

OFFER SUPPLEMENT TO THE
PROSPECTUS DATED 15 October 2019



ARTHALAND CORPORATION

[ASEAN Green] Bonds:
Offer of up to ₱3,000,000,000
Fixed Rate [ASEAN Green] Bonds
due 2024

with an Interest Rate of [•] per annum

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

Joint Lead Underwriters and Joint Bookrunners



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

This Offer Supplement is dated 15 October 2019

ARTHALAND CORPORATION

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ArthaLand Corporation (“ALCO”, the “Company”, or the “Issuer”), a corporation duly organized and existing under Philippine law, has obtained approval for the shelf registration in the Philippines of up to ₱6,000,000,000.00 fixed rate public debt securities (the “Bonds”).

The Bonds are to be issued in tranches within a period of three (3) years from the effective date of the Registration Statement, subject to applicable regulations (the “Shelf Period”). The specific terms of the Bonds for each tranche will be determined by the Company in consideration of the prevailing market conditions and will be provided in an Offer Supplement to be issued at the time of the offering of the relevant tranche.

On [●], the registration statement filed by the Company covering the Bonds was rendered effective by the Securities and Exchange Commission (“SEC”) in its order, and a certificate of permit to offer securities for sale for the up to ₱3.0 Billion initial tranche of the Bonds (the “Initial Tranche” or the “[ASEAN Green] Bonds”) was issued.

This document constitutes the Offer Supplement relating to the [ASEAN Green] Bonds described herein. Unless defined in this Offer Supplement, terms used herein shall be deemed to be defined as set forth in the Prospectus. This Offer Supplement contains the terms of the Offer and must be read in conjunction with the Prospectus, the Articles of Incorporation and By-Laws of the Company (each as amended to date), the Application to Purchase, the Trust Agreement, and applicable laws and regulations. Full information on the Company and the Offer is available on the basis of the combination of the Offer Supplement, the Prospectus, the Articles of Incorporation and By-Laws of the Company (each as amended to date), the Trust Agreement, the Application to Purchase and applicable laws and regulations. All information contained in the Prospectus are deemed incorporated by reference in the Offer Supplement.

The [ASEAN Green] Bonds to be offered and issued out of the shelf registration (the “Offer”) will consist of up to ₱3,000,000,000.00 Bonds. After the Offer, there will be ₱[3,000,000,000.00] remaining under shelf registration. For purposes of the Offer of the [ASEAN Green] Bonds, the Issuer prepared a Prospectus dated 11 October 2019 (the “Prospectus”) and this Offer Supplement dated 11 October 2019 (the “Offer Supplement”). The [ASEAN Green] Bonds are being issued under the ALCO’s Green Finance Framework which is aligned with the ASEAN Capital Markets Forum’s (ACMF) ASEAN Green Bond Standards 2018. ALCO’s Green Finance Framework is also aligned with the International Capital Market Association’s (ICMA) Green Bond Principles 2018.

The [ASEAN Green] Bonds shall have a term ending five (5) years from the issue date of [●] (the “Issue Date”), or on [●] 2024 (the “Maturity Date”), with a fixed interest rate of [●] per annum and an early redemption option on the 3rd and 4th anniversary of the Issue Date. Interest on the [ASEAN Green Bonds] shall be payable quarterly in arrears on [●], [●], [●], and [●] of each year while the [ASEAN Green] Bonds are outstanding, or the subsequent Banking Day without adjustment if such Interest Payment Date is not a Banking Day. The last Interest Payment Date shall fall on the relevant Maturity Date while the [ASEAN Green] Bonds are outstanding.

The Company estimates that the net proceeds from the Offer shall amount to approximately ₱[2,945,350,461.12], after fees, commissions and expenses. The net proceeds of the Offer shall be used primarily to fund additional investment in ALCO's Eligible Green Project to allow ALCO to retain units to increase its recurring income base, to fund the required investment from ALCO to acquire properties for its Manila Long Term Project which will be an Eligible Green Project and to partially fund scheduled repayments of the ACPT Loan which is an Eligible Green Project under ALCO's Green Finance Framework. For a more detailed discussion on the use of proceeds, see "*Use of Proceeds*" of this Offer Supplement.

The underwriting fees and any selling fees to be paid by the Company in relation to the Offer shall be equivalent to [0.50%] of the gross proceeds of the Offer. This shall be inclusive of underwriting fees to be paid to BDO Capital & Investment Corporation ("BDO Capital") and ING Bank, N.V., Manila Branch ("ING") in their capacity as the joint lead underwriters and joint bookrunners (the "**Joint Lead Underwriters**").

ALCO intends to cause the listing of the [ASEAN Green] Bonds on the Philippine Dealing & Exchange Corporation ("PDEX") for this purpose. However, there can be no assurance that such a listing will actually be achieved either before or after the Issue Date or whether such a listing will materially affect the liquidity of the [ASEAN Green] Bonds on the secondary market. Such listing would be subject to the Company's execution of a listing agreement with PDEX that may require the Company to make certain disclosures, undertakings and payments on an ongoing basis.

ALCO reserves the right to withdraw any offer and sale of the [ASEAN Green] Bonds at any time, and the Joint Lead Underwriters for the [ASEAN Green] Bonds reserve the right to reject any application to purchase the [ASEAN Green] Bonds in whole or in part and to allot to any prospective purchaser less than the full amount of the [ASEAN Green] Bonds sought by such purchaser. If the Offer is withdrawn or discontinued, ALCO shall subsequently notify the SEC and, as applicable, the Philippine Dealing & Exchange Corp. ("PDEX"). The Joint Lead Underwriters, [any participating underwriter, co-manager and selling agent] for any particular offer of the [ASEAN Green] Bonds may acquire for their own account a portion of the [ASEAN Green] Bonds.

All disclosures, reports, and filings of the Company made after the date of the Prospectus (the "**Company Disclosures**") and submitted to the SEC [and/or the PDEX] pursuant to the Revised Corporation Code (the "**Corporation Code of the Philippines**"), the Securities Regulation Code and its implementing regulations 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 www.arthaland.com. 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 incorporated herein by reference.

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 have exercised 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 subsequent to the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date.

Market data and certain industry forecasts used throughout the Prospectus 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, 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 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.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS OFFER SUPPLEMENT (AND THE PRELIMINARY PROSPECTUS) SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

[Signature page follows.]

ARTHALAND CORPORATION

By:

JAIME C. GONZALEZ

President

SUBSCRIBED AND SWORN to before me this [•], 2019 in Taguig City, Philippines affiant exhibiting to me his Passport No. _____ expiring on _____ as competent evidence of identity.

Doc No.

Page No.

Book No.

Series of 2019.

Terms of the Offer

The following discussion does not purport to be a complete listing of all the rights, obligations and privileges of the [ASEAN Green] Bonds. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective Bondholders are enjoined to perform their own independent investigation and analysis of the Issuer and the [ASEAN Green] Bonds. Each prospective Bondholder must rely on its own appraisal of the Issuer and the proposed Offer and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to participate in the proposed debt raising and 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 shareholder's independent evaluation and analysis.

The following discussion should be read together with, and is qualified in its entirety by reference to, the additional information appearing elsewhere in the Prospectus, this Offer Supplement, including, but not limited to, the discussion on the "Description of the [ASEAN Green] Bonds", the Articles of Incorporation and By-Laws of the Company (each as amended to date), the Trust Agreement, the Application to Purchase and applicable laws and regulations. This discussion may not contain all of the information that prospective investors should consider before deciding to invest in the [ASEAN Green] Bonds. Accordingly, any decision by a prospective investor to invest in the [ASEAN Green] Bonds should be based on a consideration of the Prospectus, this Offer Supplement, the Articles of Incorporation and By-Laws of the Company (each as amended to date), the Trust Agreement and the Application to Purchase and applicable laws and regulations as a whole. Should there be any inconsistency between the discussion below and the final documentation, the final documentation shall prevail.

The indicative terms and conditions of this Offer for the [ASEAN Green] Bonds are as follows:

Issuer	ArthaLand Corporation (" ALCO ", the " Company " or the " Issuer ")
Issue Amount	Up to ₱3,000,000,000
Instrument	Fixed rate [ASEAN Green] Bonds registered with the SEC
Registration and Listing	<p>The [ASEAN Green] Bonds will be issued out of the Shelf Registration with the Securities and Exchange Commission ("SEC") pursuant to the Securities Regulation Code and its implementing rules and regulations. The [ASEAN Green] Bonds will be issued following a permit to offer securities for sale by the SEC.</p> <p>The [ASEAN Green] Bonds are intended to be listed for electronic trading and settlement on the PDEX on or about the Issue Date. Trading, Transfer, and/or settlement of the [ASEAN Green] Bonds shall be performed in accordance with the PDEX Rules and the rules and procedures of the Registrar.</p> <p>The [ASEAN Green] Bonds constitutes the initial tranche of the shelf registration.</p>

Issue Date	[•], 2019, or such other date as may be agreed upon by the Issuer, the Joint Lead Underwriters and Joint Bookrunners with advice to PDTC and PDEX. In the event that the original Issue Date is moved to the succeeding Banking Day, the interest accruing for the first Interest Period shall accrue from (and including) such adjusted Issue Date, without adjustment to the Interest Payment Date.
Use of Proceeds	<ul style="list-style-type: none"> • Php1,500,000,000.00 to fund additional equity investment in ALCO's Eligible Green Projects to retain retail and office units that are originally allotted for sale to third party buyers which will serve to increase recurring income base of ALCO. • Php1,140,000,000.00 to fund equity requirement from ALCO to acquire the property for the Manila Long Term Project which will be an Eligible Green Project as described in the Prospectus. • Php305,350,461.12 to partially fund scheduled repayments of the loan that financed ACPT which qualifies as an Eligible Green Project under ALCO's Green Finance Framework.
Form and Denomination of the [ASEAN Green] Bonds	Minimum of ₱50,000.00 face value and in increments of ₱10,000.00 thereafter.
Status of the [ASEAN Green] Bonds	The [ASEAN Green] Bonds constitute direct, unconditional and unsecured Peso-denominated obligations of the Issuer and will rank <i>pari passu</i> and ratably without any preference or priority among themselves and at least <i>pari passu</i> with all other present and future unsecured obligations of the Issuer, other than obligations mandatorily preferred by law.
Issue Price	The [ASEAN Green] Bonds will be issued at 100% of face value.
Maturity Date	[•] or five years after the Issue Date
Interest	Interest on the [ASEAN Green] Bonds shall be calculated on a European 30/360-day count basis and shall be paid quarterly in arrears.
Interest Rate	[•] fixed rate per annum.
Interest Payment Dates	Shall mean [•] for the first Interest Payment Date and [•], [•], [•], and [•] of each year for each subsequent Interest Payment Date at which the [ASEAN Green] Bonds are outstanding, and

	<p>in the event that any of such Interest Payment Dates are not Banking Days, such Interest Payment Dates shall be deemed to be the immediately succeeding Banking Day without any adjustment to the amount due. The last Interest Payment Date shall fall on the Maturity Date, or the immediately succeeding Banking Day if such date is not a Banking Day, without any adjustment to the amount due.</p> <p>A “Banking Day” means a day, except Saturday or Sunday or legal holidays, when banks are open for business in Metro Manila, Philippines during which facilities of the Philippine banking system are open and available for clearing; provided that all other days unless otherwise specified herein shall mean calendar days which shall be construed as successive periods of twenty-four (24) hours each.</p>						
Early Redemption Option	<p>As and if approved by the Board of Directors of ALCO and subject to the requirements of applicable laws and regulations, the Issuer has the right, but not the obligation, to redeem (in whole but not in part) the outstanding [ASEAN Green] Bonds before the Maturity Date on any one of the anniversary dates indicated below (the “Early Redemption Option Dates”), or the immediately succeeding Banking Day if such date is not a Banking Day, in accordance with the following schedule:</p> <table border="1"> <tr> <th>Early Redemption Option Dates</th><th>Redemption Price</th></tr> <tr> <td>On the 3rd year from Issue Date</td><td>101.00%</td></tr> <tr> <td>On the 4th year from Issue Date</td><td>100.50%</td></tr> </table> <p>ALCO may, at its sole option, subject to the requirements of applicable laws and regulations, also redeem the [ASEAN Green] Bonds, in whole but not in part, at any time if a Tax Event has occurred, having given not less than thirty (30) days’ written notice to the Trustee and the SEC prior to the intended date of redemption.</p> <p>Moreover, ALCO may, at its sole option, subject to the requirements of applicable laws and regulations, also redeem the [ASEAN Green] Bonds, in whole but not in part, at any time if a Change in Control Event has occurred, having given not less than thirty (30) days’ written notice to the Trustee and the SEC prior to the intended date of redemption.</p> <p>The redemption due to a Tax Event or a Change in Control Event shall be made by ALCO at [101% plus accrued interest] (the “Redemption Price”), subject to the requirements of Applicable Law, which shall be paid on the date of redemption set out in the notice.</p>	Early Redemption Option Dates	Redemption Price	On the 3 rd year from Issue Date	101.00%	On the 4 th year from Issue Date	100.50%
Early Redemption Option Dates	Redemption Price						
On the 3 rd year from Issue Date	101.00%						
On the 4 th year from Issue Date	100.50%						

Put and Call Options in a Change in Control Event	<p>At any time before the occurrence of Change in Control Event, or on the date of such occurrence, or within fourteen (14) Banking Days from the occurrence of a Change in Control Event, ALCO, acting through its Corporate Secretary or through such other officer as may be authorized by its Board of Directors, shall give written notice to the Trustee, PDTC, PDEx and the SEC of the Change in Control Event, and cause PDTC to notify each [ASEAN Green] Bondholder, which notice shall state (i) that a Change in Control Event has occurred, (ii) if it intends to exercise its Early Redemption Option (as defined below) to redeem in whole but not in part in relation to such a Change in Control Event, or if the Issuer will not exercise its Early Redemption Option, that any [ASEAN Green Bondholder] has the right to require the Issuer to redeem its portion of the [ASEAN Green] Bonds at the Change in Control Redemption Price (as defined below); (iii) the date set by the Issuer for such redemption, which shall be no earlier than 30 days and no later than 60 days from the date such notice is given (the “Change in Control Put Date”), and (iv) the procedures determined by the Issuer, consistent with the Trust Agreement, that a [ASEAN Green] Bondholder must follow in order to have its portion of the [ASEAN Green] Bonds redeemed.</p> <p>If the Issuer has indicated that it will not exercise its Early Redemption Option, each [ASEAN Green] Bondholder shall have the right, at its option, to require the Issuer to repurchase in full (but not in part) such [ASEAN Green] Bondholder’s portion of the outstanding [ASEAN Green] Bonds, at a redemption price equal to 101.00% of the face value of the principal amount of its portion of the [ASEAN Green] Bonds plus accrued interest (the “Change in Control Redemption Price”) on the Change of Control Put Date (as defined above).</p> <p>The Trustee shall not be required to take any steps to ascertain whether a Change in Control Event or any event which could lead to the occurrence of a Change in Control Event has occurred nor be liable to any person for any failure to do so.</p> <p>A change in control event (“Change in Control Event”) shall be deemed to have occurred when:</p>

	<p>(a) CPG Holdings, Inc. (“CPG”) and AO Capital Holdings 1 (“AOCH1”) (or together with any of their respective affiliates) collectively cease to own 51% of the voting capital stock of ALCO and to retain the power to elect a majority of the Board of Directors; or</p> <p>(b) CPG (alone or together with any affiliate) ceases to own at least 31% of the voting capital stock of ALCO; or</p> <p>(c) AOCH1 (alone or together with any affiliate) ceases to own at least 20% of the voting capital stock of ALCO.</p> <p>The term “affiliate” for purposes of the definition of the Change in Control Event, means a corporation (i) at least sixty-seven percent (67%) of the total issued and outstanding voting capital stock is directly or indirectly (computed in the same manner as the grandfather rule), owned by, and (ii) which is controlled by, directly or indirectly, the individuals who, as of Issue Date, are the ultimate owners of CPG or AOCH1, as applicable.</p> <p>For purposes of this definition, “control” means the possession, directly or indirectly, by a person of the power to elect and remove at least a majority of the total number of the board of directors or other governing body of the corporation, or otherwise direct or cause the direction of management and policies of the corporation, whether through ownership of voting securities, contract or otherwise; provided, that a person’s direct ownership of voting securities of over fifty percent (50%) of the issued and outstanding voting capital stock of the corporation is deemed to constitute control of that corporation. “Controlled by” shall have the corresponding meaning.</p>
Tax Event	<p>A tax event (“Tax Event”) shall occur if interest payments or other amounts payable on the [ASEAN Green] Bonds become subject to higher withholding tax or any new tax (including a higher rate of an existing tax) 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 ALCO.</p>
Change in Law or Circumstance	<p>The following events shall be considered as changes in law or circumstances (“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 and the [ASEAN Green] Bonds:</p> <p>(i) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the [ASEAN Green] Bonds shall be modified in a manner</p>

	<p>which, in the reasonable opinion of the Trustee, shall materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld.</p> <p>(ii) Any provision of the Trust Agreement or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that shall become for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents.</p> <p>(iii) Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, canceled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.</p> <p>(iv) The Republic of 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.</p> <p>If any one or more of the events enumerated as a Change of Law or Circumstance shall occur and be continuing for a period of thirty (30) days, the Majority Bondholders, by notice in writing delivered to the Issuer through the Trustee, after the lapse of the said thirty (30) day period, may declare the principal of the [ASEAN Green] Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, without any prepayment penalty, anything contained in the Trust Agreement or in the [ASEAN Green] Bonds to the contrary notwithstanding, subject to the notice requirements under the discussion on <i>"Notice of Default."</i></p>
No Sinking Fund	ALCO has not established, and currently has no plans to establish, a sinking fund for the redemption of the [ASEAN Green] Bonds.

Negative Pledge	The [ASEAN Green] Bonds shall have the benefit of a negative pledge on all existing and future assets of the Issuer, subject to certain permitted liens, as provided under Section [5.2] of the Trust Agreement.
Purchase and Cancellation of the [ASEAN Green] Bonds	The Issuer may at any time purchase any of the [ASEAN Green] Bonds in the open market or by tender or by contract at market price, without any obligation to purchase (and the [ASEAN Green] Bondholders shall not be obliged to sell) [ASEAN Green] Bonds pro-rata from all [ASEAN Green] Bondholders. Any [ASEAN Green] Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the [ASEAN Green] Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.
Taxation	<p>Interest income on the [ASEAN Green] Bonds is subject to a withholding tax at varying rates depending on the type of bondholder. Assuming that the [ASEAN Green] Bonds are issued to twenty or more [ASEAN Green] Bondholders, interest income from the [ASEAN Green] Bonds will be considered as income from a deposit substitute and will subject to final withholding tax at the following rates:</p> <p>(i) 20% if the Bondholder is an individual citizen, a resident alien, or nonresident alien individual engaged in trade or business within the Philippines, domestic corporation or resident foreign corporation;</p> <p>(ii) 25% if the Bondholder is a nonresident alien individual not engaged in trade or business within the Philippines; and</p> <p>(iii) 30% if the Bondholder is a nonresident foreign corporation of the Philippines.</p> <p>A Bondholder that is a non-resident foreign corporation or a non-resident alien not engaged in trade or business in the Philippines that is a resident of a country that has a tax treaty with the Philippines may also claim the preferential rates under the applicable tax treaty.</p> <p>Payment of principal is to be made free and clear of any deductions or withholding for or on account of any taxes or imposed on income. If such taxes or duties are imposed, the</p>

	<p>same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:</p> <p>(a) An investor who is exempt from final withholding tax under the National Internal Revenue Code of 1997, as amended (the "Tax Code"), or is subject to a preferential withholding tax rate under an applicable tax treaty shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance:</p> <p>(i) (A) a copy of the current and valid tax exemption certificate, ruling or opinion issued by the BIR confirming the exemption or preferential rate (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time), as certified by the Corporate Secretary of the [ASEAN Green] Bondholder as being a true copy of the original on file with the [ASEAN Green] Bondholder, which notarized certification indicates that: (x) the exemption certificate is a true copy of the original; (y) the original is in the possession of the Corporate Secretary as the duly authorized custodian of the same; and (z) the Corporate Secretary has personal knowledge based on his official functions of any amendment, revocation, expiration, change or any circumstance affecting said certification's validity;</p> <p>(B) (i) an original of the duly accomplished Certificate of Residence for Tax Treaty Relief ("CORTT") Form as provided under BIR Revenue Memorandum Order No. 08-2017 to claim preferential treaty benefits under an applicable tax treaty; (ii) a duly notarized undertaking (substantially in the prescribed form by ALCO) declaring and warranting that the same Bondholder named in the tax exemption certificate or CORTT Form described in (i)(A) or (i)(B) above, is specifically exempt from the relevant tax or is subject to a preferential tax rate for the relevant tax, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or reduced withholding of the required tax; and</p> <p>(C) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes</p>
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	<p>of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized or apostilled (as the case may be) proof of the [ASEAN Green] Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the [ASEAN Green] Bondholder is not doing business in the Philippines;</p> <p>provided further that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the [ASEAN Green] Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar;</p> <p>(b) Gross Receipts Tax under Section 121 of the Tax Code;</p> <p>(c) Taxes on the overall income of any securities dealer or [ASEAN Green] Bondholder, whether or not subject to withholding; and</p> <p>(d) Value-added Tax ("VAT") under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337 and Republic Act No. 10963.</p> <p>Documentary stamp tax for the primary issue of the [ASEAN Green] Bonds and the execution of the bond agreements, if any, shall be for the Issuer's account.</p>
Title	<p>The beneficial interest to the [ASEAN Green] Bonds shall be shown on and recorded in the Register of Bondholders maintained by the Registrar. A notice confirming the principal amount of the [ASEAN Green] Bonds purchased by each applicant in the Offer shall be issued by the Registrar to all [ASEAN Green] Bondholders following the Issue Date. Upon any assignment, title to the [ASEAN Green] Bonds shall pass by recording the transfer from a transferor to the transferee in the Register of Bondholders maintained by the Registrar. Settlement in respect of such transfer or change of title to the [ASEAN Green] Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant [ASEAN Green] Bondholder.</p>

Transfer of the Bonds	<p>Unless otherwise prohibited under the PDEX Rules, the [ASEAN Green] Bonds are freely transferable across tax categories.</p> <p>All transfers of the [ASEAN Green] Bonds shall be traded or coursed through a PDEX Trading Participant, in accordance with the PDEX rules. All trading in the secondary market should be in denominations of ₱10,000.00. The denominations for trading the Bonds on PDEX will be subject to the PDEX Rules.</p> <p>As a condition precedent for any transfer of the [ASEAN Green] Bonds, the transferee [ASEAN Green] Bondholder must present to the Registrar, and in such forms as prescribed by the Registrar: (i) the Registry Confirmations of both the transferor and the transferee (if any); (ii) the Trade-Related Transfer Form or Non-Trade Related Transfer Form; (iii) the Investor Registration Form; (iv) Tax Exempt/Treaty Documents, if applicable; (v) written consent of the transferee [ASEAN Green] Bondholder to be bound by the terms of the [ASEAN Green] Bonds and the Registry Rules, in the form agreed upon between the Issuer and the Registrar; and (vi) such other documents as may be reasonably required by the Registrar.</p> <p>A service charge shall be imposed for any registration of transfer of the [ASEAN Green] Bonds, and the Registrar may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any Transfer of the [ASEAN Green] Bonds, each for the account of the [ASEAN Green] Bondholder requesting the registration of transfer of the [ASEAN Green] Bonds.</p> <p>Subject to applicable law, PDEX rules and regulations, normal selling restrictions for listed securities as may prevail in the Philippines from time to time, and payment by the relevant [ASEAN Green] Bondholder of the proper fees, if any, to PDEX and/or the Registrar, a transfer of bonds may generally be done at any time.</p>
Other Terms and Conditions	Please refer to page [●] of this Offer Supplement for additional features, rights and privileges of, and information on, the [ASEAN Green] Bonds.
Governing Law	The [ASEAN Green] Bonds will be issued pursuant to the laws of the Republic of the Philippines.
Eligible Bondholders	In general, the [ASEAN Green] Bonds may be issued or transferred to any person of legal age, regardless of

	<p>nationality or residency, any corporation, association, partnership, trust account, fund or entity, regardless of place of incorporation or domicile, except, in each case, to Prohibited Bondholders.</p> <p>“Prohibited Bondholders” means:</p> <p>(1) the Issuer or any related party over which the Issuer exercises control or significant influence including subsidiaries and affiliates of the Issuer, as well as the subsidiaries and affiliates of the Issuer’s subsidiaries and affiliates, and the wholly- or majority-owned or -controlled entities of such subsidiaries and affiliates except for its trust departments or related trust entities, pursuant to BSP Circular No. 1010, except where the Issuer purchases and cancels the Bonds in the open market in accordance with the terms and conditions set out herein; or</p> <p>(2) such persons who are otherwise not qualified under the applicable law or regulations including any other person whose acquisition, holding or Transfer of the Bonds would violate any applicable law or regulation, including but not limited to the rules of the PDEX, BSP, AMLC, or other government regulation in any relevant jurisdiction; or</p> <p>(3) persons classified as U.S. Persons under the Foreign Account Tax Compliance Act of the United States, as this may be amended from time to time (“FATCA”), which include: (a) a U.S. citizen (including a dual citizen who may have another citizenship besides having a U.S citizenship); (b) a U.S. resident alien for tax purposes, which includes a person who has substantial presence in the U.S. (“substantial presence” is defined as more than 31 days in the current calendar year or a total of 183 days over the previous three years from the current tax year); (c) a U.S. partnership, U.S. corporation, or U.S. entity; (d) a U.S. estate; (e) a U.S. trust if a court within the United States is able to exercise primary supervision over the administration of the trust, or one or more U.S. persons have the authority to control all substantial decisions of the trust; or (f) any other person that is not a non-US person under the FATCA</p>
Issue Rating	The [ASEAN Green] Bonds are rated [●] by Philippine Rating Services Corporation.
Green Finance Framework Second Party Opinion Provider	Vigeo Eiris

Joint Lead Underwriters and Joint Bookrunners	BDO Capital & Investment Corporation ING Bank N.V., Manila Branch
Trustee	[•]
Registrar and Paying Agent	Philippine Depository and Trust Corporation
Counsel to the Issuer	SyCip Salazar Hernandez & Gatmaitan
Counsel to the Joint Lead Underwriters and Joint Bookrunners	Romulo Mabanta Buenaventura Sayoc & de los Angeles

Shelf Registration

On 14 October 2019, the Board of Directors of the Company approved for the shelf registration (the “**Shelf Registration**”) in the Philippines of up to P6,000,000,000.00 fixed rate public debt securities (the “**Bonds**”) to be issued within a period of three (3) years from the date of the effectivity of the Registration Statement (the “**Shelf Period**”). Also on 14 October 2019, the Board of Directors authorized the offer and sale of the [ASEAN Green] Bonds in the amount of up to ₱3,000,000,000 (the “**Offer**”). [On [•], the Board of Directors approved the terms and conditions of the offer of the [ASEAN Green] Bonds.

Issuance in Tranches

After the close of the Offer and within three (3) years following the effectivity date of the Registration Statement, ALCO may, at its sole discretion, offer any or all of the remaining balance of the aggregate principal amount of Bonds covered by such registration statement, in one or more subsequent tranches under Rule 8.1.2 of the Implementing Rules and Regulations of the Securities Regulation Code. Such a shelf registration provides ALCO with the ability to conduct such an offering within a comparatively short period of time. ALCO believes that this provides it with the increased ability to take advantage of opportunities in a volatile debt capital market, as these occur. Any subsequent offering under such rule requires the submission by ALCO of the relevant updates and amendments to the registration statement and the issuance of the corresponding SEC Permit by the SEC. As a listed company, ALCO regularly disseminates such updates and information in its disclosures to the SEC and PSE.

At any time, which may include periods shortly following the completion of the Offer, ALCO may initiate subsequent offers of other Bonds in various tranches from the balance of the aggregate principal amount of Bonds that will remain unissued from the Shelf Registration. Such subsequent offers may be conducted on different terms and tenors involving different issue managers, underwriters or other transaction parties. ALCO regularly considers prevailing market conditions and opportunities in relation to such offers that are permitted within the three (3) year effectivity of the Shelf Registration.

However, there can be no assurance in respect of: (i) whether ALCO would issue any such Bonds at all; (ii) the size or timing of any individual issuance or the total issuance of such Bonds; or (iii) the tenor, interest rate or other specific terms and conditions of any such issuance. Any decision by ALCO to offer such Bonds will depend on a number of factors at the relevant time, many of which are not within ALCO’s control, including but not limited to: prevailing interest rates, the financing requirements of ALCO’s business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

The Underwriters of the [ASEAN Green] Bonds Offer

BDO Capital and ING, pursuant to an Underwriting Agreement with ALCO dated [•], 2019 (the “**Underwriting Agreement**”), have agreed to act as the Joint Lead Underwriters for the Offer and as such, distribute and sell the [ASEAN Green] Bonds at the Issue Price, and have also committed to underwrite in total up to ₱3,000,000,000 of the Offer on a firm basis, in either case subject to the satisfaction of certain conditions and in consideration for certain fees and expenses.

For the Offer of [ASEAN Green] Bonds, the Joint Lead Underwriters and Joint Bookrunners will receive a fee of [0.50%] on the principal amount of the [ASEAN Green] Bonds issued. Such fee shall be inclusive of underwriting and participation commissions. The amount of the commitments of the Joint Lead Underwriters are as follows:

Underwriter	Commitment
BDO Capital	₱1,500,000,000.00
ING	₱1,500,000,000.00
Total	₱3,000,000,000.00

There is no arrangement for the Joint Lead Underwriters to return any unsold [ASEAN Green] Bonds to ALCO. The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to ALCO of the net proceeds of the [ASEAN Green] Bonds.

The [Joint Lead Underwriters] are duly licensed by the SEC to engage in underwriting or distribution of the [ASEAN Green] Bonds. The Joint Lead Underwriters may, from time to time, engage in transactions with and perform services in the ordinary course of its business for ALCO. The [Joint Lead Underwriters] have no direct relations with ALCO in terms of ownership by either of their respective major stockholder/s.

Sale and distribution

The distribution and sale of the [ASEAN Green] Bonds shall be undertaken by the Joint Lead Underwriters who shall sell and distribute the [ASEAN Green] Bonds to third party buyers/investors. Nothing herein shall limit the rights of the Joint Lead Underwriters from purchasing the [ASEAN Green] Bonds for their own respective accounts should there be any unsold [ASEAN Green] Bonds after the Offer Period.

Offer Period

The Offer Period shall commence at 9:00 a.m. on [•] and end at 5:00 p.m. on [•] or on such other date as the Issuer and Joint Lead Underwriters may agree upon.

Application to purchase

Applicants may purchase the [ASEAN Green] Bonds during the Offer Period by submitting to the Joint Lead Underwriters properly completed Applications to Purchase, together with two signature cards, and the full payment of the purchase price of the [ASEAN Green] Bonds in the manner provided therein. Corporate and institutional applicants must also submit, in addition to the foregoing, a copy of their SEC Certificate of Registration, Articles of Incorporation and By-Laws (as amended to date), and the appropriate authorization by their respective boards of directors and/or committees or bodies authorizing the purchase of the [ASEAN Green] Bonds and designating the authorized signatory(ies) thereof. Individual applicants must also submit, in addition to the foregoing, a photocopy of any one of the following identification cards (ID): passport, driver's license, postal ID, company ID, SSS/GSIS ID and/or Senior Citizen's ID.

Completed Applications to Purchase and corresponding payments must reach the Joint Lead Underwriters prior to the end of the Offer Period, or such earlier date as may be specified by the Joint Lead Underwriters. Acceptance by the Joint Lead Underwriters of the completed Application to Purchase shall be subject to the availability of the [ASEAN Green] Bonds and the acceptance by ALCO. In the event that any check payment is returned by the drawee bank for any reason whatsoever, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase is deemed revoked.

Tax-Exempt Status or Entitlement to Preferential Tax Rate

An investor who is exempt from or is not subject to 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) a copy of the current and valid tax exemption certificate, ruling or opinion issued by the BIR confirming the exemption or preferential rate (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time), as certified by the Corporate Secretary of the [ASEAN Green] Bondholder as being a true copy of the original on file with the [ASEAN Green] Bondholder, which notarized certification indicates that: (x) the exemption certificate is a true copy of the original; (y) the original is in the possession of the Corporate Secretary as the duly authorized custodian of the same; and (z) the Corporate Secretary has personal knowledge based on his official functions of any amendment, revocation, expiration, change or any circumstance affecting said certification's validity;
- (b) if claiming under a tax treaty, (i) an original of the duly accomplished Certificate of Residence for Tax Treaty Relief ("CORTT") Form as provided under BIR Revenue Memorandum Order No. 08-2017 to claim preferential treaty benefits under an applicable tax treaty; (ii) a duly notarized undertaking (substantially in the prescribed form by ALCO) declaring and warranting that the same Bondholder named in the tax exemption certificate or CORTT Form described in (i)(A) or (i)(B) above, is specifically exempt from the relevant tax or is subject to a preferential tax rate for the relevant tax, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or reduced withholding of the required tax; and
- (c) 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 withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized or apostilled (as the case may be) proof of the [ASEAN Green] Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the [ASEAN Green] Bondholder is not doing business in the Philippines;

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.

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 [ASEAN Green] Bonds

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

Refunds

If any application is rejected or accepted in part only, the application money or the appropriate portion thereof shall be returned without interest to such applicant through the Joint Lead Underwriters from whom such application to purchase the [ASEAN Green] Bonds was made.

Unclaimed Payments

Any payment of interest on, or the principal of the [ASEAN Green] 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.

Purchase and Cancellation

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

Secondary Market

ALCO intends to list the [ASEAN Green] Bonds in the PDEX. ALCO may purchase the [ASEAN Green] Bonds at any time in the PDEX trading system without any obligation to make pro-rata purchases of [ASEAN Green] Bonds from all Bondholders.

Registry of Bondholders

The [ASEAN Green] Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing the [ASEAN Green] Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Bondholders.

Beneficial title to the [ASEAN Green] Bonds shall be shown in the Register of Bondholders to be maintained by the designated registrar for the [ASEAN Green] Bonds. Initial placement of the [ASEAN Green] Bonds and subsequent transfers of interests in the [ASEAN Green] Bonds shall be subject to

applicable Philippine selling restrictions prevailing from time to time. The Issuer will cause the Register of Bondholders to be kept at the specified office of the Registrar. The names and addresses of the Bondholders and the particulars of the [ASEAN Green] Bonds held by them and of all transfers of [ASEAN Green] Bonds shall be entered in the Register of Bondholders.

Description of the [ASEAN Green] Bonds

Set forth below are additional information relating the [ASEAN Green] Bonds. The following discussion should be read together with, and is qualified in its entirety by reference to, the additional information appearing elsewhere in the Prospectus, this Offer Supplement, including, but not limited to, the discussion on the “Terms of the Offer”, the Articles of Incorporation and By-Laws of the Company (each as amended to date), the Trust Agreement, and applicable laws and regulations.

This description of the terms and conditions of the [ASEAN Green] Bonds set forth herein does not purport to be complete and is qualified in its entirety by reference to the agreements relating to the [ASEAN Green] Bonds, copies of which are available for inspection at the offices of the Trustee. The terms and conditions set out in this section will, subject to amendment, be set out in the Trust Agreement between the Issuer and the Trustee.

The issuance of up to ₱6,000,000,000.00 aggregate principal amount of debt and other securities as provided by applicable SEC and regulations effective at the time of issuance (the “Bonds”) to be issued in one or more tranches (each, a “Tranche”) was authorized by a resolution of the Board of Directors of ALCO dated 14 October 2019. A registration statement filed by the Company covering the Securities Program was rendered effective by the SEC by its order dated [•] 2019 (the “Shelf Registration”). Pursuant to the Order of effectivity of registration and SEC Permit to Sell [to be] issued by the SEC, the first issuance of the Bond Program, which will be in the form of the [ASEAN Green] Bonds, will be issued with an aggregate principal amount of up to ₱3,000,000,000.00.

The [ASEAN Green] Bonds are constituted by a Trust Agreement executed on [•], 2019 (the “Trust Agreement”) between the Issuer and the Trustee (which term shall, wherever the context permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Agreement). The description of the terms and conditions of the [ASEAN Green] Bonds set out below (“Terms and Conditions”) includes summaries of, and is subject to, the detailed provisions of the Trust Agreement and the Registry and Paying Agency Agreement executed on [•], 2019 (the “Registry and Paying Agency Agreement”) between the Issuer, and the Registrar and Paying Agent.

PDTC has no interest in or relation to ALCO which may conflict with its roles as Registrar and Paying Agent for the Offer. [•] has no interest in or relation to ALCO which may conflict with its role as Trustee for the Offer.

Copies of the Trust Agreement and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee and the Registrar. The holders of the [ASEAN Green] Bonds (the “Bondholders”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Agreement and are deemed to have notice of those provisions of the Registry and Paying Agency Agreement applicable to them.

1. Form, Denomination and Title

(a) Form and Denomination

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

(b) Title

The beneficial interest to the [ASEAN Green] Bonds shall be shown on and recorded in the Register of Bondholders maintained by the Registrar. A notice confirming the principal amount of the [ASEAN Green] Bonds purchased by each applicant in the Offering shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the [ASEAN Green] Bonds shall pass by recording the transfer from a transferor to the transferee in the Register of Bondholders maintained by the Registrar. Settlement in respect of such transfer or change of title to the [ASEAN Green] Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder.

(c) [ASEAN Green] Bond Rating

[The [ASEAN Green] Bonds have been rated [•] with a Stable Outlook by Philippine Rating Services Corporation (“PhilRatings”) on October [•], 2019.] Obligations rated [•] are [•]. In coming up with the rating, PhilRatings considered the following factors: [•].

PhilRatings’ credit ratings are based on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments relating to ALCO and may change the ratings at any time, should circumstances warrant a change. The rating is subject to annual review, or more frequently as market developments may dictate, for as long as the relevant [ASEAN Green] Bonds are outstanding. After Issue Date, the Trustee shall monitor the compliance of the [ASEAN Green] Bonds with the regular annual reviews.

2. Transfer of the [ASEAN Green] Bonds

(a) Register of Bondholders

The Issuer shall cause the Register of Bondholders to be kept by the Registrar, in electronic form. The names and addresses of the Bondholders and the particulars of the [ASEAN Green] Bonds held by them and of all transfers of [ASEAN Green] Bonds shall be entered into the Register of Bondholders. As required by Circular No. 428-04 issued by the *Bangko Sentral ng Pilipinas*, the Registrar shall send each Bondholder a written statement of registry holdings at least quarterly (at the cost of the Issuer) and a written advice confirming every receipt or transfer of the [ASEAN Green] Bonds that is effected in the Registrar’s system (at the cost of the Issuer). 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 transfers of the [ASEAN Green] Bonds may be made during the period commencing on a Record Date as defined in the section on *"Interest Payment Date."*

(b) Transfers; Tax Status

Transfers across Tax Categories shall not be allowed except on Interest Payment Dates that fall on a Banking Day, provided however that transfers from a tax-exempt category to a taxable tax category on a non-Interest Payment Date shall be allowed using the applicable tax-withheld series name on PDEX, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt entity shall be treated as being of the same Tax Category as its taxable counterpart for the interest period within which such transfer occurred. For purposes hereof, "Tax Categories" refer to the four (4) final withholding tax categories covering, particularly, tax-exempt entities, 20% tax-withheld entities, 25% tax-withheld entities, and 30% tax-withheld entities. This restriction shall be in force until a non-restricted trading & settlement environment for corporate securities is implemented. Transfers taking place in the Register of Bondholders after the [ASEAN Green] Bonds are listed in 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 allowed under and are in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC. Transfers to or from Bondholders claiming the benefit of any tax treaty which subjects the interest income to a final withholding tax rate other than the final withholding tax categories indicated above shall only be allowed on Interest Payment Dates that fall on a Banking Day.

A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified under Registry and Paying Agency Agreement upon submission of Account Opening Documents to the Registrar.

(c) Registrar

For transfers and record updates, notices and communication with the Registrar may be made thru the following:

Philippine Depository & Trust Corporation
29th Floor BDO Equitable Tower
Paseo de Roxas, Makati City, Metro Manila
Telephone no: (632) 884-4425
Fax no: (632) 757-6025
E-mail: baby_delacruz@pds.com.ph
Attention: Josephine Dela Cruz, Associate Director

(d) Secondary Trading of the [ASEAN Green] Bonds

The Issuer intends to list the [ASEAN Green] Bonds in PDEX for secondary market trading. The [ASEAN Green] Bonds will be traded in a minimum board lot size of ₱10,000.00 as a minimum, and in multiples of ₱10,000.00 in excess thereof for as long as any of the [ASEAN Green] Bonds are listed on PDEX. Secondary market trading in PDEX shall follow the applicable PDEX 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.

3. Ranking

The [ASEAN Green] Bonds constitute direct, unconditional, and unsecured Peso-denominated obligations of the Issuer and shall rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, other than obligations preferred by the law.

4. Interest

(a) Interest Payment Dates

The [ASEAN Green] Bonds bear interest on its principal amount from and including Issue Date at the fixed rate of [•], payable quarterly in arrears on [•], [•], [•], and [•] of each year while the [ASEAN Green] Bonds are outstanding (each of which, for purposes of this section is an “Interest Payment Date”) commencing on [•], 2020. In the event that any of such Interest Payment Dates are not Banking Days, such Interest Payment Dates shall be deemed to be the immediately succeeding Banking Day without any adjustment to the amount due. The last Interest Payment Date shall fall on the Maturity Date, or the immediately succeeding Banking Day if such date is not a Banking Day, without any adjustment to the amount due.

The cut-off date in determining the existing Bondholders entitled to receive interest or principal amount due shall be the day two (2) Banking Days prior to the relevant Interest Payment Date (the “Record Date”), which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal or any other amount due under the [ASEAN Green] Bonds. No transfers of the [ASEAN Green] Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

(b) Interest Accrual

Each [ASEAN Green] Bond shall cease to bear interest, net of applicable withholding taxes, from and including the relevant Maturity Date, as defined in the discussion on “*Final Redemption*”, unless, upon due presentation, payment of the principal in respect of the [ASEAN Green] Bond then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see “*Penalty Interest*”) shall apply.

(c) Determination of Interest Amount

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

5. Early Redemption Option

(a) Early Redemption Option

The Issuer has the right, but not the obligation, to redeem (in whole but not in part) the outstanding [ASEAN Green] Bonds before the Maturity Date on any one of the anniversary dates indicated below (the “Early Redemption Option Dates”), or the immediately succeeding Banking Day if such date is not a Banking Day, in accordance with the following schedule:

Early Redemption Option Date	Redemption Option Price
On the 3 rd year from Issue Date	101.00%
On the 4 th year from Issue Date	100.50%

The amount payable to the Bondholders in respect of any such redemption shall be calculated as the sum of (i) the Early Redemption Option Price applied to the principal amount of the then outstanding [ASEAN Green] Bonds being redeemed and (ii) all accrued interest on the [ASEAN Green] Bonds as of the Early Redemption Option Date.

(b) Exercise of Early Redemption Option

Should the Issuer elect to exercise an Early Redemption Option, it shall do so by delivery of an original and three (3) copies of a notice of such exercise to the Trustee, submitted during business hours on a date no earlier than sixty (60) days and no later than thirty (30) days prior to the intended date of redemption.

Upon receipt of an Early Redemption Option notice fully complying with these Terms and Conditions, the Trustee shall transmit the same notice to the Bondholders.

Notwithstanding anything to the contrary, in the event the Issuer has notified the Trustee that it will exercise the Early Redemption Option, any interest payment due on the Interest Payment Date immediately preceding the Early Redemption Option Date shall be paid on such Early Redemption Option Date.

6. Redemption and Purchase

(a) Final Redemption

Unless previously purchased and cancelled, the [ASEAN Green] Bonds shall be redeemed at par or 100% of face value on the relevant Maturity Date. However, payment of all amounts due on such date may be made by the Issuer through the Paying Agent, without adjustment

to the amount of interest to be paid, on the immediately succeeding Banking Day if the Maturity Date is not a Banking Day.

(b) Redemption for Change in Control Event and Tax Event

ALCO may, at its sole option, subject to the requirements of applicable laws and regulations, also redeem the [ASEAN Green] Bonds, in whole but not in part, at any time if a Tax Event has occurred, having given not less than thirty (30) days' written notice to the Trustee and the SEC prior to the intended date of redemption.

Moreover, ALCO may, at its sole option, subject to the requirements of applicable laws and regulations, also redeem the [ASEAN Green] Bonds, in whole but not in part, at any time if a Change in Control Event has occurred, having given not less than thirty (30) days' written notice to the Trustee and the SEC prior to the intended date of redemption.

The redemption due to a Tax Event or a Change in Control Event shall be made by ALCO at [101% plus accrued interest] (the "**Redemption Price**"), subject to the requirements of Applicable Law, which shall be paid on the date of redemption set out in the notice.

Change in Control Event

At any time before the occurrence of Change in Control Event, or on the date of such occurrence, or within fourteen (14) Banking Days from the occurrence of a Change in Control Event, ALCO, acting through its Corporate Secretary or through such other officer as may be authorized by its Board of Directors, shall give written notice to the Trustee, PDTC, PDEX and the SEC of the Change in Control Event, and cause PDTC to notify each [ASEAN Green] Bondholder, which notice shall state (i) that a Change in Control Event has occurred, (ii) if it intends to exercise its Early Redemption Option (as defined below) to redeem in whole but not in part in relation to such a Change in Control Event, or if the Issuer will not exercise its Early Redemption Option, that any [ASEAN Green] Bondholder has the right to require the Issuer to redeem its portion of the [ASEAN Green] Bonds at the Change in Control Redemption Price (as defined below); (iii) the date set by the Issuer for such redemption, which shall be no earlier than 30 days and no later than 60 days from the date such notice is given (the "Change in Control Put Date"), and (iv) the procedures determined by the Issuer, consistent with the Trust Agreement, that a [ASEAN Green] Bondholder must follow in order to have its portion of the [ASEAN Green] Bonds redeemed.

If the Issuer has indicated that it will not exercise its Early Redemption Option, each [ASEAN Green] Bondholder shall have the right, at its option, to require the Issuer to repurchase in full (but not in part) such [ASEAN Green] Bondholder's portion of the outstanding [ASEAN Green] Bonds, at a redemption price equal to 101.00% of the face value of the principal amount of its portion of the [ASEAN Green] Bonds plus accrued interest (the "Change in Control Redemption Price") on the Change of Control Put Date (as defined above).

The Trustee shall not be required to take any steps to ascertain whether a Change in Control Event or any event which could lead to the occurrence of a Change in Control Event has occurred nor be liable to any person for any failure to do so.

A change in control event ("Change in Control Event") shall be deemed to have occurred when:

- (a) CPG Holdings, Inc. ("CPG") and AO Capital Holdings 1 ("AOCH1") (or together with any of their respective affiliates) collectively cease to own 51% of the voting capital stock of ALCO and to retain the power to elect a majority of the Board of Directors; or
- (b) CPG (alone or together with any affiliate) ceases to own at least 31% of the voting capital stock of ALCO; or
- (c) AOCH1 (alone or together with any affiliate) ceases to own at least 20% of the voting capital stock of ALCO.

The term "affiliate" for purposes of the definition of the Change in Control Event, means a corporation (i) at least sixty-seven percent (67%) of the total issued and outstanding voting capital stock is directly or indirectly (computed in the same manner as the grandfather rule), owned by, and (ii) which is controlled by, directly or indirectly, the individuals who, as of Issue Date, are the ultimate owners of CPG or AOCH1, as applicable.

For purposes of this definition, "control" means the possession, directly or indirectly, by a person of the power to elect and remove at least a majority of the total number of the board of directors or other governing body of the corporation, or otherwise direct or cause the direction of management and policies of the corporation, whether through ownership of voting securities, contract or otherwise; provided, that a person's direct ownership of voting securities of over fifty percent (50%) of the issued and outstanding voting capital stock of the corporation is deemed to constitute control of that corporation. "Controlled by" shall have the corresponding meaning.

Tax Event

A tax event ("**Tax Event**") shall occur if interest payments or other amounts payable on the [ASEAN Green] Bonds become subject to higher withholding tax or any new tax (including a higher rate of an existing tax) 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 ALCO.

(d) Change in Law or Circumstance

The following events shall be considered as changes in law or circumstances ("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 and the [ASEAN Green] Bonds:

- (i) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to

comply with its obligations under the Trust Agreement or the [ASEAN Green] Bonds shall be modified in a manner which, in the reasonable opinion of the Trustee, shall materially and adversely affect the ability of the Issuer to comply with such obligations, or shall be withdrawn or withheld.

- (ii) Any provision of the Trust Agreement or any of the related documents is or shall become, for any reason, invalid, illegal or unenforceable to the extent that shall become for any reason unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents.
- (iii) Any concessions, permits, rights, franchise or privileges required for the conduct of the business and operations of the Issuer shall be revoked, canceled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer.
- (iv) The Republic of 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.

If any one or more of the events enumerated as a Change of Law or Circumstance shall occur and be continuing for a period of thirty (30) days, the Majority Bondholders, by notice in writing delivered to the Issuer through the Trustee, after the lapse of the said thirty (30) day period, may declare the principal of the [ASEAN Green] Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, without any prepayment penalty, anything contained in the Trust Agreement or in the [ASEAN Green] Bonds to the contrary notwithstanding, subject to the notice requirements under the discussion on *"Notice of Default."*

(e) Purchase and Cancellation

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

7. Payments

The principal of, interest on and all other amounts payable on the [ASEAN Green] Bonds shall be paid to the Bondholders by crediting of the cash settlement accounts designated by each of the Bondholders. The principal of, and interest on, the [ASEAN Green] Bonds shall be payable in Philippine Pesos.

The Issuer shall ensure that so long as any of the [ASEAN Green] Bonds remains outstanding, there shall at all times be a Paying Agent for the purposes of the [ASEAN Green] Bonds and the Issuer or the Paying Agent may only terminate the appointment of the Paying Agent as provided in the Registry and Paying Agency Agreement. In the event the appointed office of any institution shall be unable or unwilling to continue to act as the Paying Agent, the Issuer shall appoint the Makati City office of such other leading institution in the Philippines authorized to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

8. Payment of Additional Amounts; Taxation

Interest income on the [ASEAN Green] 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 Republic of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:

- (a) The applicable final withholding tax applicable on interest earned on the [ASEAN Green] Bonds prescribed under the National Internal Revenue Code of 1997, as amended and its implementing rules and regulations promulgated by the BIR as may be in effect from time to time (the "Tax Code").
- (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; and
- (d) Value-added Tax (“VAT”) under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337 and Republic Act No. 10963.

Documentary stamp tax for the primary issue of the [ASEAN Green] Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer’s account.

9. Financial Ratio Covenants

The Issuer shall maintain the following financial ratios, with testing to be done on a [semi-annual] basis, for as long as any of the [ASEAN Green] Bonds remain outstanding:

- (a) a Debt-to-Equity Ratio of not more than 2:1, which is calculated (on a consolidated basis of ALCO and its subsidiaries) as total outstanding interest-bearing loans over the total equity; and
- (b) a Current Ratio of not less than 1.5:1, which is calculated (on a consolidated basis of ALCO and subsidiaries) as total current assets over total current liabilities

Testing of both financial covenants shall be done, using the indicated financial statements, on [April 30] of each year, using the December 31 audited consolidated financial statements of ALCO and subsidiaries.

10. Negative Pledge

The Issuer will not, and shall procure that none of its Subsidiaries shall, without the consent of the Majority Bondholders, (i) create, assume, incur or suffer to exist any Lien upon any of its properties or assets; and (ii) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by the Issuer or any of its Subsidiaries in each case, where the arrangement or transaction is entered into primarily as method of raising Debt or of financing acquisitions of an asset, provided that the foregoing restrictions shall not apply to any Permitted Liens.

The term “Permitted Liens” shall mean:

- (a) any Lien over any asset, including, but not limited to assets purchased, leased, or developed in the ordinary course of business, to secure: (v) payment of the purchase or acquisition price, or cost of leasehold rights, of such asset or another asset; or (w) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business, or for the construction of new projects in the ordinary course of business; [(x) financing for general corporate purpose where such financing is secured by security interest over contracts to sell]; or (y) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset; or (z) the normal rediscounting of receivable activities of the Issuer made in the ordinary course of business;

- (b) Liens or charges for current taxes, assessments, or other governmental charges which are not delinquent or remain payable, without any penalty, or the validity of which is contested in good faith by appropriate proceedings, and adequate reserves have been provided for payment thereof;
- (c) any Lien to secure, in the normal course of the business of the Issuer or its affiliates: (x) statutory or regulatory obligations; or (y) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases;
- (d) any Lien to secure, in relation to a pending judicial, administrative, or arbitral proceeding, the Issuer or its affiliates' (x) surety or appeal bonds; or (y) bonds for release of attachment, stay of execution or injunction;
- (e) any Lien constituted for the purpose of guaranteeing an affiliate's obligation in connection with any contract or agreement that has been assigned to such affiliate by the Issuer;
- (f) any Lien constituted for the purpose of guaranteeing an obligation in connection with any contract or agreement of sale of any asset by the Issuer, provided that the Lien is removed or discharged within twelve (12) months of the date of the sale of the asset;
- (g) any Lien created over (x) deposits made by the Issuer with the proceeds of any loan facility made to it by any bank or financial institution denominated in a currency other than Philippine Pesos ("foreign currency"); or (y) financial instruments denominated in foreign currency owned by the Issuer, in each case solely for the purposes of raising an equivalent amount of Peso denominated indebtedness;
- (h) any Lien on the properties and assets of the Issuer: (x) imposed by Applicable Law, such as carriers' Liens, warehousemen's Liens, mechanics' Liens, unpaid vendors' Liens, and other similar Liens arising in the ordinary course of business; (y) arising out of pledges or deposits under workmen's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits or similar legislation, or retirement benefit plans of the Issuer; or (z) arising out of the set-off provision on other agreements of the Issuer relating to Indebtedness;
- (i) any Lien in favor of banks, insurance companies, other financial institutions, and Philippine government agencies, departments, authorities, corporations of other juridical entities which secure a preferential financing obtained by the Issuer under a governmental program and the aggregate principal amount of such preferential financing does not exceed Thirty-Five percent (35%) of the Issuer's total assets;
- (j) any Lien over its cash deposits, short-term cash investments, and marketable investment securities in favor of banks and other financial institutions, which secure (i) any borrowed money in connection with a Treasury Transaction in the ordinary course of business of Issuer, provided that the aggregate amount of security does not at any time exceed United States Dollars: Ten Million (US\$10,000,000.00) or its equivalent; and/or (ii) standby letters of credit to be used to guarantee additional equity infusions by the Issuer in its Subsidiaries or Affiliates and/or used in the ordinary course of business of Issuer, its Subsidiaries and/or Affiliates;

- (k) other Liens: (x) created solely by operation of law; and (y) on such other assets, whether constituted before or after the Issue Date, as may be disclosed in writing by the Issuer to the Trustee on or before the execution of the Trust Agreement; and
- (l) any Lien constituted over the investment of the Issuer in any of its Affiliate, and whether such investment is in the form of shares, deposits or advances to guarantee or secure the obligations of the said Affiliates.

12. Events of Default

The Issuer shall be considered in default under the [ASEAN Green] Bonds and the Trust Agreement in case any of the following events (each an “Event of Default”) shall occur and is continuing:

- a. Payment Default. The Issuer fails to pay when due and payable any amount of principal or interest which the Issuer is obligated to pay the Bondholders under this Agreement and the [ASEAN Green] Bonds, and such failure to pay is not remedied within [seven (7)] Banking Days from due date thereof.

The Issuer fails to pay when due and payable any other amount payable by the Issuer in respect of the [ASEAN Green] Bonds and under the Trust Agreement in the manner, at the place, and in the currency in which it is expressed to be payable, and such non-payment continues for [thirty (30) days] from the date such payment is due. These other amounts include Penalty Interest, insofar as the payment of such interest is concerned;

- b. Representation Default. Except for clerical or typographical error, any representation or warranty made by the Issuer in this Agreement or in any document issued pursuant thereto or otherwise in connection therewith shall prove to have been untrue, incorrect, or misleading in any material respect as at the time it was made or deemed to have been made or is violated or not complied with, and the circumstances which cause such representation or warranty to be incorrect or misleading continue for not less than [ninety (90)] days (or such longer period as the Majority Bondholders shall approve) after receipt of written notice from the Trustee to that effect;
- c. Other Provisions Default. The Issuer fails to perform or comply with any other term, obligation, or covenant contained in this Agreement or in any other document or instruments related or otherwise in connection therewith and any such failure, violation, non-compliance is not remediable or if remediable, continues unremedied for a period of [ninety (90)] days from the date after written notice thereof shall have been given by the Trustee; Provided, however, that for the avoidance of doubt, no additional grace period shall apply to the Events of Default specified in this Section 9.1;
- d. Cross-Default. The Issuer violates any other material obligation by the Issuer with any bank, financial institution or other person, corporation or entity for the payment of borrowed money which constitutes an event of default under said contract, or in general, violation of any, law or regulation which violation, if remediable, is not remedied by the Issuer within [ninety (90)] days from receipt of notice by the Trustee to the Issuer, or which violation is

otherwise not contested by the Issuer, and the effect of such violation results in the acceleration or declaration of the whole financial obligation to be due and payable prior to the stated normal date of maturity; and which violation will, further, in the reasonable opinion of the Trustee, adversely and materially affect the performance by the Issuer of its obligations under this Agreement and the [ASEAN Green] Bonds. Provided, however, that no event of default will occur under this paragraph unless the aggregate amount of indebtedness in respect of which one or more of the events above mentioned has/have occurred equals or is in excess of five percent (5%) of the fair market value of Assets of the Issuer, based on the relevant parent-only financial statements of the Issuer;

- e. Insolvency Default. The Issuer becomes insolvent or is unable to pay its debts when due or commits or permits any act of bankruptcy, which act shall include: (i) the filing of a petition in any bankruptcy, reorganization, winding up or liquidation of the Issuer, or any other proceeding analogous in purpose and effect: Provided, however, that in case the foregoing petition is filed by any other party, other than the Issuer, such event shall be considered a declared Event of Default only upon the issuance of a final order by the court of competent authority; (ii) the making of an assignment by the Issuer of substantially all or all of its assets, or in fraud of creditors; (iii) the admission in writing by the Issuer of its inability to pay its debts; (iv) the entry of any final order or judgment of any court, tribunal or administrative agency or body confirming the bankruptcy or insolvency of the Issuer or approving any reorganization, winding up or liquidation of the Issuer; or (v) the appointment of a receiver, liquidator, assignee, trustee, or sequestrator of the Issuer, or a substantial part of its property or assets or a substantial part of its capital stock or to assume custody or control of the Issuer, or the ordering of its dissolution, winding-up or liquidation of its affairs;
- f. Closure Default. The Issuer voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of thirty (30) calendar days except that if the closure is: (i) due to strikes or lockouts; or (ii) necessary to prevent business losses; or (iii) due to fortuitous events or force majeure, then such closure shall not be deemed a Closure Default;
- g. Judgment Default. Any final judgment, decree or arbitral award for the sum of money, damages or for a fine or penalty in excess of 20% of the Issuer's Fair Market Value of Assets or its equivalent in any other currency is entered against the Issuer and any relevant period specified for payment in such judgment, decree, order, or agreement, shall have expired without being satisfied, discharged, or stayed; and
- h. Writ and Similar Process Default. Any writ, warrant of attachment or execution, or similar process shall be issued or levied against all or substantially all of the Issuer's assets, and such writ, warrant, or similar process shall not be released, vacated, or fully bonded within ninety (90) days after its issue or levy (or such longer period as the Issuer satisfies the Majority Bondholders as appropriate under the circumstances).

13. Notice of Default

The Trustee shall, within thirty (30) days after the occurrence of any Event of Default, give to the Bondholders written notice of such default known to it, unless the same shall have been

cured before the giving of such notice; provided that, in the case of payment default, as described in *"Payment Default,"* the Trustee shall immediately notify the Bondholders upon the occurrence of such payment default. The existence of a written notice required to be given to the Bondholders hereunder shall be published in a newspaper of general circulation in Metro Manila for two (2) consecutive days, further indicating in the published notice that the Bondholders or their duly authorized representatives may obtain an important notice regarding the [ASEAN Green] Bonds at the principal office of the Trustee upon presentment of sufficient and acceptable identification.

14. Consequences of Default

- (a) If any one or more of the Events of Default shall have occurred and be continuing, either the Trustee, upon the written instructions of the Majority Bondholders and by notice in writing delivered to the Issuer, or the Majority Bondholders, by notice in writing delivered to the Issuer and the Trustee, may declare the principal of the [ASEAN Green] Bonds, including all accrued interest, net of applicable withholding taxes, and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, anything contained in the Trust Agreement or in the [ASEAN Green] Bonds to the contrary notwithstanding.
- (b) This provision, however, is subject to the condition that, except in the case of a Writ and Similar Process Default, the Majority Bondholders, by written notice to the Issuer and the Trustee may, during the prescribed curing period, if any, rescind and annul such declaration made by the Trustee pursuant to a consequence of default, and the consequences of such declaration, upon such terms, conditions and agreement, if any, as they may determine; provided that, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.
- (c) At any time after any Event of Default shall have occurred, the Trustee may:
 - (i) by notice in writing to the Issuer, require the Registrar and Paying Agent to:
 - (aa) act thereafter as agents of the Bondholders represented by the Trustee on the terms provided in the Paying Agency and Registry Agreement (with consequential amendments as necessary and save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Paying Agent and the Registrar shall be limited to amounts for the time being held by the Trustee on the trusts of the Trust Agreement in relation to the [ASEAN Green] Bonds and available to the Trustee for such purpose) and thereafter to hold all sums, documents and records held by them in respect of the [ASEAN Green] Bonds on behalf of the Trustee; and/or
 - (bb) deliver all evidence of the [ASEAN Green] Bonds and all sums, documents and records held by them in respect of the [ASEAN Green] Bonds to the Trustee or as the Trustee shall direct in such notice;

provided that, such notice shall be deemed not to apply to any document or record which the Registrar and Paying Agent is not obliged to release by any law or regulation; and

- (ii) by notice in writing to the Issuer, require the Issuer to make all subsequent payments in respect of the [ASEAN Green] Bonds to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn, provision (bb) above and the Issuer's positive covenant to pay principal and interest, net of applicable withholding taxes, on the [ASEAN Green] Bonds, more particularly set forth in the Trust Agreement, shall cease to have effect.

In case any amount payable by the Issuer under the [ASEAN Green] Bonds, whether for principal, interest or otherwise, is not paid on due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest, net of applicable withholding taxes, and other amounts, pay Penalty Interest on the defaulted amount(s) from the time the amount falls due until it is fully paid.

15. Penalty Interest

In case any amount payable by the Issuer under the [ASEAN Green] Bonds, whether for principal, interest, net of applicable withholding taxes, or otherwise, is not paid on due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest, net of applicable withholding taxes, and other amounts, pay penalty interest on the defaulted amount(s) at the rate of twelve percent [(12.00%)] per annum (the "Penalty Interest") from the time the amount falls due until it is fully paid.

16. Payment in the Event of Default

The Issuer covenants that upon the occurrence of any Event of Default, the Issuer shall pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding [ASEAN Green] Bonds with interest at the rate borne by the [ASEAN Green] Bonds on the overdue principal, net of applicable withholding taxes, and with Penalty Interest as described above, and in addition thereto, the Issuer shall pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred without negligence or bad faith by the Trustee hereunder.

17. Application of Payments

Any money collected or delivered to the Paying Agent, and any other funds held by it, subject to any other provision of the Trust Agreement and the Registry and Paying Agency Agreement relating to the disposition of such money and funds, shall be applied by the Paying Agent in the order of preference as follows: *first*, to the payment to the Trustee, the Registrar and Paying Agent, of the costs, expenses, fees and other charges of collection, including reasonable compensation to them, their agents, attorneys and counsel, and all reasonable

expenses and liabilities incurred or disbursements made by them, without negligence or bad faith; *second*, to the payment of the interest, net of applicable withholding taxes, in default, in the order of the maturity of such interest with Penalty Interest, which payment shall be made pro-rata among the Bondholders; *third*, to the payment of the whole amount then due and unpaid upon the [ASEAN Green] Bonds for principal, and interest, net of applicable withholding taxes, with Penalty Interest, which payment shall be made pro-rata among the Bondholders; and *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. For this purpose, the Paying Agent shall deliver to the Trustee a joint certification of the funds to be applied for payment, and a schedule of payments to be made in accordance with the conditions.

18. Prescription

Claims in respect of principal and interest or other sums payable hereunder shall prescribe unless made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

19. Remedies

All remedies conferred by the Trust Agreement and these Terms and Conditions to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement, subject to the discussion below on *“Ability to File Suit.”*

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

20. 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 hereunder on account of principal, interest, net of applicable withholding taxes, and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) 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 [ASEAN Green] Bonds; (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in the latter’s name; (iii) the Trustee, for sixty (60) days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders, it being understood and intended, and being

expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatever 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 [ASEAN Green] 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.

21. 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 Bondholders waive any past default, except the events of default defined as a payment default, breach of representation or warranty default, insolvency default, or closure default, 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 hereunder; provided however that, no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the [ASEAN Green] Bonds.

22. Trustee; Notices

(a) Notice to the Trustee

All documents required to be submitted to the Trustee pursuant to the Trust Agreement, the Prospectus, and the Offer Supplement and all correspondence addressed to the Trustee shall be delivered to:

To the Trustee:	[•]
Attention:	[•]
Subject:	ALCO [ASEAN Green] Bonds
Address:	[•]
Facsimile:	[•]

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

Any requests for documentation or certification and other similar matters must be communicated by the Bondholder to the Trustee in writing and shall be subject to review, acceptance and approval by the Trustee. Upon such acceptance and approval, the Bondholder shall pay to the Trustee upfront a fee of [•] (the "Activity Fee") plus the costs of legal review,

courier and the like. The Activity Fee may be adjusted from time to time, at the discretion of the Trustee.

In the absence of any applicable period stated elsewhere in these Conditions, written requests shall be reviewed and, if accepted and approved, addressed by the Trustee within ninety (90) days from receipt. This period may be extended should the Trustee be unable to review and address the requests for causes not attributable to the Trustee.

(b) Notice to the Bondholders

The Trustee shall send all Notices to Bondholders to their mailing address as set forth in the Register of Bondholders. Except where a specific mode of notification is provided for herein, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) surface mail; (iii) by one-time publication in a newspaper of general circulation in the Philippines; or (iv) personal delivery to the address of record in the Register of Bondholders. The Trustee shall rely on the Register of Bondholders in determining the Bondholders entitled to notice. All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by surface mail; (iii) on date of publication or (iv) on date of delivery, for personal delivery.

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 ALCO to the SEC on a matter relating to the [ASEAN Green] Bonds shall be deemed a notice to Bondholders of said matter on the date of the first publication.

(c) Binding and Conclusive Nature

Except as provided in the Trust Agreement, all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for the purposes of the provisions of the Trust Agreement, shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, and all Bondholders and (in the absence as referred to above) no liability to the Issuer, the Paying Agent or the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under the Trust Agreement.

23. Duties and Responsibilities of the Trustee

- (a) The Trustee is appointed as trustee for and on behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Agreement. 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 judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters exercise in the management of their own affairs.
- (c) None of the provisions contained in these Terms and Conditions the Prospectus, or the 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.

24. Resignation and Change of Trustee

- (a) The Trustee may at any time resign by giving thirty (30) days' prior written notice to the Issuer and to the Bondholders of such resignation.
- (b) Upon receiving such notice of resignation of the Trustee, the Issuer shall immediately appoint a successor trustee by written instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the resigning trustee and one copy to the successor trustee. However, notwithstanding the immediately preceding sentence, in cases where an Event of Default shall have occurred and be continuing, it is the Majority Bondholders, not the Issuer, that shall appoint the successor trustee. If no successor shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Trustee 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 six (6) months (the "Bona Fide Bondholder") may, for and in behalf of the Bondholders, petition any such court for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor trustee.
- (c) Subject to Section (f) below, a successor trustee must possess all the qualifications required under pertinent laws.
- (d) In case at any time the Trustee shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then the Issuer may within thirty (30) days therefrom remove the Trustee concerned, and appoint a successor trustee, by written

instrument in duplicate, executed by its authorized officers, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee. If the Issuer fails to remove the Trustee concerned and appoint a successor trustee, any Bona Fide Bondholder may petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor trustee.

- (e) The Majority Bondholders may at any time remove the Trustee for cause, and appoint a successor trustee, by the delivery to the Trustee so removed, to the successor trustee and to the Issuer of the required evidence under the provisions on Evidence Supporting the Action of the Bondholders in the Terms and Conditions of the [ASEAN Green] Bonds.
- (f) Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any provisions of the Trust Agreement shall become effective upon the earlier of: (i) acceptance of appointment by the successor trustee as provided in the Trust Agreement; or (ii) effectivity of the resignation notice sent by the Trustee under the Trust Agreement (the "Resignation Effective Date"); provided however that, until such successor trustee is qualified and appointed, the resigning Trustee shall continue to discharge its duties and responsibilities solely as custodian of records for turnover to the successor trustee promptly upon the appointer thereof by the Issuer; provided finally that, such successor trustee possesses all the qualifications as required by pertinent laws.

25. Successor Trustee

- (a) Any successor trustee appointed shall execute, acknowledge and deliver to the Issuer and to its predecessor Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as Trustee in the Trust Agreement. The foregoing notwithstanding, on the written request of the Issuer or of the successor trustee, the Trustee ceasing to act as such shall execute and deliver an instrument transferring to the successor trustee, all the rights, powers and duties of the Trustee so ceasing to act as such. Upon request of any such successor trustee, 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.
- (b) Upon acceptance of the appointment by a successor trustee, the Issuer shall notify the Bondholders in writing of the succession of such trustee to the trusteeship. If the Issuer fails to notify the Bondholders within ten (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.

26. Reports to the Bondholders

- (a) The Trustee shall submit to the Bondholders on or before February 28 of each year from the relevant Issue Date until full payment of the [ASEAN Green] Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:
 - (i) the property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report; and
 - (ii) any action taken by the Trustee in the performance of its duties under the Trust Agreement which it has not previously reported and which in its opinion materially affects the [ASEAN Green] Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.
- (b) The Trustee shall submit to the Bondholders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, such advance remaining unpaid amounts to at least ten percent (10.00%) of the aggregate outstanding principal amount of the [ASEAN Green] Bonds at such time.
- (c) The following pertinent documents may be inspected during regular business hours on any Banking Day at the principal office of the Trustee:
 - (i) Trust Agreement
 - (ii) Registry and Paying Agency Agreement
 - (iii) Articles of Incorporation and By-Laws of the Company
 - (iv) Registration Statement of the Company with respect to the [ASEAN Green] Bonds
 - (v) Opinions of the legal counsel with respect to the Issuer and the [ASEAN Green] Bonds

27. 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 [ASEAN Green] 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 [ASEAN Green] Bonds.

(a) Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of [ASEAN Green] Bonds may direct in writing the Trustee to call a meeting of the Bondholders, to take up any allowed action, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be sent by the Trustee to the Issuer and to each of the registered Bondholders not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported billing statement.

(b) Failure of the Trustee to Call a Meeting

In case at any time, the Issuer, pursuant to a resolution of its board of directors or executive committee, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of the [ASEAN Green] Bonds shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, in accordance with the notice requirements, the notice of such meeting, then the Issuer or the Bondholders in the amount above specified may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof.

(c) Quorum

The Trustee shall determine and record the presence of the Majority Bondholders, personally or by proxy. The presence of the Majority Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Bondholders.

(d) Procedure for Meetings

- (i) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Bondholders, in which case the Issuer or the Bondholders calling the meeting, as the case may be, shall in like manner move for the election of the chairman and secretary of the meeting.
- (ii) Any meeting of the Bondholders duly called may be adjourned for a period or periods not to exceed in the aggregate of one (1) year from the date for which the meeting shall originally have been called and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the [ASEAN Green] Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

(e) Voting Rights

To be entitled to vote at any meeting of the Bondholders, a person shall be a registered holder of one or more [ASEAN Green] Bonds or a person appointed by an instrument in writing as proxy by any such holder as of the date of the said meeting. Bondholders shall be entitled to one (1) vote for every Ten Thousand Pesos (₱10,000.00) interest. The only persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the persons entitled to vote at such meeting and any representatives of the Issuer and its legal counsel.

(f) Voting Requirement

Except as provided in Condition 30 (Amendments), all matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders present or represented in a meeting at which there is a quorum except as otherwise provided in the Trust Agreement. 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 Issuer as if the votes were unanimous.

(g) Role of the Trustee in Meetings of the Bondholders

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Bondholders, in regard to proof of ownership of the [ASEAN Green] Bonds, the appointment of proxies by registered holders of the [ASEAN Green] Bonds, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidences of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

28. 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 [ASEAN Green] Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing, or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith, or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

29. Non-Reliance

Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information

as it has deemed appropriate and that it has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations hereunder, except for its gross negligence or wilful misconduct.

30. Amendments

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

The Issuer and the Trustee may amend the Terms and Conditions of the [ASEAN Green] Bonds with notice to every Bondholder following the written consent of the Majority Bondholders (including consents obtained in connection with a tender offer or exchange offer for the [ASEAN Green] Bonds) or a vote of the Majority Bondholders at a meeting called for the purpose. However, without the consent of each Bondholder affected thereby, an amendment may not:

- (a) reduce the percentage of principal amount of [ASEAN Green] Bonds outstanding that must consent to an amendment or waiver;
- (b) reduce the rate of or extend the time for payment of interest on the [ASEAN Green] Bonds;
- (c) reduce the principal of or extend the relevant Maturity Date or vary the relevant Call Option Dates of the [ASEAN Green] Bonds;
- (d) impair the right of any Bondholder to receive payment of principal of and interest on such Bondholder's [ASEAN Green] Bonds on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such Bondholders;
- (e) reduce the amount payable upon the redemption or repurchase of the [ASEAN Green] Bonds under the Terms and Conditions or change the time at which the [ASEAN Green] Bonds may be redeemed;
- (f) make the [ASEAN Green] Bonds payable in money other than that stated in the [ASEAN Green] Bonds;
- (g) subordinate the [ASEAN Green] Bonds to any other obligation of ALCO;
- (h) release any security interest that may have been granted in favor of the Bondholders;

- (i) amend or modify the Payment of Additional Amounts, Taxation, the Events of Default of the Terms and Conditions or the Waiver of Default by the Bondholders; or
- (j) make any change or waiver of this Condition.

It shall not be necessary for the consent of the Bondholders under this Condition to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this Condition becomes effective, the Issuer shall send a notice briefly describing such amendment to the Bondholders in the manner provided in the paragraph entitled "Notice to the Bondholders."

31. Governing Law

The Bond Agreements are governed by and are construed in accordance with Philippine law.

32. Venue

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

33. Waiver of Preference

The obligation created under the Bond Agreements and the [ASEAN Green] 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 this instrument may have or any person deriving a right hereunder may have under Article 2244, paragraph 14 of the Civil Code of the Philippine are hereby absolutely and unconditionally waived and renounced. This waiver and renunciation of the priority or preference under Article 2244, paragraph 14 of the Civil Code of the Philippines shall be revoked if it be shown that an indebtedness of the Issuer for borrowed money has a priority or preference under the said provision.

34. Certain Defined Terms

The following sets forth the respective definitions of certain terms used in this Terms and Conditions of the [ASEAN Green] Bonds. Except as otherwise provided and where context indicates otherwise, defined terms in this Terms and Conditions of the [ASEAN Green] Bonds have the meanings ascribed to them in the Trust Agreement.

- (a) **Affiliate** means any corporation, directly or indirectly controlled by the Issuer, whether by way of ownership of at least twenty percent (20%) of the total issued and outstanding capital stock of such corporation, or the right to elect at least twenty percent (20%) of the number of directors in such corporation, or the right to control

the operation and management of such corporation by reason of contract or authority granted by said corporation to the Issuer.

- (b) **Bankruptcy** means, with respect to a Person, (a) that such Person has (i) made an assignment for the benefit of creditors; (ii) filed a voluntary petition in bankruptcy; (iii) been adjudged bankrupt, or insolvent; or had entered against such Person an order of relief in any bankruptcy or insolvency proceeding; (iv) filed a petition or an answer seeking for such Person any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation or filed an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Person in any proceeding of such nature; or (v) sought, consented to, or acquiesced in the appointment of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties; (b) sixty (60) days have elapsed after the commencement of any proceeding against such Person seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation and such proceeding has not been dismissed; or (c) sixty (60) days have elapsed since the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties and such appointment has not been vacated or stayed or the appointment is not vacated within sixty (60) days after the expiration of such stay.
- (c) **Lien** means any mortgage, pledge, lien or encumbrance constituted on any of the Issuer's properties, for the purpose of securing its or its Affiliates' obligation.
- (d) **Majority Bondholders** shall mean Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the [ASEAN Green] Bonds.

Capitalization

The following table sets forth the unaudited **consolidated debt and capitalization** of ALCO as of June 30, 2019. This table should be read in conjunction with the more detailed information and unaudited consolidated financial statements, including notes thereto, found in Appendix “A” of the Prospectus.

	As of June 30, 2019 (Unaudited)	Adjustments ¹	As adjusted for an Issue Size of ₱3 Billion
Loans Payable	5,206,415,405	-	5,206,415,405
Accounts payable and other liabilities	2,447,802,480	-	2,447,802,480
Contract liabilities	23,514,090		23,514,090
Due to a related party	511,670,206		511,670,206
Retirement liability	70,760,309	-	70,760,309
Net deferred tax liabilities	1,002,372,615	-	1,002,372,615
[ASEAN Green] Bonds	-	2,945,350,461	2,945,350,461
Total Liabilities	9,262,535,105	-	12,207,885,566
Capital stock	999,757,136	-	999,757,136
Additional paid-in capital	3,009,729,931	-	3,009,729,931
Retained earnings	2,589,977,921	-	2,589,977,921
Cumulative measurement gains (losses) on retirement liability	18,169,495	-	18,169,495
Parent Company’s shares held by a subsidiary	(12,500,000)	-	(12,500,000)
Non-controlling interests	127,762,637	-	127,762,637
Total Equity	6,732,897,120	-	6,732,897,120
Total Capitalization	15,995,432,225	-	18,940,782,686

¹ Presented on a consolidated basis

Use of Proceeds

The Company estimates that the net proceeds from the Offer, assuming an Issue Amount of ₱3,000,000,000.00, shall amount to approximately ₱2,945,350,461.12, after fees, commissions and expenses.

Estimated fees, commissions and expenses relating to the Offer are as follows:

Estimated Gross Proceeds from the Offer	Php3,000,000,000.00
Underwriting and Selling Fees	15,789,473.68
Documentary Stamp Taxes to be paid by the Company	22,500,000.00
Philippine SEC filing and legal research fees	1,325,625.00
PDEX listing and processing fees	100,000.00
Legal and other professional fees	13,434,440.19
Other expenses	1,500,000.00
Total Estimated Expenses	54,649,538.88
Estimated net proceeds	2,945,350,461.12

Note: (1) “Other Expenses” includes expenses for the printing of the Prospectus, roadshows and miscellaneous expenses.

Use of Proceeds from the Offer

The net proceeds of the issue, after deducting fees, commissions and other related expenses will be used in accordance with ALCO’s Green Finance Framework under which ALCO can issue debt financing instruments to finance or refinance new and/or existing eligible green projects (henceforth referred to as “Eligible Green Projects”) promoting environmental progress.

ALCO’s Green Finance Framework outlines the criteria and guidelines for the allocation of proceeds of green financing instruments as per the following standards:

- International Capital Market Association (“ICMA”) Green Bond Principles 2018
- ASEAN Capital Markets Forum ASEAN Green Bond Standards 2018
- Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association Green Loan Principles 2018

Under ALCO’s Green Finance Framework, a portfolio of Eligible Green Projects qualifies uses of proceeds for as long as these meet minimum eligibility requirements which include the following standards for commercial and residential buildings:

- LEED -Gold or higher
- BERDE - 4-star or higher

- IFC's EDGE - EDGE Certified or EDGE Compliant
- Building Research Establishment Environmental Assessment Method (BREEAM) – Excellent or higher, Global Real Estate Sustainability Benchmark (GRESB), and other equivalent standards

Vigeo Eris will be providing a Second Party Opinion ("SPO") on ALCO's Green Finance Framework to confirm that the eligible categories for the use of proceeds are aligned with those recognized by the ICMA Green Bond Principles 2018, ASEAN Green Bond Standards 2018 and Green Loan Principles 2018.

A copy of ALCO's Green Finance Framework and Vigeo Eris' SPO will be made available at www.arthaland.com.ph

For this Offer, ALCO has identified the Arthaland Century Pacific Tower and Savya Financial Center as Eligible Green Projects. ALCO has determined that the combined value of these Eligible Green Projects on ALCO's balance sheet supports the issuance of the [ASEAN Green] Bonds under this Offer.

In particular, ALCO intends to allocate the net proceeds from the Offer as indicated below:

Purpose	Estimated Amount	Disbursement Schedule
Additional investment in Savya Financial Center or other Eligible Green Projects to retain office and retail units	1,500,000,000.00	Q3 2020 to Q4 2020
Manila Long Term Project	1,140,000,000.00	Q1 2020 to Q2 2020
Scheduled Repayments on the ACPT Loan	305,350,461.12	Q1 2020 to Q2 2022
TOTAL	2,945,350,461.12	

Additional investment in Savya Financial Center or other Eligible Green Projects

As part of its long-term goal of growing its recurring revenues from leasing operations to 30% of its total revenues, ALCO will allocate Php1,500 million of funds from the Offer to invest additional funds into the Savya Financial Center and other Eligible Green Projects to retain approximately 10,500 sqm of NLA in these projects. ALCO expects to disburse these funds from Q3 2020 to Q4 2020. This is expected to provide additional lease revenues to its current portfolio of properties for lease which includes ACPT, Arya Plaza and Courtyard Hall.

Manila Long Term Project

ALCO is currently evaluating and negotiating for the acquisition of large properties with a total area of approximately 18 hectares in areas of Metro Manila which have very high potential for growth. Once acquired, ALCO plans to develop these into sustainable master planned communities which will have commercial, residential, retail and institutional components that will qualify as Eligible Green Projects and which will be divided in several phases over a 10 to 15-year period.

As with its other projects, ALCO plans to acquire and develop these properties with joint venture partners to fully fund the equity requirement and to manage the risks associated with a project of such size. In addition to the equity from ALCO and its strategic partners, the Manila Long Term Project will also be funded by term loans and pre-selling of units. To fund its estimated equity share in the Manila Long Term Project, ALCO is allocating Php1,140 million from the proceeds of the Offer and estimates that this will be disbursed between Q1 2020 and Q2 2020.

The project is still in the evaluation stage and there are no definitive agreements entered into or signed yet. Should the negotiations not progress or close as planned, project cost and schedule would be subject to change. ALCO will disclose any changes in the planned use of proceeds in accordance with the disclosure rules of the SEC and the PSE.

Scheduled Repayments on the ACPT Loan

The Company plans to allocate the balance of the net proceeds from the Offer of Php305,350,461.12 to partially fund scheduled repayments of the ₱2 billion loan from BDO Unibank, Inc. dated April 15, 2015 (the “ACPT Loan”) to finance the construction and development of the Arthaland Century Pacific Tower based on the schedule below:

January 2, 2020	22,524,000.00
April 2, 2020	22,524,000.00
July 2, 2020	22,524,000.00
October 2, 2020	22,524,000.00
January 2, 2021	22,524,000.00
April 2, 2021	22,524,000.00
July 2, 2021	22,524,000.00
October 2, 2021	65,146,000.00
January 2, 2022	65,146,000.00
April 2, 2022	17,390,936.00

The ACPT Loan bears 5.8081% interest and will mature on July 8, 2025.

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Additional Risk Factors

The [ASEAN Green] Bonds may not be a suitable investment for all investors seeking exposure to green assets.

The Company may issue the [ASEAN Green] Bonds where the use of proceeds is specified to be for the financing and/or refinancing of specified “green” or “sustainability” projects of the Company or any of its subsidiaries, in accordance with certain prescribed eligibility criteria.

In connection with an issue of the [ASEAN Green] Bonds, the Company may request a sustainability rating agency or sustainability consulting firm to issue an independent opinion (a “Compliance Opinion”) confirming that any [ASEAN Green] Bonds are in compliance with the Green Bond Principles prepared and published by the International Capital Market Association (the “ICMA Green Bond Principles”) and the ASEAN Capital Markets Forum (the “ASEAN Green Bond Standards 2018”). The ICMA Green Bond Principles and ASEAN Green Bond Standards 2018 are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market. While the ICMA Green Bond Principles and ASEAN Green Bond Standards 2018 do provide a high level framework, there is currently no market consensus on what precise attributes are required for a particular project to be defined as “green” or “sustainable”, and therefore no assurance can be provided to potential investors that the green or sustainable projects to be specified in the use of proceeds will meet all investors’ expectations regarding sustainability performance or continue to meet the relevant eligibility criteria. Although applicable green projects are expected to be selected in accordance with the categories recognized by the ICMA Green Bond Principles and ASEAN Green Bond Standards 2018, and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and/or operation of any such green or sustainable projects. Where any negative impacts are sufficiently not mitigated, green or sustainable projects may become controversial, and/or may be criticized by activist groups or other stakeholders.

On [•], 2019, the SEC confirmed that the program under which the [ASEAN Green] Bonds have been issued complies with the requirements set forth under SEC Memorandum Circular No. 12 (2018) and has authorized the use of the ASEAN Green Bond label for the [ASEAN Green] Bonds (the “SEC Confirmation”). Potential investors should be aware that any Compliance Opinion or the SEC Confirmation will not be incorporated into, and will not form part of, this Offering Supplement. Any such Compliance Opinion and SEC Confirmation may not reflect the potential impact of all risks related to the structure of the relevant [ASEAN Green] Bonds, their marketability, trading price or liquidity or any other factors that may affect the price or value of the [ASEAN Green] Bonds. Any such Compliance Opinion nor the SEC Confirmation is not a recommendation to buy, sell or hold securities and is only current as of its date of issue. Prospective investors must determine for themselves the relevance of any such Compliance Opinion, the SEC Confirmation, and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Instruments. Currently, the providers of such compliance opinions and certifications are not subject to any specific regulatory or other regime or oversight.

Further, although the Company may agree at the Issue Date of any [ASEAN Green] Bonds to certain allocation and/or impact reporting and to use the proceeds for financing and/or refinancing of green

or sustainable projects (as specified in the Use of Proceeds), it would not be an event of default under the [ASEAN Green] Bonds if (i) the Company were to fail to comply with such obligations or were to fail to use the proceeds in the manner specified in the applicable Terms and Conditions, (ii) the Company were to fail to comply with the provisions of Company's Green Finance Framework, the SEC Confirmation, or the SEC Memorandum Circular No. 12 (2018), and/or (iii) the Compliance Opinion were to be withdrawn. Any failure to use the net proceeds of any [ASEAN Green] Bonds in connection with green or sustainable projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to such [ASEAN Green] Bonds may affect the value and/or trading price of the [ASEAN Green] Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green or sustainable assets which may cause one or more of such investors to dispose of the [ASEAN Green] Bonds held by them which may affect the value, trading price and/or liquidity of the relevant [ASEAN Green] Bonds.

Neither the Company nor the Joint Lead Underwriters and Joint Bookrunners make any representation as to the suitability for any purpose of any Compliance Opinion or whether any [ASEAN Green] Bonds fulfil the relevant environmental and sustainability criteria. Prospective investors should have regard to the eligible green bond projects and eligibility criteria described in the applicable Use of Proceeds. Each potential investor of the [ASEAN Green] Bonds should determine for itself the relevance of the information contained in this Offer Supplement and its purchase of any [ASEAN Green] Bonds should be based upon such investigation as it deems necessary.

In the event that any such [ASEAN Green] Bonds are listed or admitted to trading on any dedicated "green", "environmental", "sustainable", or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Company, the Joint Lead Underwriters and Joint Bookrunners or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects (as defined in the Company's Green Finance Framework). Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuers, the Joint Lead Underwriters and Joint Bookrunners or any other person that any such listing or admission to trading will be obtained in respect of any such Instruments or, if obtained, that any such listing or admission to trading will be maintained during the life of the [ASEAN Green] Bonds.

Interests of Counsel

Legal Matters

All legal opinions/matters in connection with the issuance of the [ASEAN Green] Bonds will be passed upon by SyCip Salazar Hernandez & Gatmaitan (“**SyCipLaw**”) for the Company and Romulo Mabanta Buenaventura Sayoc & de los Angeles (“**Romulo**”) for the Joint Lead Underwriter and Joint Bookrunner. SyCipLaw and Romulo have no direct interest in the Company.

SyCipLaw and Romulo may from time to time be engaged to advise in the transactions of the Company and perform legal services on the basis that SyCipLaw and Romulo provide such services to their other clients.