, reduced withholding tax rate and/or an incorrect or non-withholding of tax due to the above representation of the Bondholder, the Issuer shall pay the said assessed amount to the relevant taxing authority or other authorities and the Bondholder shall immediately reimburse Issuer for any amount/s paid subject to the imposition of interest as may be deemed appropriate by the Issuer; and

- (d) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty relief, shall include a duly accomplished Certificate of Residence for Tax Treaty Relief (CORTT) Form or the prescribed certificate of residence of their country together with the CORTT Form, consularized 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 to support the applicability of a tax treaty relief; 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 (or with reduced rates, as the case may be), subject to the submission by the Bondholder claiming the benefit of any exemption or preferential rate of the required documents and of additional reasonable evidence of such tax-exempt or preferential rate status to the Registrar.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of an initial issuance of Offer Bonds, upon submission of the Application to Purchase to the Joint Lead Underwriters and 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 Offer 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 Bookrunner or Selling Agent (if any). All payments must be made or delivered to the Joint Lead Underwriter and Bookrunner 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 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 Underwriters. Acceptance by the Joint Lead Underwriter and Bookrunner or the Selling Agent (if any) of the completed Application to Purchase shall be subject to the availability of the Offer Bonds and the acceptance by SMC Global Power. 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 OFFER BONDS

If the Offer Bonds are insufficient to satisfy all Applications to Purchase, the available Bonds shall be allotted in accordance with the chronological order of submission of properly completed and appropriately accomplished Applications to Purchase on a first-come, first-served basis, without prejudice and subject to the right of rejection of SMC Global Power and the Joint Lead Underwriters and Bookrunners.

ACCEPTANCE OF APPLICATIONS

SMC Global Power and the Joint Lead Underwriters and Bookrunners reserve the right to accept or reject applications to purchase the Offer Bonds, and in case of oversubscription, allocate the Offer Bonds available to the applicants in a manner they deem appropriate.

REJECTION OF APPLICATIONS

The Joint Lead Underwriters and 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 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 dishonoured upon first presentation; (iii) the Application to Purchase is not received by the Joint Lead Underwriters and Bookrunners or the Selling Agent (if any) on or before the end of the Offer Period; (iv) the number of Offer Bonds subscribed is less than the minimum amount of subscription; (v) the applications do not comply with the terms of the Offer; or (vi) the applications 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 Offer Bonds covered by the applications shall be reduced pro rata.

In the event an Application to Purchase is rejected or the amount of Offer Bonds applied for is scaled down for a particular Applicant, the relevant Joint Lead Underwriter and Bookrunner or the Selling Agent (if any) shall notify the Applicant concerned that his/her application has been rejected or that the amount of Offer Bonds applied for is 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 Bookrunner or the Selling Agent (if any) with whom such Application to Purchase was made.

Refunds shall be made, at the option of each Joint Lead Underwriter and Bookrunner or the Selling Agent (if any), either (i) through the issuance of check(s) payable to the order of the relevant Applicant and crossed "Payee's 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 Payment Account for each series of the Offer Bonds, which shall be operated solely and exclusively by the said Paying Agent in accordance with the RPAA, provided that beneficial ownership of the Payment Accounts 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 the Offer Bonds on the relevant Payment Date. The Paying Agent shall maintain the relevant Payment Account while the relevant series of the Offer Bonds are outstanding, and until 6 months past the relevant Maturity Date or date of Optional Redemption, as applicable. Upon closure of the Payment Accounts, any balance remaining in such 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 due on the relevant series of the Offer Bonds.

UNCLAIMED PAYMENTS

Any payment of interest on, or the principal of the Offer 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 RPAA.

PURCHASE AND CANCELLATION

The Issuer may purchase the Offer 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. Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

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

SECONDARY MARKET

SMC Global Power intends to list the Offer Bonds in the PDEX.

For a more detailed discussion, please refer to the section *"Description of the Offer Bonds – Secondary Trading of the Offer Bonds"*.

REGISTRY OF BONDHOLDERS

The Offer Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing the Series H Bonds, Series I Bonds and Series J Bonds sold in the Offer shall be issued in the name of the Trustee for the benefit of the Bondholders.

Legal title to the Offer Bonds shall be shown in the Registry of Bondholders to be maintained by the Registrar. The names and addresses of the Bondholders and the particulars of the Offer Bonds held by them and all transfers of the Offer Bonds shall be entered into the Registry of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry of Bondholders.

For a more detailed discussion, please refer to the section *“Description of the Offer Bonds – Transfer of the Offer Bonds”*.

PARTIES TO THE OFFER

THE ISSUER

SMC Global Power Holdings Corp.

155 EDSA, Wack-Wack
Mandaluyong City
Philippines

TRUSTEE

Philippine National Bank – Trust Banking Group

Fiduciary Services Division

Philippine National Bank, 3rd Floor, PNB Financial
Center, Pres. Diosdado Macapagal Blvd., Pasay
City 1300
Philippines

REGISTRAR AND PAYING AGENT

Philippine Depository & Trust Corp.

37th Floor, Tower 1, The Enterprise Center
6786 Ayala Avenue corner Paseo de Roxas
Makati City 1226
Philippines

LEGAL ADVISORS

To the Joint Issue Managers, Joint Lead Underwriters and Bookrunners

SyCip Salazar Hernandez & Gatmaitan

SyCipLaw Center
105 Paseo de Roxas
Makati City 1226
Philippines

To the Issuer

Picazo Buyco Tan Fider & Santos

Penthouse, Liberty Center – Picazo Law
104 H.V. dela Costa Street
Salcedo Village, Makati City 1227
Philippines

AUDITORS OF THE ISSUER

R.G. Manabat & Co., a member firm of KPMG

9th Floor, The KPMG Center
6787 Ayala Avenue
Makati City 1226
Philippines

LISTING AGENT

Philippine Dealing & Exchange Corp.

37th Floor, Tower 1, The Enterprise Center
6786 Ayala Avenue corner Paseo de Roxas
Makati City 1226
Philippines