PRELIMINARY PROSPECTUS

ARTHALAND

BUILDING SUSTAINABLE LEGACIES

ARTHALAND CORPORATION

7th Floor ArthaLand Century Pacific Tower
5th Avenue Corner 30th Street
Bonifacio Global City, Taguig City
Telephone Number (632) 403-6910

Shelf Registration in the Philippines of ₱6,000,000,000 Bond Program

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 Prospectus is dated [•], 2019

ARTHALAND CORPORATION

7th Floor Arthaland Century Pacific Tower
5th Avenue Corner 30th Street
Bonifacio Global City, Taguig City
Telephone: (+632) 8403 6910

http://www.arthaland.com

ARTHALAND CORPORATION is a world-class boutique real estate developer of enduring and sustainable properties. ALCO has built its mark in the Philippine real estate market by giving its commitment to sustainability and innovation, and by developing and managing properties that adhere to the global and national standards in green buildings.

This Prospectus relates to the shelf registration and continuous offer by way of sale in the Philippines of ArthaLand Corporation ("ALCO", the "Company", or the "Issuer") of fixed rate bonds in the aggregate principal amount of up to ₱6,000,000,000 (the "Bond Program"; the securities subject to the Bond Program, the "Bonds"), subject to the registration requirements of the SEC.

The Bonds shall be sold and issued in tranches within a period of three (3) years (the "Shelf Period") from [•]. The specific terms of the Bond Program with respect to each issue tranche thereof shall be determined by ALCO taking into account prevailing market conditions and shall be provided at the time of the relevant offering.

The Bonds shall constitute the direct, unconditional, and unsecured obligations of ALCO and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured obligations of ALCO, other than obligations preferred by law. The Bonds shall effectively be subordinated in right of payment to, among others, all of ALCO's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines without a waiver of preference or priority.

For each tranche of the Bonds, an Offer Supplement will be issued by ALCO along with a prospectus. The relevant Offer Supplement will contain the final terms for a particular tranche of the Bonds subject of the offer and must be read in conjunction with the prospectus and the other related documents. Full information on ALCO and such offer of the Bonds is only available on the basis of the combination of the prospectus, the relevant Offer Supplement and the other related documents. All information contained in the prospectus are deemed incorporated by reference in the relevant Offer Supplement. For purposes of the first tranche of the Bond Program, this Prospectus dated [•] is the prospectus referred to in this paragraph.

On 14 October 2019, the Board of Directors of ALCO (the "BOD") approved the filing of a registration statement for the shelf registration of ₱6.0 Billion fixed rate bonds, and the offer and issuance of up to [₱3,000,000,000] initial tranche of the Bonds.

ALCO intends to cause the listing of the relevant tranche of the 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 relevant Issue Date or whether such a listing will materially affect the liquidity of the 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 Bonds at any time, and the underwriter/s (the "Underwriter/s") for any particular offer of the Bonds reserve the right to reject any application to purchase the Bonds in whole or in part and to allot to any prospective purchaser less than the full amount of the Bonds sought by such purchaser. If an offer of the Bonds is withdrawn or discontinued, ALCO shall subsequently notify the SEC and, as applicable, the Philippine Dealing & Exchange Corp. ("PDEx"). The Underwriters, [any participating underwriter, co-manager and selling agent] for any particular offer of the Bonds may acquire for their own account a portion of the Bonds.

The Company owns land as identified in the section on "Description of Property" on page 73. In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at

least 60.0% of whose capital is owned by such citizens. Accordingly, ownership of shares by foreign nationals in the Company shall be subject to the applicable foreign equity ownership limitation.

No dealer, salesman or any other person has been authorized to give any information or to make any representation not contained in this Prospectus. If given or made, any such information or representation must not be relied upon as having been authorized by the Company or any of the Underwriters that may be engaged by the Company for each tranche of the Bonds.

The distribution of this Prospectus and the offer and sale of the Bonds may, in certain jurisdictions, be restricted by law. The Company and the Underwriters require persons into whose possession this Prospectus comes, to inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. This Prospectus does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of the Company in any jurisdiction, to or from any person whom it is unlawful to make such offer in such jurisdiction.

Unless otherwise stated, the information contained in this Prospectus 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 this Prospectus is correct, and that there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect.

The Company and the Underwriter/s have exercised due diligence in ascertaining that all material representations contained in this Prospectus, their amendments and supplements 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 is as of the date hereof. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus 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 this 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 this 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.

This Prospectus is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Underwriters or their respective affiliates or legal advisers that any recipient of this Prospectus should purchase the Bonds. Each person contemplating an investment in the Bonds should make his own investigation and analysis of the creditworthiness of ALCO and his own determination of the suitability of any such investment. The risk disclosure herein does not purport to disclose all the risks and other significant aspects of investing in the Bonds. A person contemplating an investment in the Bonds should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities or the nature of risks involved in trading of securities, especially those high-risk securities. For a discussion of certain factors to be considered in respect of an investment in the Bonds, see the section on “Risk Factors” starting on page 25.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE 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 GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS 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 [•], affiant exhibiting to me his Passport No. [•] expiring on [•] as competent evidence of identity.

Doc No.
Page No.
Book No.
Series of 2019.

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Forward-looking Statements

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors which may cause actual results, performance or achievements of ALCO to be materially different from any future results;
- performance or achievements expressed or implied by forward looking statements;
- the Company's goals for or estimated of its future operational performance and results;
- the Company's dividend policy; and
- changes in the Company's regulatory environment including, but not limited to, policies, decisions and determinations of governmental or regulatory authorities.

Such forward-looking statements are based on assumptions regarding the present and future business strategies and the environment in which ALCO will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- the ability of ALCO to successfully implement its strategies;
- the ability of ALCO to anticipate and respond to consumer trends;
- changes in the availability of targeted real estate;
- the Company's and its contractors' ability to complete projects on time and within budget;
- the ability of ALCO to successfully manage its growth;
- the condition and changes in the Philippines, Asian or global economies;
- any future political instability in the Philippines, Asia or other regions;
- changes in interest rates, inflation rates and the value of the Peso against the U.S. Dollar and other currencies;
- changes in government regulations, including tax laws, or licensing requirements in the Philippines, Asia or other regions; and
- changes in the Philippine real estate market and the demand for the Company's residential, commercial and office developments.

Additional factors that could cause actual results, performance or achievements of ALCO to differ materially include, but are not limited to, those disclosed under "Risk Factors" and elsewhere in this Prospectus.

These forward-looking statements speak only as of the date of this Prospectus. ALCO and the Underwriters expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions

to any forward-looking statement contained herein to reflect any change in the expectations of ALCO with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based.

This Prospectus includes forward-looking statements, including statements regarding the expectations and projections of the Issuer for future operating performance and business prospects. The words “believe”, “expect”, “anticipate”, “estimate”, “project”, “may”, “plan”, “intend”, “will”, “shall”, “should”, “would” and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Prospectus are forward-looking statements. Statements in this Prospectus as to the opinions, beliefs and intentions of the Issuer accurately reflect in all material respects the opinions, beliefs and intentions of the management of ALCO as to such matters at the date of this Prospectus, although the Issuer can give no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Prospectus discloses, under the section “Risk Factors” and elsewhere, important factors that could cause actual results to differ materially from the expectation of the Issuer. All subsequent written and oral forward-looking statements attributable to either the Issuer or persons acting on behalf of the Issuer are expressly qualified in their entirety by these cautionary statements.

Definition of Terms

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set forth below.

AAA-Grade Buildings	:	Also referred to as Premium Buildings. Buildings that have the highest standard in terms of (i) design, (ii) location, (iii) property management, and (iv) amenities.
ALCO, the Company, or the Issuer	:	ArthaLand Corporation, a corporation duly incorporated under the laws of the Philippines
ACPT	:	ArthaLand Century Pacific Tower
AOCH1	:	AO Capital Holdings 1, Inc.
Arch Capital	:	Arch Capital Management Company, Ltd.
Arch SPV	:	Rock & Salt B.V.
Arya	:	Arya Residences
Arcosouth Development Inc.	:	Arcosouth
BERDE	:	Building for Ecologically Responsive Design Excellence
Bhavana	:	Bhavana Properties, Inc.
Bhavya	:	Bhavya Properties, Inc.
BIR	:	Philippine Bureau of Internal Revenue
BOD	:	Board of Directors of ALCO
BGC	:	Bonifacio Global City
Bondholders	:	Relevant holders of each particular tranche of the Bond Program
BPO	:	Business Process Outsourcing
Cazneau	:	Cazneau, Inc.
CBD	:	Central Business District
CLLC	:	Cebu Lavana Land Corp.
CPG	:	CPG Holdings, Inc.
ECC	:	Environmental Compliance Certificates
EDGE	:	Electronic Disclosure Generation Technology, the disclosure system of the PSE

EPMI	:	Emera Property Management, Inc.
GDP	:	Gross Domestic Product
GFA	:	Gross Floor Area
H1	:	First half
H2	:	Second half
IFRS	:	International Financial Reporting Standards
Issue Price	:	Par or 100% of face value
LEED	:	US Green Building Council's Leadership in Energy and Environmental Design Program, a world standard for green buildings and sustainable developments
MPI	:	Manchesterland Properties, Inc.
NAPOCOR	:	National Power Corporation
Negative Pledge	:	A negative covenant of the Issuer under the Trust Agreement in relation to the Bonds not to (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 Indebtedness or of financing acquisitions of an asset, provided that the foregoing restrictions shall not apply to any Permitted Liens. For more details, please refer to the section *"Description of the ASEAN Green Bonds"* in the Offer Supplement. Capitalized terms used herein are defined in the Trust Indenture.
NLA	:	Net Leasable Area
NSA	:	Net Saleable Area
OLSA	:	Omnibus Loan and Security Agreement
PAS	:	Philippine Accounting Standards
Paying Agent	:	The party engaged by the Company to serve as paying agent for the offer of a particular tranche of the [Bond Program]
PDEx	:	Philippine Dealing & Exchange Corp.
PDTC	:	Philippine Depository and Trust Corporation
Pesos, ₱, Php and Philippine Currency	:	The legal currency of the Republic of the Philippines

PFRS	:	Philippine Financial Reporting Standards
PGBC	:	Philippine Green Building Council
Philippines	:	The Republic of the Philippines
Pradhana	:	Pradhana Land, Inc.
PSE	:	Philippine Stock Exchange
Registrar	:	The party engaged by the Company to serve as registrar for the offer of a particular tranche of the Bond Program
Registry and Paying Agency Agreement	:	The document to be executed between the Company and the Registrar and Paying Agent for the offer of each particular tranche of the Bond Program
Record Date	:	In relation to declaration of cash dividends, the record date shall be not less than 10 Business Days but not more than 30 Business Days from the date of the declaration of the BOD
Registry of Bondholders	:	Electronic register of Bondholders of the outstanding Bonds of a particular tranche of the Bond Program
Q1	:	First quarter
Q2	:	Second quarter
Q3	:	Third quarter
Q4	:	Foruth quarter
SLDC	:	Savya Land Development Corporation
SEC	:	Philippine Securities and Exchange Commission
SEC Permit	:	The Permit to Sell issued by the SEC in connection with the Offer
SOM	:	Skidmore, Owings & Merrill
Sqm	:	Square meters
SRC	:	The Securities Regulation Code of the Philippines (Republic Act No. 8799)
Trust Agreement	:	The document to be executed between the Company and the Trustee for the offer of each particular tranche of the Bond Program
Trustee	:	The party engaged by the Company to serve as trustee for the offer of a particular tranche of the Bond Program under a relevant Trust Agreement

Application to Purchase	:	The agreement by which the applicant agreed to purchase the Bonds
Trading Day	:	A day when the [PDEx] is open for business
UPHI	:	Urban Property Holdings, Inc.
ZLDC	:	Zileya Land Development Corporation

Executive Summary

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and audited financial statements, including notes thereto, found in the appendices of this Prospectus.

Prospective investors should read this entire Prospectus fully and carefully, including the section on "Risk Factors". In case of any inconsistency between this summary and the more detailed information in this Prospectus, then the more detailed portions, as the case may be, shall at all times prevail.

BRIEF BACKGROUND OF THE COMPANY

ARTHALAND CORPORATION is a world-class boutique real estate developer of enduring and sustainable properties. It is the recipient of various awards in the Philippines and in Asia. For *Arya Residences,* it has received various awards including *Best Residential High Rise Development (Philippines)* from Asia Pacific Property Awards (2014), and *Best Condo Development (Philippines)* from South East Asia Property Awards (2012). For *ACPT,* it has likewise received various awards including *Best Office Development* from the Philippines Property Awards (2019), and *Best Green Development (Philippines)* from South East Asia Property Awards (2016). ALCO has built its mark in the Philippine real estate market by giving its commitment to sustainability and innovation, and by developing and managing properties that adhere to the global and national standards in green buildings.

ALCO was incorporated on 10 August 1994[1] for the primary purpose of engaging in the realty development business, including home building and development, and to deal, engage, invest and transact, directly or indirectly, in all forms of business and mercantile acts and transactions concerning all kinds of real property, including but not limited to the acquisition, construction, utilization and disposition, sale, lease, exchange or any mode of transfer of residential, industrial or commercial property.

In 2007, a group of investors led by AOCH1, an investment company specializing in business opportunities in the Philippines, acquired 73.27% of ALCO's then outstanding capital stock, marking the beginning of its renewed focus in real estate development.

The year 2011 marked the entry of CPG, an affiliate of leading food manufacturer Century Pacific Food, Inc., which is listed with the PSE under the stock symbol "CNPF", into ALCO through its acquisition of 1,800,000,000 ALCO common shares. In 2014 CPG further solidified its commitment by purchasing an additional 342,619,910 ALCO common shares.

As of 30 June 2019, CPG and AOCH1 are the largest shareholders of ALCO with 40.3%[2] and 26.02%, respectively of ALCO's total issued and outstanding common shares. Both the Company's common shares, Series B Preferred Shares and Series C Preferred Shares are traded on the PSE with the trading symbol ALCO, ALCPB, and ALCPC respectively.

ALCO's developments are registered or are set to be registered under both the U.S. Green Building Council's LEED program, a globally recognized green building rating system that warrants comprehensive, inclusive and calibrated measures in ensuring sustainability and environmentally sound practices as well as the PGBC's BERDE program. In September 2019 ALCO's flagship office development, the Arthaland Century Pacific Tower ("ACPT"), was recognized as the first Net Zero Carbon Project in the world certified under the Excellence in Design for Greater Efficiencies ("EDGE") Green Building Program of the International Finance Corporation ("IFC"). ALCO's adherence to these ratings for all its projects demonstrates its strong commitment to environmentally responsible building practices.

[1] ALCO was originally registered as Urbancorp Realty Developers, Inc. but was renamed in 2003 as EIB Realty Developers, Inc. On 26 January 2009, the SEC approved anew the change of the corporate name to ALCO.
[2] Including 125,000,000 indirectly owned shares

ALCO'S BUSINESS AND SUMMARY OF KEY PROJECTS

ALCO's main business activity is the development of premium, enduring and sustainable properties by bringing together a brain trust of experts in property development and management. It is focused on pursuing its defined niche developments independently and with its joint venture partners, as embodied by its key projects and developments in the pipeline. Summarized below are ALCO's Key Projects as well as its year of completion or expected year of completion:

Project Name	GFA (in sqm)	NLA/NSA (in sqm)	Location	Development Type	Year of Completion or Expected Year of Completion
Arya	76,284	67,876	BGC, Taguig City	Residential	Tower I - 2013 Tower II - 2016
ArthaLand Century Pacific Tower	34,295	32,016	BGC, Taguig City	Office	2019
Cebu Exchange	108,564	89,018	Salinas Drive, Cebu City	Office	2021
Sevina Park	138,804	109,245	Biñan, Laguna	Mixed use	In phases from 2022 onward
Makati CBD Residential Project	32,288	25,185	Makati CBD	Residential	2024
Savya Financial Center	59,763	49,220	Arca South, Taguig City	Office	North Tower - 2021 South Tower - 2022
Cebu Business Park Project	26,940	21,148	Cebu Business Park, Cebu City	Residential	2024
Makati CBD Residential Project 2	14,656	10,992	Makati CBD	Residential	2024
Manila Long Term Project	795,973	375,961	Metro Manila	Mixed use	In phases from 2022 onward

Arya

Arya is a multi-awarded, two-tower, high-end residential project located at the corner of 8th Avenue and Mckinley Parkway, BGC, Taguig City. Tower 1 commenced construction in 2010, it was completed in 2013 and was handed over to buyers in 2014. Tower 2's construction commenced in 2012, and it was handed over to buyers in 2016. All the residential units in both Tower 1 and Tower 2 have been sold.

At the ground floor of Arya is Arya Plaza, a canopied al fresco destination area in which a curated selection of restaurants, cafes and other retail establishments is located. ALCO retains ownership over the Arya Plaza and recognizes lease income from it.

ArthaLand Century Pacific Tower

Designed by Skidmore Owings & Merrill LLP, the same group behind One World Trade Center in New York City and Burj Khalifa in Dubai, ACPT is one of the first AAA-grade office in BGC. It is located along the prime 5th Avenue within BGC's E-Square, opposite The Shangrila at the Fort and proximate to the Philippine Stock Exchange. ACPT addresses the strong demand for office space in BGC with its 34,295 sqm of GFA and 32,016 sqm of NLA. ALCO commenced the development of ACPT in 2014 and it was completed in 2019. As of 30 June 2019, 100% of ACPT's NLA has been leased out.

Cebu Exchange

ALCO is currently developing Cebu Exchange, a 38-storey office building with retail establishments, poised to be one of Cebu's largest and tallest office developments and will cater to Cebu's booming office space market. It is being built on an 8,440 sqm property located along Salinas Drive directly across the Cebu IT Park in Cebu City, and it will have a total NSA of almost 90,000 sqm. Cebu Exchange is LEED pre-certified and is registered with the PGBC BERDE programs. Phase 1 of Cebu Exchange, covering areas from the basement to the 15th level, was topped off on the 30th of April 2019. Percentage of completion of Cebu Exchange as of 31 October 2019 is at 40.08%. As of 31 October 2019, ALCO has executed about Php7.0 billion in reservation sales contracts covering about 57% of the total office NSA and about 9% of the total retail NSA for Cebu Exchange.

Sevina Park

In September 2016, ALCO, through its 100% owned subsidiary, Cazneau acquired eight hectares of land adjacent to the De La Salle Science and Technology Complex in Laguna which will be developed into Sevina Park, a masterplanned mixed-use community that will feature a mix of residential low- and mid- rise buildings, student and faculty housing, commercial office buildings as well as retail and supplemental amenities, in step with the growth of new and existing schools in the area namely: the De La Salle Science and Technology Complex in Canlubang, the University of Santo Tomas, Saint Scholastica's College, Miriam College Nuvali and Xavier School Nuvali. ALCO appointed Sasaki of Boston as masterplanner for Sevina Park.

Sevina Park is the first and only development to aim for LEED Neighborhood Development and LEED Home Certification in the Philippines.

The planned development of the Cavite Laguna Expressway, with its expected interconnection with the Manila-Cavite Expressway at Kawit, Cavite and the South Luzon Expressway at Mamplasan, Laguna interchange, is seen to substantially benefit Sevina Park.

Phase one of the project covering the first 4,000 sqm has already been developed into Courtyard Hall, which offers dormitory accommodations for students in time for the school year starting September 2018. A total of 200 of the 348 beds are covered by lease contracts with the De La Salle Science and Technology Complex which beds are earmarked for the use of its students.

In June 2019, ALCO launched the Garden Villas at Sevina Park covering approximately 3 hectares of the 8.1-hectare property. The Garden Villas are designed by L.V. Locsin and Partners and consist of 108 townhomes ranging from 125 sqm to 170 sqm in floor area for each. As of 31 October 2019, ALCO has executed reservation contracts with a total value of Php644 million covering 35 of the 108 units of the Garden Villas.

ALCO will launch succeeding phases of the project within 2021 to 2024.

Makati CBD Residential Project

In December 2018, ALCO has acquired about 47.4% of a 2,018-sqm property located along Antonio Arnaiz Avenue within the Makati Central Business District. On this site, the Company, together with the party that has acquired the remaining 52.6% of the property, plans to develop a high-rise luxury residential property subject to finalization of terms of the joint venture.

Savya Financial Center

In 2017, ALCO, together with its Filipino joint venture partner, acquired an approximately 6,000-sqm property within the Arca South development in Taguig City where ALCO expects office space to grow exponentially resulting from the property's direct access to major thoroughfares C-5 and Skyway, the presence of the proposed Taguig Integrated Transport Exchange inside Arca South and the roll-out of the Metro Manila Subway which will have one of its stations inside Arca South as well. The property will be

developed into Savya Financial Center, a two-tower commercial development designed and built with leading edge sustainable building features, qualifying it to be LEED pre-certified Gold and registered with the PGBC's BERDE program.

The property is held under SLDC, which will be owned 50% each by ALCO and its Filipino joint venture partner as per agreement between them.

In August 2019, ALCO and Mitsubishi Estate Company, Limited (MEC), a corporation duly organized and existing under the laws of Japan executed a joint venture agreement to invest in, establish and maintain a joint venture company ("JV Company") to be owned 60% by ALCO and 40% by MEC which will (i) acquire and, thereafter, own and hold the 50% equity interest of ALCO in SLDC, thereby making the JV Company the direct 50% stockholder in SLDC, and (ii) acquire by assignment the shareholder's advances made by the Corporation to SLDC.

The North Tower of the Savya Financial Center was launched in February 2019. As of 31 October 2019, reservation contracts with a total value of approximately Php2.2 billion and covering approximately 45% of the North Tower office units have been executed.

Cebu Business Park Project

In August 2019, ALCO, through its special purpose company, Bhavana, purchased a prime property with a total area of 2,245 sqm, located in Cebu Business Park at the Corner Samar Loop Road and Ayala, Hipodromo, Cebu City. The property will be developed into the first premier, dual certified, sustainable residential condominium in Cebu City. The Cebu Business Park Project is currently in the initial planning stage. Tange & Associates, one of the leading architectural firms based in Japan, has been appointed as the Design Archiect for the project. ALCO expects to launch the Cebu Business Park Project in Q4 of 2020.

Makati CBD Residential Project 2

ALCO is in discussions for the acquisition of a prime property located inside the Makati Central Business District. ALCO intends to develop the property into a high-end residential condominium. The property is approximately 1,000 sqm and is expected to be developed into approximately 15,000 sqm of GFA and approximately 11,000 sqm of NSA.

Manila Long Term Project

ALCO is evaluating the acquisition of properties located in the fringe areas of Metro Manila with a combined area of approximately 18 hectares as part of its plans to increase its land bank in fast growing areas of Metro Manila. ALCO plans to develop the properties into the Manila Long Term Project over a 10-year period to provide a steady pipeline of projects which will contribute to the revenues of ALCO over the long-term. The Manila Long Term Project is envisioned to be a sustainable master planned development which will have commercial, residential, retail and institutional components.

Aside from the projects mentioned above, ALCO is constantly evaluating prospective acquisition targets within the business districts of Makati, BGC, Cebu as well as other emerging cities. ALCO will continue to disclose material acquisitions, as they become definite, to its stakeholders through PSE and SEC.

COMPETITIVE STRENGTHS

ALCO believes that its competitive strengths include:

- Strong brand equity resulting from a clear differentiation in value and sustainability and proven track record from recently completed projects

- Strong, hands-on and committed shareholders

- Highly professional and entrepreneurial management team with extensive experience
- Purposeful development strategy that is supportive to the Company's plans
- Strong financial management
- Conducive macroeconomic environment

(For a more detailed discussion, see "Competitive Strengths" on page 44.)

BUSINESS STRATEGIES

The Company's business strategies include the following:

- Over-all growth strategy
- Diversification
- Providing a superior value proposition by maintaining high quality of projects
- Matching of Fixed Costs with recurring income
- Strategic partnerships providing access to capital and development expertise

(For a more detailed discussion, see "ALCO's Business Strategy" starting on page 47.)

RISKS OF INVESTING

Prospective investors should consider the following risks of investing in the Bonds:

- Risks relating to ArthaLand and its subsidiaries (including specific risks related to land and real estate development businesses)
    - No assurance of successful implementation of business plans and strategies
    - The Company's business is inherently volatile
    - The Company operates in a highly-regulated environment and it is affected by the development and application of regulations in the Philippines
    - Ability to obtain financing at favorable terms and interest rates
    - Possibility of a rapid increase of interest rate
    - Availability of land for use in the Company's future projects
    - Significant competition in the real estate industry
    - Titles over land owned by the Company may be contested by third parties
    - Environmental laws could adversely affect the Company's business
    - Delays in the completion of projects and failure to meet customers' expectation and standards could adversely affect the Company's reputation and its business and financial performance
    - Cyclicality of Property Development
    - Possible change in accounting principle for real estate will change the Company's revenue recognition for sale of its real estate developments, which in turn may adversely affect recognition of unrestricted retained earnings
    - The Company's and its subsidiaries' loan agreements are subject to certain debt covenants
    - No assurance that insurance rates and coverage will remain the same, as such insurance coverage may not be adequate in the future
    - Risks on Substantial Sale Cancellations

- The Company or its contractors may be subject to labor unrest, slowdowns and increased costs
- The Company is dependent on key suppliers and service providers to successfully implement its plans
- The Company is dependent on its management team and key employees to successfully implement its strategies
- The Company may be unable to attract and retain skilled professionals
- The Company may be affected by the Comprehensive Tax Reform Program
- ALCO may be exposed to cybersecurity incidents and information security risks
- ALCO is subject to foreign ownership limitations.
- ALCO is reliant on technology in certain business operations and uses technology to differentiate its developments from those of its competitors.

- Risks relating to the Philippines
  - Company is exposed to risks related to the slowdown in the Philippine economy
  - Political and social instability or acts of terrorism could adversely affect the financial results of the Company
  - Territorial disputes with China and other Southeast Asian countries may disrupt the Philippine economy and business environment
  - Occurrence of natural catastrophes could adversely affect the business of the Company
  - Occurrence of a Philippine credit rating downgrade could adversely affect the business of the Company

- Risks relating to the Bonds
  - An active or liquid trading market for the Bonds may not develop
  - The period for the Company to fully realize the benefits resulting from the use of proceeds of the Bonds may extend beyond the relevant maturity date
  - Holders of the Bonds may face possible gain or loss if the Bonds are sold at the secondary market
  - The Bonds may not be able to retain its credit rating
  - Bondholders may incur a loss if the Company is unable to redeem the Bonds at the relevant maturity date.
  - The Bonds have no Preference under Article 2244(14) of the Civil Code and may be Subordinated to other Debt
  - Inability to reinvest at a similar return on investment upon redemption
  - There is no guarantee that the Bonds will be listed

(For a more detailed discussion, see "Risk Factors" on page 27)

CORPORATE INFORMATION

ALCO currently holds office at the 7th Floor Arthaland Century Pacific Tower, 5th Avenue Corner 30th Street Bonifacio Global City, Taguig City**.** The Company's telephone number is (+632) 8403-6910.

The Company's website is http://www.arthaland.com.

USE OF PROCEEDS

Out of the gross proceeds, ALCO shall deduct fees, commissions, and expenses, for each tranche of the Bond Program. The use of proceeds for each tranche of the Bond Program shall be set out in the relevant Offer Supplement.

OFFER SUPPLEMENT

For each tranche of the Bond Program, the Company shall distribute an Offer Supplement which shall be disclosed to the public through the filing with the SEC and the PDTC and made available for download from the website of ALCO specifically, in http://www.arthaland.com.

The Offer Supplement shall contain the following information:

(a) timetable, offer size of the specific offering, specific terms applicable for each tranche, and the final interest rate;
(b) capital structure of the Company after the offering;
(c) any changes to the risk factors and tax consequences of the offering;
(d) description of the specific distribution and underwriting arrangements; and
(e) amount and use of proceeds.

PLAN OF DISTRIBUTION

ALCO plans to issue the Bonds to institutional and retail investors through a public offering to be conducted through the Underwriters (for a more detailed discussion, including fees to be paid to the Underwriters, please refer to the relevant Offer Supplement).

Summary of Financial Information

Prospective purchasers of the Bonds should read the summary financial data below together with the consolidated financial statements, including the notes thereto, included in this Prospectus and "Management's Discussion and Analysis of Results of Operations and Financial Condition". The summary financial data for the three years ended December 31, 2016, 2017 and 2018 are derived from the audited consolidated financial statements of ALCO, audited by Reyes Tacandong & Co. and prepared in compliance with the Philippine Financial Reporting Standards ("PFRS"), including the notes thereto, which are found as Appendix "A" of this Prospectus. The summary financial date as of and for the six months ended June 30, 2018 and 2019, are derived from the unaudted interim condensed financial statements of ALCO, in compliance with Philippine Accounting Standards ("PAS") 34, "Interim Financial Reporting", which are found as Appendix "B" of this Prospectus.The historical financial condition, results of operations and cash flows of ALCO are not a guarantee of its future operating and financial performance.

	For the years ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
	Audited			Unaudited	
	(in ₱ millions except per share figures)				
Consolidated Statements of Comprehensive Income					
Revenue	451	464	1,133	210	1,081
Cost of Sales and Services	(396)	(333)	(619)	(134)	(578)
Gross Income	**55**	**131**	**514**	**76**	**503**
Operating Expenses	(363)	(322)	(398)	(154)	(234)
Income (Loss) from Operations	**(308)**	**(191)**	**116**	**(78)**	**269**
Gain on Change in Fair Value of Properties	1,418	428	173	165	620
Finance Costs	(80)	(81)	(74)	(45)	(42)
Other Income	147	67	339	7	14
Income before Income Tax	**1,177**	**223**	**554**	**49**	**861**
Income Tax Expense	(355)	(85)	(165)	(42)	(304)
Net income	**822**	**138**	**389**	**7**	**557**
Other Comprehensive Income					
Not to be reclassified to profit or loss					
Remeasurement gain on retirement liability	3	6	15	-	-
Income tax expense relating to item that will not be reclassified	(1)	(2)	(5)	-	-
	2	4	10	-	-
Total Comprehensive Income	**824**	**142**	**399**	**7**	**557**
Net income attributable to:					
Equity holders of ArthaLand Corporation	840	192	334	34	447
Non-controlling interests	(18)	(54)	55	(27)	110
	822	138	389	7	557
Total comprehensive income attributable to:					
Equity holders of ArthaLand Corporation	842	196	344	34	447
Non-controlling interests	(18)	(54)	55	(27)	110
	824	142	399	7	557
Earnings (Loss) Per Share	0.1514	0.0096	0.0362	(0.0068)	0.0707

	As of the years ended December 31,			As of the six months ended June 30,
	2016	2017	2018	2019
		Audited		Unaudited
	(in ₱ millions except where otherwise indicated)			
Consolidated Statements of Financial Position				
Assets				
Cash and cash equivalents	991	722	327	601
Financial assets at fair value through profit or loss	2050	388	155	1,252
Trade and other receivables	301	186	743	804
Real estate for sale	1,722	2,647	3,413	3,947
Creditable withholding taxes	243	253	260	258
Investment properties	4,534	6,457	5,901	6,633
Property and equipment	20	40	237	266
Net deferred tax assets	15	61	16	1
Contract Assets			785	1,543
Other assets	185	493	499	689
Total assets	**10,061**	**11,247**	**12,336**	**15,995**
Liabilities and Equity				
Liabilities				
Loans payable	3,111	4,269	4,170	5,206
Accounts payable and other liabilities	1,149	1,111	2,063	2,983
Retirement liability	47	51	66	71
Net deferred tax liabilities	645	752	779	1,002
Total Liabilities	**4,952**	**6,183**	**7,078**	**9,263**
Equity				
Capital stock	990	990	990	1,000
Additional paid-in capital	2,031	2,031	2,031	3,010
Retained earnings	2,098	2,085	2,214	2,590
Cumulative remeasurement gains (losses) on retirement liability- net of tax	3	8	18	18
Parent Company's preferred shares held by a subsidiary	(12)	(12)	(12)	(12)
	5,110	**5,102**	**5,241**	**6,605**
Non-controlling interests	(1)	(38)	17	128
Total Equity	**5,109**	**5,064**	**5,258**	**6,733**
Total Liabilities and Equity	**10,061**	**11,247**	**12,336**	**15,995**

	For the years ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
		Audited		Unaudited	
			(in ₽ millions)		
Cash Flow Data					
Net cash provided by (used in)					
Operating activities	436	(1,466)	(1,729)	(628)	(561)
Investing activities	(2,342)	250	(262)	(206)	(1,243)
Financing activities	2,291	947	1,590	430	2,078
Effect of consolidation of ArcoSouth	(0)	(0)	5	-	-
Effect of exchange rate changes in cash and cash equivalents	1	(0)	1	1	1
Net increase/(decrease) in cash and cash equivalents	386	(269)	(395)	(403)	275
Cash and cash equivalents at beginning of year	605	991	722	722	327
Cash and cash equivalents at end of period	**991**	**722**	**327**	**319**	**601**

Capitalization

The unaudited consolidated short-term and long-term debt and capitalization of ALCO as of the relevant period shall be set out in the Offer Supplement for each tranche of the Bond Program.

Terms of the Offer

A discussion containing the "*Terms of the Offer*" shall be set out in the relevant Offer Supplement. However, any such discussion should be read together with, and is qualified in its entirety by reference to, the additional information appearing elsewhere in the prospectus used for the Offer, the Offer Supplement, including, but not limited to, the discussion on the "Overview of the Bond Program", 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 Bonds. Accordingly, any decision by a prospective investor to purchase the Bonds should be based on a consideration of the prospectus used for the Offer, the relevant Offer Supplement, the Application to Purchase, the Articles of Incorporation and By-Laws of the Company (each as amended to date), the Trust Agreement (as applicable), and applicable laws and regulations as a whole.

For purposes of the Bonds, this Prospectus dated [•] 2019 is the prospectus referred to in the foregoing paragraph.

The first tranche of the Bonds will consist of [ASEAN Green] Bonds which will be issued under SEC Memorandum Circular No. 12, Series of 2018 or *Guidelines on the Issuance of Green Bonds under the ASEAN Green Bonds Standards in the Philippines* ("SEC Guidelines on ASEAN Green Bonds").

ASEAN Green Bonds refers to bonds where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and or existing eligible green projects that address key areas of environmental concern such as, but not limited to ("Eligible Green Projects"): (a) renewable energy; (b) energy efficiency; (c) pollution prevention and control; (d) environmentally sustainable management of living natural resources and use; (e) terrestrial and aquatic biodiversity conservation; (f) clean transportation; (g) eco-efficient and/or circular economy adapted, production technologies and processes; and (h) green buildings which meet regional, national or internationally-recognized standards or certifications.

ALCO plans to issue the first tranche of the Bonds under its Green Finance Framework which targets to address three main environmental objectives, i.e. climate change mitigation, promotion of green buildings and environmentally sustainable management of land.

Under ALCO's Green Finance Framework, a portfolio of Eligible Green Projects qualifies for the use of proceeds for as long as these meet minimum eligibility requirements which include the following standards for the development of new buildings, acquisition and renovation of completed buildings (commercial and residential) compliant with any of the following standards:

- 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.

Pursuant to the SEC Guidelines on ASEAN Green Bonds, ALCO's Green Finance Framework was externally reviewed by Vigeo Eiris, an independent international provider of environmental, social and governance (ESG) research and services for investors and public and private organizations, which provided a second party opinion on ALCO's Green Finance Framework ("Second Party Opinion").

A copy of ALCO's Green Finance Framework and Vigeo Eiris' Second Party Opinion is available at https://arthaland.com/investor-relations/other-disclosures.

Overview of the Bond Program

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and in relation to the terms and conditions of any particular tranche of the Bond Program, the applicable terms and conditions.

ALCO is offering a Bond Program comprised of [fixed rate public debt securities as provided by applicable SEC rules and regulations effective at the time of issuance] in the aggregate principal amount of ₱6,000,000,000.00 to be issued in one or more tranches (each a "Tranche"). The following sections outline the description of the Bond Program.

The Bond Program

Issuer:	ArthaLand Corporation
Facility:	₱6,000,000,000.00 Bond Program
Availability:	The Bond Program will be continuously available until the expiration of the shelf registration and the permit to offer securities for sale to be issued by the SEC for the Bond Program.
Maturity:	To be determined per Tranche
Method of Issue:	Issued on a continuous basis in tranches (each a "Tranche") on different issue dates. The specific terms of each Tranche will be set forth in the final prospectus or corresponding offer supplement.
Form of Securities:	Each Tranche of the Bond Program will be represented by a Master Certificate of Indebtedness to be issued and registered in the name of the Trustee for the Bondholders and by applicable document pursuant to the rules or other relevant regulations as promulgated by the SEC. Legal title to the Bonds shall be shown on and recorded in the Register of Bondholders maintained by the Registrar.
First Tranche Bonds:	The first tranche of the Bond Program will consist of an Offer of up to [₱2,000,000,000.00] with an Oversubscription option of up to [₱1,000,000,000.00] [ASEAN Green] Bonds to be offered and issued out of the shelf registration. The [ASEAN Green] Bonds will be issued under ALCO's Green Finance Framework which, based on a Second Party Opinion obtained by ALCO, is aligned with the ASEAN Capital Markets Forum's (ACMF) ASEAN Green Bond Standards 2018 and International Capital Market Association's (ICMA) Green Bond Principles 2018, and thus, will effectively comply with the SEC Guidelines on ASEAN Green Bonds.
Denomination of the Bonds to be issued:	Minimum of ₱50,000.00 face value and in increments of ₱10,000.00 thereafter.
Redemption for Taxation Reasons:	If payments under the Bond Program become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the relevant Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available

to the Issuer, the Issuer may redeem the Bonds in whole, but not in part, (having given not more than sixty (60) nor less than fifteen (15) days' prior written notice to the Trustee) at par or 100% face value plus accrued interest.

Final Redemption: Except when a call option on the fixed-rate bonds is exercised, the Bonds will be redeemed at par or 100% face value on the relevant maturity date.

Status of the Bonds: The Bonds constitute direct, unconditional and unsecured Peso-denominated obligations of the Issuer and will rank *pari passu* and ratably without any preference or priority among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, other than obligations mandatorily preferred by law.

Negative Pledge: The Bonds shall have the benefit of a Negative Pledge on all existing and future assets of the Issuer, subject to certain permitted liens contained in the relevant Trust Agreement.

Optional Redemption: The applicable final terms will indicate either that the relevant Bonds cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Bonds will be redeemable at the option of the Issuer and/or the relevant Bondholders upon giving notice to the Bondholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the Underwriters/relevant parties.

Purchase and Cancellation: The Issuer may at any time purchase any of the 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) Bonds pro-rata from all Bondholders. Any Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of each particular Tranche of Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.

Taxation: Except: (1) tax on a Bondholder's interest income on the Bonds which is required to be withheld by the Issuer, and (2) capital gains tax/income tax, documentary stamp tax, gross receipts tax, value-added tax, estate tax, donor's tax and other taxes on the transfer of Bonds (whether by assignment or donation), if any and as applicable, which are for the account of the Bondholder, all payments of principal and interest will be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Republic of the Philippines or any political subdivision, agency or instrumentality thereof, including, but not limited to, issue, registration, or any similar tax or other taxes and duties, including interest and penalties. 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, and will not gross-up the payments of interest on the principal amount of the Bonds so as to cover any final withholding tax applicable on interest earned on the Bonds prescribed under the National Internal Revenue Code of 1997, as amended, and its implementing rules and regulations.

Documentary stamp tax on the original issue of the Bonds shall be for the Issuer's account.

A Bondholder who is exempt from or is not subject to final withholding tax on interest income or is subject to a preferential withholding tax rate may claim such exemption or preferential rate by submitting to the relevant Joint Lead Underwriter, together with its Application to Purchase, the tax exemption documents specified in the relevant Offer Supplement.

The tax treatment of a Bondholder may vary depending upon such person's particular situation and certain Bondholders may be subject to special rules not discussed above. This summary does not purport to address all the aspects that may be important and/or relevant to a Bondholder. Bondholders are advised to consult their own tax advisers on the ownership and disposition of the Bonds, including the applicability and effect of any state, local or foreign tax laws.

Governing Law: Philippine Law

Risk Factors

General Risk Warning

An investment in the Bonds involves a number of risks. The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance and there may be a large difference between the buying price and the selling price of the Bonds. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on the business, financial condition, results of operations and cause the market price of the Bonds to decline. All or part of an investment in the Bonds could be lost. Investors deal in a range of investments each of which may carry a different level of risk.

Prudence Required

The risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. Investors should undertake independent research and study on the trading of these securities before commencing any trading activity. Investors may request publicly-available information on the Bonds and ALCO from the SEC and PSE.

Professional Advice

An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially high-risk securities.

Risk Factors

This Prospectus contains forward-looking statements that involve risks and uncertainties. ALCO adopts what it considers conservative financial and operational controls and policies to manage its business risks. The actual results may differ significantly from the results discussed in the forward-looking statements. See section "Forward-Looking Statements" of this Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of ALCO, in particular, and those that pertain to the over-all political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented below. The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.

Investors should carefully consider all the information contained in this Prospectus including the risk factors described below, before deciding to invest in the Bonds. The business, financial condition and results of operations of the Company could be materially and adversely affected by any of these risk factors.

RISKS RELATING TO ARTHALAND AND ITS SUBSIDIARIES

No assurance of successful implementation of business plans and strategies

ALCO is susceptible to the failure of the implementation of the business plans and strategies, especially with respect to new projects and undertakings. While ALCO has successfully completed Arya and ACPT on time, and within budget, it has several ongoing projects such as Cebu Exchange, Savya Financial Center, Sevina Park and Cebu Business Park Project which, along with its other projects in the pipeline such as, Makati Residential Project, Makati Residential Project 2, Manila Long Term Project and several target acquisitions and developments in the Philippines, still face uncertainty in terms of completion and revenue results.

Real estate developments are subject to risks such as delays in obtaining financing, finalizing project plans, obtaining approvals, increases in construction costs, natural calamities and market downturns. ALCO's future financial performance may be significantly affected by factors that limit its ability to finance and complete its current and future projects in a timely and cost-effective manner and to market them successfully. There is no guarantee that ALCO's future projects will, similar to Arya and ACPT, be successfully completed and

sold or leased as planned. There is likewise no guarantee that the take up for its new developments will remain robust.

However, the Company continues to capitalize on the extensive experience of its management team composed of highly experienced industry veterans from various real estate developers carrying a wealth of cumulative management experience in the Philippines and abroad to transform its plans into reality through a deep understanding of its market as well as the careful formation of its strategies. ALCO also banks on the success of Arya and ACPT, as proof of its track record and capability to deliver quality projects on schedule and within budget.

Moreover, ALCO's ongoing developments such as Cebu Exchange, Savya Financial Center and Sevina Park are grounded on sound business strategies based on legitimate market demand and trends, as they are expected to ride on the booming take-up for office and residential space in prime locations such as Cebu City, Arca South and Laguna brought about by the growth of both the BPO industry and the overall economy.

The Company continually looks for growth opportunities in different market segments and geographic areas in order to mitigate risk concentration on a particular market segment or geographic area by reason of political, economic or other factors, and thus providing it with a steady revenue base.

The Company's business is inherently volatile

The Company's focus is the development and sale of real estate. While the Company has established recurring income resulting from leasing operations of ACPT, Arya Plaza and Courtyard Hall, recurring income will account for only a small portion of the Company's overall expected revenues in the mid-term. Further, the Company's revenues, and consequently, its profits, vary year on year, depending on several factors, including the completion and demand for its projects, as well as its available real estate inventory for sale. Prior year's financial performance does not guarantee future financial performance of the Company.

With the completion of ACPT, however, ALCO expects its recurring leasing revenues to cover its fixed overhead costs at the minimum, and mitigate the volatility that ALCO's business is exposed to on a continuous basis. ALCO has likewise initiated plans to retain some of the office or retail units in its projects to strengthen its recurring income base. Finally, ALCO takes specific measures to enable it to launch and complete its projects at the right time to address volatility in revenues and earnings.

The Company operates in a highly-regulated environment and it is affected by the development and application of regulations in the Philippines.

The Philippines' property development industry is highly regulated. The development of subdivision and other residential projects is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. In addition, projects that are to be located on agricultural land must get clearance from the Philippine Department of Agrarian Reform ("DAR") so that the land can be re-classified as non-agricultural land and, in certain cases, tenants occupying agricultural land may have to be relocated at the Company's expense. Presidential Decree No. 957, as amended, ("PD 957") and Batas Pambansa Blg. 220 ("BP 220") are the principal statutes, which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The Housing and Land Use Regulatory Board ("HLURB") is the administrative agency of the Government, which enforces these statutes.

All subdivision development plans are required to be filed with and approved by the local government unit with jurisdiction over the area where the project is located. Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities. Alterations of approved plans that affect significant areas of the

project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company, its subsidiaries or associates or partners will be able to obtain governmental approvals for its projects or that when given, such approvals will not be revoked.

In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing units. Project permits and any license to sell may be suspended, cancelled or revoked by the HLURB based on its own findings or upon complaint from an interested party and there can be no assurance that the Company, its subsidiaries, associates or partners will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled or suspended. Any of the foregoing circumstances or events could affect the Company's ability to complete projects on time, within budget or at all, and could have a material adverse effect on its financial condition and results of operations.

To mitigate the risk of development and application regulations in the Philippines having an adverse effect on ALCO's projects, the Company's Legal Department and Engineering Department ensure that all projects are compliant with Government regulations and specifications.

Ability to obtain financing at favorable terms and interest rates

The Company and its subsidiaries obtain or plan to obtain medium-term and long-term financing at favorable terms to cover a portion of the capital expenditures needed to develop their projects and general corporate purposes, which may include refinancing of the Bonds. There is no assurance that the Company or its subsidiaries can continue to raise the additional financing needed to execute their future plans, including refinancing debt, at favorable terms. Aside from this, higher inflation and interest rates could have a material adverse effect on the Company's, its subsidiaries' and its customers' ability to obtain financing.

Higher interest rates, factors that affect interest rates, such as the Government's fiscal policy, inflation, foreign exchange rates, as well as government policy on limiting the exposure of financial institutions to real estate, could have a material adverse effect on the Company and on demand for its products.

The occurrence of any of the foregoing events, or any combination of them, or of any similar events could have a material adverse effect on the Company's business, financial condition and results of operations.

While these risks are inherently uncontrollable, the Company practices what it considers prudent financial management, such as opting for fixed interest rates for the duration of its term loans, matching financing tenors to the the project's cash flows and limiting borrowing to peso denominated loans, to minimize any risks from the factors mention above. In addition, the Company structures the capitalization for each of its projects such that debt to equity ratios are maintained at conservative levels well below industry averages and acceptable debt-to-equity ratios for bank financing. In addition, cash flows from each of the projects are not commingled with other projects and that reliance on collections from pre-selling is kept at a low percentage of total revenues from each project.

Possibility of a rapid increase of interest rates

There is no guarantee that interest rates, in general, will remain at current levels. Interest rates may increase as a result of developments both in the global and the domestic stage.

A significant number of ALCO's customers rely on bank financing. An increase in interest rates may adversely affect the take up of ALCO's future projects resulting from the availability of affordable financing.

However, ALCO's market segment, which is vetted and concentrated on the high-end market, has shown greater holding power, and has generally demonstrated flexibility to fund their real estate purchases from

readily available cash. As a result, ALCO's customers are less likely to default on their financial commitments notwithstanding an increase in interest rates.

Availability of land for use in the Company's future projects

There is scarcity and intense competition for certain prime properties in the Philippines which real estate companies continuously bid for. It is uncertain whether ALCO can secure real estate properties to ensure that its development activities continue.

However, the Company has already secured the required land bank for its current line up of projects including Cebu Business Park Project and Makati Residential Project which are expected to be launched within the next 12 months. The Company is likewise actively negotiating to complete the acquisition of properties for its Makati Residential Project 2 and Manila Long Term Project. The Company remains constantly on the lookout for opportunities to acquire properties that will match its developmental plans.

Further, the Company also benefits from being regarded highly by existing customers and partners. ALCO is approached by landowners to be the preferred developer for their properties.

Significant competition in the real estate industry

The Company's ability to sell or lease its projects may be adversely affected by the competition from other high-end real estate developers like Ayala Land, Inc. and Rockwell Land Corporation which already have established market bases and have been in the market for a longer amount of time potentially allowing it to have greater flexibility in pricing and payment terms which may adversely affect the Company's sales velocity.

To mitigate this risk, the Company continues to focus on its identified market niches and highlight its strengths in sustainable and green developments to continue building a reputation of quality projects recognized internationally for superb architecture and interior design, such as Arya and ACPT. ALCO also relies on the strategic placement of its land bank and competitive pricing to continue serving its niche market.

Titles over land owned by the Company may be contested by third parties

While the Philippines has adopted a system of land registration which is intended to conclusively confirm land ownership, and which is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land which has already been registered and over which a title has been issued. The Company's subsidiary, UPHI, is a party to cases involving quieting of title and expropriation involving a small portion of its property in Tagaytay City. Litigation may result in delays or suspension of project developments. (For a more detailed discussion, see "Legal Proceedings" on page 77.)

The Company mitigates this risk by requiring comprehensive due diligence on potential properties for acquisition before consummating an offer to purchase the same.

Environmental laws could adversely affect the Company's business

Real estate developers are required to follow strictly the guidelines of the DENR and to secure various permits and licenses for each project. Any changes in the current environmental laws and regulations applicable to the Company may increase the Company's operating expenses and may require significant compliance efforts from, and additional compliance costs for, the Company. To mitigate this risk, ALCO currently and will continue to comply with environmental laws and will keep abreast of any changes in such laws which may have an impact on its business.

(For a more detailed discussion, see "Regulatory Framework" on page 132.)

Delays in the completion of projects and failure to meet customers' expectation and standards could adversely affect the Company's reputation and its business and financial performance

The Company's reputation will be negatively affected if any of its projects experiences construction or infrastructure failures, design flaws, significant project delays, and quality control issues. Any of these may consequently make it more difficult for the Company to attract new customers for its future projects. Any negative effect that would stain the Company's reputation may pose difficulties in selling or leasing its projects and may have a domino effect on both its other current and future projects.

To mitigate this risk, the Company engages the services of reputable and experienced architects, designers, project managers and technical consultants, both here and abroad. The Company likewise engages the top general contractors in the Philippines to ensure that its projects are constructed in accordance with plans and specifications and in accordance with the agreed schedules. The selection of all third-party professionals, contractors, and suppliers passes through a prequalification process and competitive bidding. Contracts will include provisions for warranties, penalties, performance bonds and liquidated damages for delay and unsatisfactory workmanship. The Company likewise maintains its own technical team that monitors the progress and construction quality to ensure that the project is executed in accordance with set standards. Questions and/or requests from customers are addressed by the Company in a timely fashion.

Cyclicality of Property Development

The property development sector is cyclical and is subjected to the Philippine economic, political and business performance. The industry is dependent primarily on consumer spending for housing. In the past years, a significant portion of housing demand, particularly on the low end of the spectrum, was driven by purchases from the overseas workers' market. This exposes the industry to the economic performance of foreign countries of the overseas workers such as the United States, the Middle East and countries in Europe.

The office market has been largely driven by the BPO sector which caters largely to US and European customers. It is important to note that while the US and Europe remain to be the largest client-base contributors to the country's information technology and business process management (IT-BPM) sector, the industry is currently moving to high value and high potential markets in Australia, New Zealand and other neighboring countries in the region. Other than voice-based offshore services, the IT-BPM industry is also gearing towards high-value knowledge-based services including financial, legal, medical, architectural and animation sectors.

The BPO industry, organized under the IT-Business Process Association of the Philippines (IBPAP), comprises primarily of contact centers, back office operations and medical transcription, among others. The BPO industry has experienced phenomenal growth since the mid-2000. In 2008-2009, however, demand for BPO office space dropped as a result of the global recession which led to a glut in office space and a reduction in rental rates. The industry saw a recovery in 2010 as BPO offices resumed their expansion plans which brought an upward adjustment in rental rates. The fast-paced growth of this industry in the past five years as well as its prospects for the next five to ten years in Metro Manila and other emerging cities across the Philippines have become the major drivers of growth in the office sector of the property industry. The absorption rate of newly built office buildings in major central business districts and key cities remain high because of the requirements of these BPO companies.

Overall, the industry and necessarily, ALCO and its subsidiaries contend with risks relating to volatility in overseas remittances, interest rates, credit availability, foreign exchange, political developments, costs and supply of construction materials, wages, and changes in national and local laws and regulations governing Philippine real estate and investments. ALCO and its subsidiaries are sensitive (i) to the political and security situations of the country since its sales comes from both foreign and local investors, and (ii) to the performance of overseas remittances and the BPO sectors as these inflows find their way into investments in housing and other real estates.

ALCO has a very rigid credit approval system to ensure that its buyers are financially capable of meeting their payment schedules. It evaluates credit worthiness of prospective buyers and regularly monitors the economic performance of the country and global players through internal research and consultations with its property consultants to be able to timely adjust policies on pricing, payment schemes and timing of new project launches.

Possible change in accounting principle for real estate will change the Company's revenue recognition for sale of its real estate developments, which in turn may adversely affect recognition of unrestricted retained earnings

Future changes in the IFRS accounting standards, mainly those related to revenue recognition, could adversely affect the Company's net income and therefore impact recognition of unrestricted retained earnings.

PFRS 15, Revenue from Contracts with Customers, replaced PAS 11, Construction Contracts, PAS 18, Revenue, and related interpretations. It establishes a single comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance. Further, the amendments provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

On February 14, 2018, the Philippine Interpretation Committee (PIC) issued PIC Q&A 2018-12: PFRS 15 - Implementation Issues Affecting the Real Estate Industry, which provides guidance on some implementation issues affecting the real estate industry due to changes brought by the adoption of PFRS 15. Among the key areas discussed in this issuance are the accounting for significant financing component arising from the difference of revenue recognized under percentage of completion (POC) and the aggregate collections, and the exclusion of the following costs as input used in determining the POC:

a. Land element
b. Connection fees
c. Borrowing cost
d. Materials delivered on-site but not yet installed

Further on October 25, 2018 and February 8, 2019, the SEC issued SEC Memorandum Circular No. 14 Series of 2018 and SEC Memorandum Circular No. 3 Series of 2019, respectively, providing relief to the real estate industry by deferring the application of the provisions of PIC Q&A 2018-12 with respect to the exclusion of land element and uninstalled materials on-site in the POC computation and the accounting for significant financing component. Accordingly, effective January 1, 2018, borrowing costs and connection fees are excluded in determining POC.

Effective January 1, 2021, real estate companies will adopt PIC Q&A No. 2018-12 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

The Company adopted PFRS 15 using the retrospective approach but deferred the application of the provisions of PIC Q&A No. 2018-12.

The Company continues to assess the impact of this change to its financial results, and will conduct a thorough review and assessment of its contracts with customers to determine proper application of the new standards and reasonably plan to safeguard the interests of both the prospective holders of the Bonds.

The Company's and its subsidiaries' loan agreements are subject to certain debt covenants

The Company's loan agreements for certain debts contain covenants that limit its ability to, among other things:

- incur additional long-term debt to the extent that such additional indebtedness results in a breach of financial covenants;
- declare dividends without the consent of the lending institutions;
- materially change the nature of its business;
- merge, consolidate, or dispose of substantially all its assets; and
- encumber, mortgage or pledge some of its assets.

Complying with these covenants may cause the Company to take actions that it otherwise would not take or not take actions that it otherwise would take. ALCO's failure to comply with these covenants would cause a default, which, if not waived, could result in the debts becoming immediately due and payable.

ALCO has historically taken a prudent stance in managing its debt obligations by ensuring that any corporate act, whether or not performed in the ordinary course of business, does not violate any existing debt covenant. In the event that any significant corporate act or business transaction is seen to potentially affect its debt covenants that would lead to accelerating the payment of existing debt, ALCO shall endeavor to obtain the necessary waivers in accordance with relevant debt agreements.

No assurance that insurance rates and coverage will remain the same, as such insurance coverage may not be adequate in the future

The Company maintains comprehensive property and liability insurance policies with coverage features and insured limits that it believes are consistent with market practices in the real estate development industry in the Philippines from various insurance companies. Nonetheless, the scope of insurance coverage that the Company can obtain or the Company's ability to obtain such coverage at reasonable rates may be limited.

Insurance policies and terms of coverage will be subject to renewals and negotiations on a periodic basis and there is no assurance that adequate insurance coverage will be available on commercially reasonable terms in the future. Any material increase in insurance rates, decrease in available coverage or any failure to maintain adequate insurance in the future could adversely affect the business, financial condition and results of operations.

To mitigate this risk, the Company regularly monitors the sufficiency of insurance coverage from its various insurance contracts and cultivates a healthy business relationship with various insurance companies.

The Company or its contractors may be subject to labor unrest, slowdowns and increased costs

The Company has not experienced labor unrest in the past that resulted in the disruption of its operations. However, there can be no assurance that it will not be required to defend against labor claims or that it or its contractors will not experience future disruptions in its operations due to labor disputes in the future. In addition, any changes in labor laws and regulations could result in the Company having to incur substantial additional costs.

To mitigate the risk, the Company complies with labor laws, adopts policies to ensure a healthy working environment for its employees and engages contractors that practice the same. Further, substantially all of its construction contracts are fixed, thereby allowing the Company to mitigate this risk.

The Company is dependent on key suppliers and service providers to successfully implement its plans

The Company is dependent on certain key suppliers and service providers for substantial components of the Company's real estate developments. The Company relies on certain architecture and design firms as well as contractors for the execution of its plans.

The Company mitigates this risk primarily through its stringent screening process in relation to counterparty selection. When necessary, the Company also requires its suppliers and service providers to provide performance security including surety bond, advance payment bond, performance bond and guarantee bond which sufficiently allow ALCO to manage this risk.

The Company is dependent on its management team and key employees to successfully implement its strategies

The loss of key and management personnel may have a material adverse impact to the Company and its business plans. There is no guarantee that existing personnel will continue to serve in their current capacity.

The Company, however, is confident in its ability to attract and retain key personnel by continuing to provide competitive compensation, as well as promoting a sustainable culture for its team. The Company likewise, has a strong top and middle management bench which provides it access to a continuous stream of talent.

The Company may be unable to attract and retain skilled professionals

The Company's ability to plan, design and execute current and future projects depends on its ability to attract, train, motivate and retain highly skilled personnel. The Company believes that there is significant demand for such personnel not only from its competitors but also from companies outside the Philippines. Any inability on the part of Company in hiring and, more importantly, retaining qualified personnel could impair its ability to undertake project design, planning and execution activities in-house and could require the Company to incur additional costs by having to engage third parties to perform these activities.

To mitigate the risk, the Company regularly reviews its hiring policies to ensure that it remains competitive against other employers in terms of being able to attract and retain top talent.

The Company may be affected by the Comprehensive Tax Reform Program

On December 19, 2017, the President of the Philippines signed into law the Tax Reform for Acceleration and Inclusion or Republic Act No. 10963 ("TRAIN Law") which took effect on January 1, 2018. The TRAIN Law amends certain provisions of the Tax Code and is the first package of the Comprehensive Tax Reform Program ("CTRP") of the Duterte administration.

On February 14, 2019, the President signed into law the Tax Amnesty Act of 2019 or Republic Act No. 11213 ("Tax Amnesty Law"), which was intended to complement the provisions of the TRAIN Law. However, following the President's veto of the provisions granting general tax amnesty for all unpaid national internal revenue taxes for taxable year 2017 and prior years, the current Tax Amnesty Law only grants estate tax amnesty for estates of decedents who died on or before December 31, 2017 and whose estate taxes have remained unpaid or have accrued as of December 31, 2017 and tax amnesty on delinquencies covering all national internal revenue taxes for taxable year 2017 and prior years. Congress, by two-thirds vote of all Members of each House, voting separately, may pass the vetoed provisions over the President's veto. In which case, the vetoed provisions will become law.

The second package of the CTRP (the "TRABAHO Bill") aims to lower corporate income taxes while rationalizing fiscal incentives for corporations, such as income tax holidays, special rates, and custom duty exemptions. If passed into law, any applicable financial incentives enjoyed by ALCO may be affected. Under package 4 of the CTRP, the Department of Finance reportedly proposes to lower the rate of transaction taxes on land, including DST, transfer tax and registration fees, centralize and rationalize valuation of properties, increase valuation of properties closer to market prices, review property valuations every three (3) years and adjust accordingly. While package 4 aims to lower the rate of transaction taxes on land, the increase in valuation could lead to an increase in the taxes to be paid by the Company.
To mitigate the risk, the Company regularly reviews its tax exposure and employs efficient tax planning.

ALCO may be exposed to cybersecurity incidents and information security risks

ALCO, independently and through third-party service providers, collects, processes, uses, transmits and stores on its networks, devices and equipment sensitive information, including intellectual property, proprietary business information and personally identifiable information of ALCO's customers, employees, suppliers, contractors and service providers.

As cybersecurity vulnerabilities and threats continue to evolve, ALCO may be required to expend significant additional resources to continue to modify or enhance its security measures or to investigate and remediate any cybersecurity vulnerabilities or similar incidents. The occurrence of any of these events could result in (i) business interruptions and delays; (ii) the loss, misappropriation, corruption or unauthorized access of data; (iii) litigation and potential liability under privacy, security, breach notification and consumer protection or other laws; (iv) reputational damage and (v) governmental inquiries or investigations, any of which could have a material, adverse effect on ALCO's financial position and results of operation and harm ALCO's business reputation.

ALCO has implemented security measures to protect the confidentiality, integrity and availability of sensitive information and the systems and devices that store and transmit such data, and routinely monitors and tests its security measures. ALCO has appointed and designated a Data Privacy Officer who shall be accountable for ensuring the compliance by ALCO and its subsidiaries with the provisions of the Data Privacy Act and its implementing rules and regulations, as well as the issuances of the National Privacy Commission, and other applicable laws and regulations relating to privacy and data protection. ALCO has also conducted privacy impact assessments and has data privacy policies in place to ensure that security risks are managed and breaches will be adequately addressed. ALCO also ensures that appropriate data privacy provisions are included in its contracts with customers, suppliers and service providers.

ALCO is subject to foreign ownership limitations.

As of the date of this Prospectus, ALCO owns land and is therefore required by the Philippine Constitution and related statutes to be a Philippine national by limiting foreign ownership in the Company to a maximum of 40% of its outstanding capital stock.

Pursuant to Philippine SEC Memorandum Circular No. 8, Series of 2013, for purposes of determining compliance with the constitutional or statutory ownership requirement, the required percentage of Filipino ownership shall be applied to both: (i) the total number of outstanding shares of stock entitled to vote in the election of directors; and (ii) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

Therefore, to the extent that foreign investors' ability to the invest in ALCO and its landholding subsidiaries is limited, ALCO and its subsidiaries must resort to other sources of capital raising and must structure their partnerships and joint ventures with foreign nationals in a manner as to ensure that foreign ownership limitation is not breached.

ALCO is aware of this foreign ownership restriction and is actively monitoring its partnerships and shareholding structure to ensure that foreign participation is within the constitutional limits. ALCO maintains competent internal and external legal counsel to ensure that its transactions with foreign nationals are properly structured in order not to breach this foreign ownership limitation.

ALCO is reliant on technology in certain business operations and uses technology to differentiate its developments from those of its competitors.

While ALCO aims to remain abreast with the latest technological developments related to property development, there are no significant barriers that prevent its competitors from adopting a similar technology for their own developments and projects. ALCO may also fail to implement any new technology in a timely manner or at all, putting it at a disadvantage to its competitors.

To mitigate this risk, ALCO ensures that it is at the forefront in terms of using the latest enabling technologies as added features to its residential and commercial projects. As an example, the villas at Sevina Park Homes are designed to be high speed wi-fi and home automation ready, enabling the resident to control climate and electrical appliances remotely should the tenant wish to install these features. The Sevina Park will likewise have a centralized command center for safety and security throughout the estate."

ALCO is subject to risk on substantial sale cancellations

Company faces certain risks related to the cancellation of sales involving its real estate projects and if the Company were to experience a material number of sales cancellations, the Company's historical revenues would be overstated.

As a developer and seller of real estate, the Company's business, financial condition and results of operations could be adversely affected in the event a material number of sales contracts for subdivision lots and condominium units are cancelled.

- The Company is subject to R.A. 6552 (the "Maceda Law"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units (but excluding industrial and commercial lots). Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. This right shall be exercised by the buyer only once in each year of the life of the contract and its extensions, if any. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund.

- While the Company historically has not experienced a material number of cancellations to which the Maceda Law has applied, there can be no assurance that it will not experience a material number of cancellations in the future, particularly during slowdowns or downturns in the Philippine economy, periods when interest rates are high or similar situations. In the event the Company does experience a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers or it may have to incur indebtedness in order to pay such cash refunds. In addition, particularly during an economic slowdown or downturn, there can be no assurance that the Company would be able to resell the same property or resell it at an acceptable price. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

- In the event the Company experiences a material number of sales cancellations, investors are cautioned that the Company's historical revenues would have been overstated because such historical revenues would not have accurately reflected subsequent customer defaults or sales cancellations. Investors are also cautioned not to rely on the Company's historical income statements as indicators of the Company's future revenues or profits.

There can be no assurance that the Company will not suffer from substantial sales cancellations and that such cancellations will not have a material adverse effect on its financial condition and results of operations. Receivable balances are monitored by the Company on a regular basis.

The Company mitigates this risk by ensuring that it conducts proper procedures to obtain necessary information from prospective buyers so as to have reasonable assurance of their ability to pay for or obtain

financing for their units to minimize payment default as a reason for sales cancellation. The Company likewise maintains a healthy client list to aid in selling previously cancelled units to other buyers.

RISKS RELATING TO THE PHILIPPINES

Company is exposed to risks related to the slowdown in the Philippine economy

The Philippine economy remains exposed to significant economic and political risks. The performance of the Philippine economy may influence, in general, the results of the Company's operations. Any deterioration in the economic conditions in the Philippines may adversely affect consumer sentiment.

There can be no assurance that current or future governments will adopt economic policies conducive to sustaining economic growth. The Company's results of operations depend on the performance of the Philippine economy. Movement in interest rates will affect the Company's cost of capital as well as the financial viability of its projects. Any deterioration in the Philippine economy could materially and adversely affect the Company's financial condition and results of operations.

The Company derives all of its sales and operating profits from its development activities in the Philippines and its business is highly dependent on the state of the Philippine economy and the Philippine property market.

Demand for, and prevailing prices of, developed land, are directly related to the economic, political and security conditions in the Philippines. The relatively stable interest rate environment in recent years, as well as the favorable demographics (i.e. demographic sweet spot or majority of the population or at least 50 million Filipinos reaching working age) has partly sustained the growth in the local property market.

There is no guarantee that the Philippine real estate sector will continue to be robust. Over different periods, the Philippines has faced declining economic growth rates with high inflation rates, especially during economic downturns brought about by external and local risk factors. For instance, the Philippine property market suffered a sharp downturn as a result of the Asian financial crisis in 1997 and the political crisis in 2000 brought about by the impeachment proceedings against, and eventual resignation, of former President Joseph Estrada. These crises led to a steep drop in real estate demand and consequently to an oversupply in the property market, depressed property prices and reduced demand for new residential projects. The *Bangko Sentral ng Pilipinas* increased policy rates by 175 basis points in 2018 to address the increase in inflation, although it softened its position by cutting policy rates by 75 basis points in the first nine months of 2019. Another example of an external risk factor is the global economic recession and financial market turmoil in 2008, which led to some slowdown in the local economy and property market. However, growth in the local property market continued to be resilient and sustained by the country's improved economic and credit fundamentals, as attested by the country's first-ever investment grade ratings in 2013, the continued growth in OFW remittances and BPO revenues that supported consumer spending and demand for property, as well as the relatively stable interest rate environment since the latter part of 2010 that reduced the cost of financing property purchases.

While the risks related to the Philippine economy in general and to the Philippine real estate industry in particular are uncontrollable, the Company practices prudent financial management to minimize their possible effects.

Political and social instability or acts of terrorism could adversely affect the financial results of the Company

Any political and terrorist threats could adversely affect the general conditions and business environment in the Philippines, which could have a material effect on the operations and financial performance of the Company.

The Philippines has, from time to time, experienced political and military instability. In the past 15 years, there has been political instability in the Philippines, including impeachment proceedings against two former presidents, the removal from office of two chief justices of the Supreme Court of the Philippines via impeachment and quo warranto proceedings, and public and military protests arising from alleged misconduct by previous administrations. In addition, a number of officials of the Philippine government have likewise been under investigation on corruption charges stemming from allegations of misuse of public funds.

The Philippines has also been subject to a number of terrorist attacks since 2000, and the Armed Forces of the Philippines has been in conflict with groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines. In addition, bombings have taken place in the Philippines mainly in cities in the southern part of the country. In September 2016, for example, a bombing occurred in Davao City, which has been attributed to Abu Sayyaf, an Islamist militant group. This prompted President Rodrigo Duterte to declare the country under a state of emergency due to lawlessness violence. Moreover, in an operation to capture wanted international terrorist Zulkifli Bin Hir alias Marwan on 25 January 2015, 44 police commanders were killed in a 12-hour fight with two Muslim rebel groups: Moro Islamic Liberation Front and Bangsamoro Islamic Freedom Fighters in the Southern Philippines. An increase in the frequency, severity or geographic reach of these terrorist acts, violent crimes, bombings and similar events could have a material adverse effect on investment and confidence in, and the performance of the Philippine economy. In 2017, President Rodrigo Duterte declared martial law in Mindanao due to clashes between government troops and Maute group terrorists in Marawi City in Mindanao. This martial law declaration has been extended until the end of 2019.

There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy. An unstable political environment, whether due to the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting or election-related violence, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the business, operations, and financial condition of the Company.

Territorial disputes with China and other Southeast Asian countries may disrupt the Philippine economy and business environment

The Philippines, China and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. The Philippines maintains that its claim over the disputed territories is supported by recognized principles of international law consistent with the United Nations Convention on the Law of the Sea ("UNCLOS"). The Philippines made several efforts during the course of 2011 and 2012 to establish a framework for resolving these disputes, calling for multilateral talks to delineate territorial rights and establish a framework for resolving disputes.

Despite efforts to reach a compromise, a dispute arose between the Philippines and China over a group of small islands and reefs known as the Scarborough Shoal. In April and May 2012, the Philippines and China accused each other of deploying vessels to the shoal in an attempt to take control of the area, and both sides unilaterally imposed fishing bans at the shoal later that year. These actions threatened to disrupt trade and other ties between the two countries, including a temporary ban by China on Philippine banana imports, as well as a temporary suspension of tours to the Philippines by Chinese travel agencies. Since July 2012, Chinese vessels have reportedly turned away Philippine fishing boats attempting to enter the shoal, and the Philippines has continued to protest China‟s presence there. In January 2013, the Philippines sent notice to the Chinese embassy in Manila that it intended to seek international arbitration to resolve the dispute under UNCLOS. China has rejected and returned the notice sent by the Philippines to initial arbitral proceedings. In May 2013, the Philippine Coast Guard shot and killed a Taiwanese fisherman in an area of the South China Sea claimed as an exclusive economic zone by both countries.

In September 2013, the Permanent Court of Arbitration in The Hague, Netherlands issued rules of procedure and initial timetable for the arbitration in which it will act as a registry of the proceedings. Should these territorial disputes continue or escalate further, the Philippines and its economy may be disrupted and the operations of the Company could be adversely affected as a result. In particular, further disputes between the Philippines and China may lead both countries to impose trade restrictions on the other‟s imports. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect the Company‟s business, financial position and financial performance.
To mitigate this risk, the Company regularly monitors developments and evaluates potential impact to the economy, the real estate industry and the market segments in which it operates so that it can implement or adopt new policies as necessary.

Occurrence of natural catastrophes could adversely affect the business of the Company

The Philippines has experienced a significant number of major natural catastrophes over the years, including typhoons, volcanic eruptions, earthquakes, storm surges, mudslides, fires, droughts, and floods related to El Niño and La Niña, respectively. In the latter part of 2015, two typhoons, Nona and Onyok, brought floods and displaced thousands in the areas affected, while death tolls reached hundreds. Natural catastrophes will continue to affect the Philippines and the Company may incur losses for such catastrophic events which could materially and adversely affect its business, financial condition and results of operations.

There is no assurance that the insurance coverage of the Company maintains for these risks will adequately compensate it for all damages and economic losses resulting from natural calamities. However, the Company mitigates this risk through the geographic diversity of its projects, thereby minimizing the impact of a potential natural catastrophe.

Occurrence of a Philippine credit rating downgrade could adversely affect the business of the Company

International credit rating agencies issue credit ratings for companies with reference to the country in which they are resident. At present, the sovereign credit ratings of the Philippines are all investment grade: Moody's rates the Philippines as Baa2 with a stable outlook, Fitch rates the Philippines as BBB with a stable outlook while S&P rates the Philippines as BBB+, with a stable outlook.

The Philippine sovereign credit ratings directly affect companies that are resident in the Philippines, such as ALCO. There is no assurance that Moody's, Fitch, S&P, or other international credit rating agencies will not downgrade the credit rating of the Philippines in the future. Any such downgrade could have a material adverse effect on liquidity in the Philippine financial markets and the ability of the Philippine government and Philippine companies, including ALCO, to raise additional financing, and will increase borrowing and other costs.

RISKS RELATING TO THE BONDS

An active or liquid trading market for the Bonds may not develop

The Philippine securities markets are substantially smaller, less liquid and more concentrated than major securities markets. The Company cannot guarantee that the market for the Bonds will always be active or liquid. Even if the Bonds are listed on the PDEx, trading in securities such as the Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets, and the overall market for debt securities among other factors. There is no assurance that the Securities may be easily disposed at prices and volumes at instances best deemed appropriate by their holders.

The period for the Company to fully realize the benefits resulting from the use of proceeds of the Bonds may extend beyond the relevant maturity date

The Company may only reap the benefits resulting from the use of proceeds of the Bonds after the Bonds have matured. As a result, the Company may need to utilize its internally generated cash from other projects or external financing to service and repay the Bonds.

Holders of the Bonds may face possible gain or loss if the Bonds are sold at the secondary market.

As with all fixed income securities, the Bonds' market values increase or decrease depending on the change in interest rates. The Bonds when sold in the secondary market are worth more if interest rates decrease since the Bonds have a higher interest rate relative to the market. Likewise, if the prevailing interest rate increases, the Bonds are worth less when sold in the secondary market. Therefore, holders may either make a gain or incur a loss when they decide to sell the Bonds.

The Bonds may not be able to retain its credit rating

There is no assurance that the rating of the Bonds will be retained throughout the life of the Bonds. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization. However, the Company mitigates this risk by ensuring diligent application of its strategies and constant monitoring of operations.

Bondholders may incur a loss if the Company is unable to redeem the Bonds at the relevant maturity date.

At maturity, the Company will be required to redeem all of the Bonds. The Company may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem the Bonds by the Company would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness of the Company

However, the Company mitigates this risk by ensuring diligent application of its strategies and constant monitoring of its cash position to allow for the redemption of the Bonds on maturity date.

The Bonds have no Preference under Article 2244(14) of the Civil Code and may be Subordinated to other Debt

Under Philippine Law, if a borrower submits to insolvency or liquidation proceedings, certain claims, secured obligations, and obligations evidenced by a public instrument enjoy preference over unsecured obligations such as the Bonds. As regards the preference created by ALCO's secured loan obligations, where ALCO's assets are collateralized, this is mitigated by ALCO's Negative Pledge covenant, subject to certain exceptions, under the Trust Agreement. Moreover, since most of these loans are development loans, the security on the assets falls away once a project is completed and starts to earn revenues to repay the loan.

On the other hand, the preference created by a public instrument is mitigated by ALCO's covenant in the Trust Agreement that no other loan or other debt facility currently or to be entered into by the Issuer shall have preference of priority over the Bonds as accorded to public instruments under Article 2244(14) of the Civil Code of the Philippines, and all banks and lenders under any such loans or facilities that are notarized have waived the right to the benefit of any such preference or priority. However, should any bank or security holder hereinafter have a preference or priority over the Bonds as a result of notarization, then the Issuer shall at the Issuer's option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Bonds as may be practicable.

Inability to reinvest at a similar return on investment upon redemption

On the Optional Redemption Date or at any time redemption occurs, the Company may redeem the Bonds at the Redemption Price, as described in ''Terms of the Offer" of the relevant Offer Supplement. At the time

of redemption, interest rates may be lower than at the time of the issuance of the Bonds and, consequently, the holders of the Bonds may not be able to reinvest the proceeds at a comparable interest rate or purchase securities otherwise comparable to the Bonds.

There is no guarantee that the Bonds will be listed

The Company shall file an application for the listing of each Tranche of the Bonds as they are issued on the PDEx but cannot guarantee that the Bonds will be listed on its target listing date as indicated in the relevant Offer Supplement.

Each Tranche of the Bonds will be listed subject to PDEx's approval of the Company's listing applications.

Use of Proceeds

The use of proceeds for each Tranche of the Offer shall be set out in the relevant Offer Supplement. For details on the use of proceeds of the Bonds, please refer to the relevant Offer Supplement.

For the initial tranche of the Bonds, 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 (the "Eligible Green Projects") described in the relevant Offer Supplement.

ALCO will engage an external review provider which will be identified in the relevant Offer Supplement to review ALCO's process for project evaluation and verify the internal tracking method and allocation of the proceeds from the ASEAN Green Bonds.

ALCO will report to the investors on an annual basis until full allocation, and as necessary in the event of material developments, (a) a list of the Eligible Green Projects; (b) brief description of the projects; and (c) the amounts allocated and their expected impact. A copy of ALCO's Green Finance Framework, the annual report on the use of proceeds, and the external review of the annual report on the use of proceeds will be made available at www.arthaland.com.ph.

Plan of Distribution

ALCO plans to issue the Bonds to third party buyers / investors through a public offering to be conducted through the Underwriters.

The detailed plan of distribution and underwriting arrangements for each Tranche of the Bonds shall be as set out in the relevant Offer Supplement.

The Company

OVERVIEW

ARTHALAND CORPORATION is a world-class boutique real estate developer of enduring and sustainable properties recognized internationally as the best residential and green developments. It is the recipient of various awards in the Philippines and in Asia. For *Arya Residences,* it has received various awards including *Best Residential High Rise Development (Philippines)* from Asia Pacific Property Awards (2014), and *Best Condo Development (Philippines)* from South East Asia Property Awards (2012). For *ACPT,* it has likewise received various awards including *Best Office Development* from the Philippines Property Awards (2019), and *Best Green Development (Philippines)* from South East Asia Property Awards (2016).. ALCO is building its mark in the Philippine real estate market by its unwavering commitment to sustainability and innovation, and by developing and managing properties that adhere to the global and national standards in green buildings.

ALCO was incorporated on 10 August 1994[3] for the primary purpose of engaging in the realty development business, including home building and development, and to deal, engage, invest and transact, directly or indirectly, in all forms of business and mercantile acts and transactions concerning all kinds of real property, including but not limited to the acquisition, construction, utilization and disposition, sale, lease, exchange or any mode of transfer of residential, industrial or commercial property.

In 2007, a group of investors led by AOCH1, an investment company specializing in business opportunities in the Philippines, acquired 73.27% of ALCO's then outstanding capital stock, marking the beginning of its renewed focus in real estate development.

The year 2011 marked the entry of CPG, an affiliate of leading food manufacturer Century Pacific Food, Inc., which is listed with the PSE under the stock symbol "CNPF", into ALCO through its acquisition of 1,800,000,000 ALCO common shares. In 2014 CPG further solidified its commitment by purchasing an additional 342,619,910 ALCO common shares.

As of 30 June 2019, CPG and AOCH1 are the largest shareholders of ALCO with 40.3%[4] and 26.0%, respectively of ALCO's total issued and outstanding common shares. Both the Company's common shares, Series B Preferred Shares and Series C Preferred Shares are traded in the PSE with the trading symbol ALCO, ALCPB and ALCPC respectively.

ALCO's developments are registered or are set to be registered under both the U.S. Green Building Council's LEED program, a globally recognized green building rating system that warrants comprehensive, inclusive and calibrated measures in ensuring sustainability and environmentally sound practices as well as the PGBC's BERDE program. In September 2019 ALCO's flagship office development, the Arthaland Century Pacific Tower ("ACPT"), was recognized as the first Net Zero Carbon Project in the world certified under the Excellence in Design for Greater Efficiencies ("EDGE") Green Building Program of the International Finance Corporation ("IFC"). ALCO's adherence to these ratings for all its projects demonstrates its strong commitment to environmentally responsible building practices.

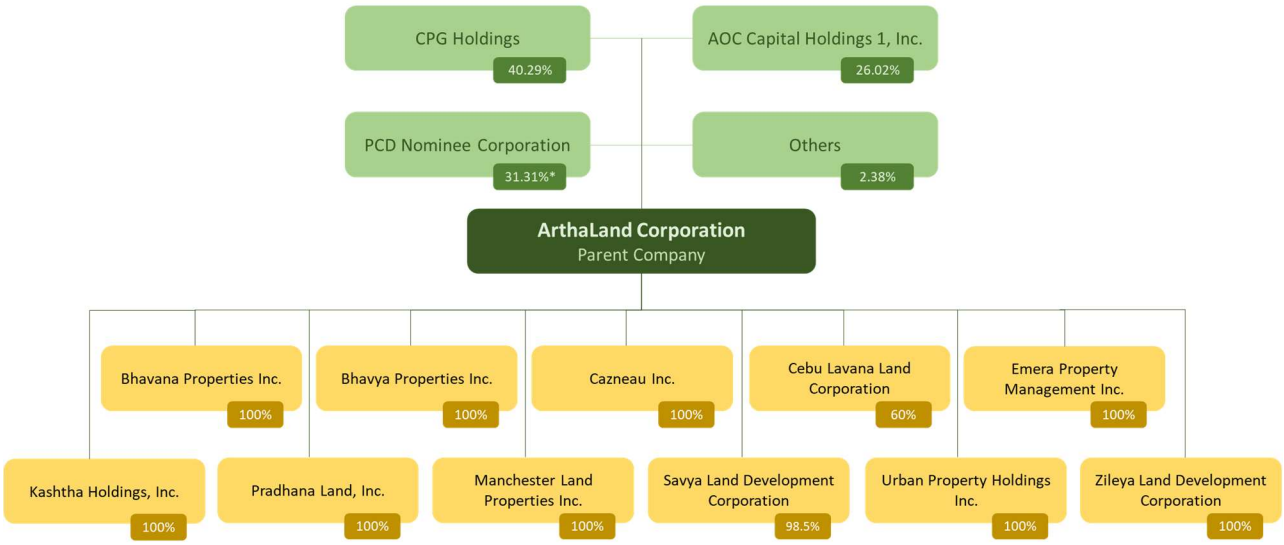
All of the revenues and net income of ALCO for the years 2016, 2017, 2018 and the first half of 2019 were contributed by the revenues and net income from (i) the sale of units in Arya and Cebu Exchange and (ii) lease income from ACPT, retail units of Arya Plaza in Arya and Courtyard Hall in Sevina Park, the student dormitory component inside Sevina Park. ALCO expects to continue to generate lease revenues from the retail units of Arya Plaza, office units in ACPT and student dormitories of Courtyard Hall moving forward. In

[3] ALCO was originally registered as Urbancorp Realty Developers, Inc. but was renamed in 2003 as EIB Realty Developers, Inc. On 26 January 2009, the SEC approved anew the change of the corporate name to ALCO.

[4] Including 125,000,000 indirectly owned shares

addition to the lease revenues, ALCO expects sales revenues from Cebu Exchange and Savya Financial Center in 2019 to 2021. Sevina Park and Makati Residential Project are expected to contribute to revenues beginning in 2020 while Cebu Business Park Project, Makati Residential Project 2 and Manila Long Term Project are expected to contribute to ALCO's revenues beginning in 2021.

CORPORATE STRUCTURE
As of October 31, 2019



**The PCD Nominee ownership is as 30 September 2019*

Subsidiaries and Joint Ventures

i. **Cazneau Inc.** was incorporated on 13 August 2008 principally to engage in the realty development business, including, but not limited to, the acquisition, construction, utilization and disposition, sale, lease, exchange or any mode of transfer of residential, industrial or commercial property. ALCO has 100% ownership interest in this company. On 8 September 2016, Cazneau executed a deed of absolute sale for the acquisition of an 8.1- hectare property in Biñan, Laguna for ALCO's Sevina Park as discussed in more detail under the section *Projects.* Currently, Cazneau has an authorized capital stock of Php1,000,000.00. Its total subscribed capital and paid up capital is Php1,000,000.00.

ii. **Cebu Lavana Land Corp.** was incorporated on 11 September 2015 to principally engage in the realty development business. It is the vehicle ALCO used to acquire two parcels of adjacent land in Cebu City, Philippines with a total area of 8,440 sqm.

Arch SPV, a foreign private limited liability company existing and duly constituted under the laws of The Netherlands with principal office address at Naritaweg 165, 1043 BW Amsterdam, The Netherlands, and managed by Arch Capital, subscribed to its shares of stock which entitled it to two seats in the five-man Board of the company.

CLLC is the project company for ALCO's *Cebu Exchange Project* as discussed in more detail under the section *Projects.*

Currently, CLLC has an authorized capital stock of Php200,000,000.00. Its total subscribed capital and paid up capital is Php83,333,300.00.

iii. **Emera Property Management, Inc.** was incorporated on 31 July 2008. It was originally established to engage in the realty development business but it now serves as the property management arm of ALCO for Arya, ACPT and all its succeeding development projects to ensure the maintenance of high-quality standards therein. Presently, it has twenty-two employees on board. ALCO has 100% ownership interest in this company.

Currently, Emera has an authorized capital stock of Php1,000,000.00. Its total subscribed capital and paid up capital are Php250,000.00 and Php209,700.00, respectively.

iv. **Manchesterland Properties, Inc.** was incorporated on 27 March 2008 and was the registered owner of the 6,357-sqm parcel of land located along McKinley Parkway on which Arya now stands, prior to the conveyance thereof to Arya Residences Condominium Corporation in December 2016. It still owns the commercial units and several parking slots in said development. ALCO has 100% ownership interest in this company.

v. Currently, MPI has an authorized capital stock of Php640,000,000.00. Its total subscribed capital and paid up capital is Php635,705,000.00. **Savya Land Development Corporation** was incorporated on 10 February 2017 principally to engage in the realty development business. It is the vehicle ALCO used to acquire Lots 9 and 10 in Arca South located in Barangay West Bicutan, Taguig City. In August 2019, the SEC approved SLDC's application to merge with Arcosouth, with SLDC as the surviving entity. Arcosouth is the registered owner of Lot 11, the lot adjacent to SLDC's property. The objective of the parties to the proposed merger is to jointly develop the three lots into a two-tower office development to be known as Savya Financial Center. Following the merger, Savya issued shares to the shareholders of Arcosouth and to date, ArthaLand owns 98.5% of Savya. Currently, SLDC has an authorized capital stock of Php200,000,000.00. Its total subscribed capital and paid up capital are Php50,750,000.00 and Php12,750,000.00 respectively.

Under the agreement between ArthaLand and Arcosouth shareholders, Savya will issue additional shares to the Arcosouth shareholders such that Savya will be owned 50:50 by ArthaLand and Arcosouth shareholders.

vi. **Kashtha Holdings, Inc.** was incorporated on 01 October 2019, as a joint venture company ("JV Company") between ALCO and Mitsubishi Estate Company Limited ("MEC"), to be owned 60% by ALCO and 40% by MEC, which will (i) acquire and, thereafter, own and hold the 50% equity interest of ALCO in SLDC, thereby making the JV Company the direct 50% stockholder in SLDC, and (ii) acquire by assignment the shareholder's advances made by the Corporation to SLDC.

vii. **Urban Property Holdings, Inc.** was incorporated on 23 January 1995 and is presently the registered owner of the 33-hectare property located in Calamba, Laguna, which may be developed in the future subject to market conditions. ALCO has 100% ownership interest in this company.

Currently, UPHI has an authorized capital stock of Php80,000,000.00. Its total subscribed capital and paid up capital is Php20,000,000.00.

viii. **Zileya Land Development Corporation** was incorporated on 28 December 2015 with the primary purpose of engaging in the realty development business. ZLDC is the investment vehicle which ALCO

used to acquire about 47.4% of the property which will be the site for the *Makati Residential Project* as discussed in more detail under the section *Projects.* ALCO has 100% ownership interest in this company. Currently, ZLDC has an authorized capital stock of Php200,000,000.00. Its total subscribed capital and paid up capital are Php50,000,000.00 and Php12,500,000.00 respectively.

ix. **Bhavana Properties, Inc.** was incorporated on 15 July 2019 with the primary purpose of engaging in the realty development business. This is the investment vehicle used to purchase a parcel of land with a total area of two thousand two hundred forty-five (2,245) square meters, more or less, located in Corner Samar Loop Road and Ayala, Hipodromo, Cebu City and which will be the site of the Cebu Business Park Project as discussed in more detail under the section *Projects*.

Currently, Bhavana has an authorized capital stock of Php100,000,000.00. Its total subscribed capital and paid up capital are Php25,000,000.00 and Php6,250,000.00 respectively.

x. **Bhavya Properties, Inc.** was incorporated on 19 July 2019 with the primary purpose of engaging in the realty development business. This is the investment vehicle that will be used for the Makati CBD Residential Project 2.

Currently, Bhavya has an authorized capital stock of Php100,000,000.00. Its total subscribed capital and paid up capital are Php25,000,000.00 and Php6,250,000.00 respectively.

xi. **Pradhana Land, Inc.** was incorporated on 09 September 2019 with the primary purpose of engaging in the realty development business. This is the investment vehicle that will be used for ALCO's succeeding projects, the details of which will be disclosed at the appropriate time.

Currently, Pradhana has an authorized capital stock of Php100,000,000.00. Its total subscribed capital and paid up capital are Php25,000,000.00 and Php6,250,000.00 respectively.

Subject to matters disclosed under the section "Legal Proceedings" of this Prospectus, none of these subsidiaries are engaged in any bankruptcy, receivership or similar proceedings. During the period covered by this Prospectus, the above-named subsidiaries are neither parties to any transaction which involves material reclassification, merger, consolidation or purchase or sale of a significant amount of assets, with the exception of SLDC, Bhavana and Bhavya as explained above.

The revenue and net income contribution of ALCO and its subsidiaries are summarized below:

ARTHALAND CORPORATION AND SUBSIDIARIES
SUMMARY OF REVENUE AND NET INCOME
For the Years ended December 31, 2016 – 2018 and six months ended June 30, 2018 and 2019

In Php millions	REVENUE (Audited)						REVENUE (Unaudited)			
	2016		2017		2018		1H 2018		1H 2019	
Company	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Arthaland Corporation	410	90	563	96	371	30	204	97	274	23
Manchesterland Properties, Inc.	42	9	14	3	8	1	3	1	10	1
Emera Property Management, Inc.	4	1	7	1	10	1	4	2	6	0
Cazneau, Inc.	-	0	-	0	3	0	-	0	6	0
Urban Property Holdings, Inc.	-	0	-	0	-	0	-	0	0	0
Cebu Lavana Land Corp.	-	0	-	0	845	68	-	0	929	76
Zileya Land Corporation	-	0	0	0	1	0	-	0	0	0
Savya Land Development Corporation	-	0	-	0	-	0	0	0	0	0
Total before consolidation	456	100	584	100	1,238	100	211	100	1,225	100
Consolidation Entries	-5		-120		-105		0		-144	
Consolidated Revenues	451		464		1,133		211		1,081	

In Php millions	NET INCOME (Audited)						NET INCOME (Unaudited)			
	2016		2017		2018		1H 2018		1H 2019	
Company	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Arthaland Corporation	463	52	30	18	63	15	14	28	481	76
Manchesterland Properties, Inc.	431	48	219	128	56	14	-2	-4	3	0
Emera Property Management, Inc.	-1	0	0	0	2	0	0	0	0	0
Cazneau, Inc.	-1	0	-1	-1	102	25	74	148	-7	-1
Urban Property Holdings, Inc.	23	3	44	26	76	19	21	42	-2	0
Cebu Lavana Land Corp.	-27	-3	-115	-67	110	27	-55	-110	221	35
Zileya Land Corporation	0	0	-3	-2	0	0	0	0	-2	0
Savya Land Development Corporation	-	0	-3	-2	-1	0	-2	-4	-63	-10
Total before consolidation	888	100	171	100	408	100	50	100	631	100
Consolidation Entries	-66		-33		-19		-43		-74	
Consolidated Net Income	822		138		389		7		557	

CORPORATE HISTORY

ALCO was incorporated in the Philippines on 10 August 1994 originally as *Urbancorp Realty Developers, Inc. (URDI)*. It was the real estate arm of then Urban Bank, Inc. (UBI) which was a universal bank at the time with full authority to engage in non-allied undertakings.

URDI conducted its initial public offering in 1996 with the listing of 701 million common shares. The proceeds thereof amounting to ₱835.0 million were used to fund the company's transactions and to settle its 1995 Notes Payable Account.

URDI developed Exportbank Plaza (previously Urban Bank Plaza) and the One McKinley Place Condominium, which is a 50:50 joint venture undertaking of URDI and the Philippine Townships, Inc. (formerly RFM Properties and Holdings, Inc.) through One McKinley Place, Inc. as the corporate vehicle.

On 31 January 2002, the SEC approved the merger among UBI, then Export and Industry Bank, Inc. (a development bank) and Urbancorp Investments, Inc. UBI was the surviving entity but was renamed Export and Industry Bank, Inc. (EIB). Bangko Sentral ng Pilipinas also downgraded EIB's authority to a commercial bank with a directive to divest from its non-allied undertakings, which included URDI.

Around this time, URDI was renamed *EIB Realty Developers, Inc., (EIBR)* and the par value of its shares of stock was reduced from ₱100.00 to ₱1.00. EIB held 70%, more or less, of the outstanding shares of EIBR. EIBR had minimal operations since 2004.

In January 2006, new investors came into EIB. Mr. Jaime C. Gonzalez became the Chairman of the Board of EIB in May 2006.

On 21 May 2007, EIBR held its annual stockholders' meeting primarily for the purpose of electing the new members of its Board of Directors which were expected to develop a proactive medium and long-term business plan for EIBR. Some directors of the EIB Board became directors of the new EIBR Board and Mr. Gonzalez was also appointed Chairman thereof.

On 24 May 2007, the EIBR Board approved the quasi-reorganization of the Company by (i) decreasing the par value of EIBR's common shares from ₱1.00 to ₱0.18 per share, with the corresponding decrease in the authorized capital stock from ₱2.0 Billion to the paid-in capital stock of ₱246,257,136.00 only, and (ii) amending EIBR's Articles of Incorporation to reflect the proposed reorganization.

The foregoing corporate actions were approved at EIBR's Special Stockholders' Meeting held on 02 July 2007. Around the same time, EIBR's 50% equity investment in One McKinley Place, Inc. was sold, transferred and assigned to its joint venture partner in the said project, Philippine Townships, Inc.

On 04 December 2007, the SEC approved the amendment to the Articles of Incorporation of EIBR decreasing the par value of its common shares from ₱1.00 to ₱0.18 per share with the corresponding decrease in the authorized capital stock from ₱2.0 Billion to the paid-in capital stock of ₱246,257,135.82 only. EIB's shareholdings in EIBR were consequently reduced to approximately 19%.

Following the reduction in the par value of its shares and decrease in authorized capital stock, EIBR undertook a recapitalization program as approved by the SEC in December 2008 which led to the entry of new investors with the ₱750.0 Million subscription of AO Capital Holdings I, Inc., Vista Holdings Corporation, The First Resources Management and Securities Corporation and Elite Holdings, Inc.

On 28 January 2008, EIBR stockholders amended anew the Articles of Incorporation and approved the increase of the authorized capital stock by ₱2.70 Billion or 15.0 Billion common shares, *i.e.* from

₱246,257,135.82 divided 1,368,095,199 common shares at a par value of ₱0.18 per share to ₱2,946,257,135.82 divided into 16,368,095,199 common shares also at a par value of ₱0.18 per share.

With the SEC's approval on 26 January 2009, EIBR became **ArthaLand Corporation** and started using the symbol **ALCO** on the board of the Philippine Stock Exchange.

On 26 April 2011, CPG acquired a total of 1,800,000,000 ALCO common shares, or an equivalent of 33.847% of ALCO's total issued and outstanding common shares.

On 13 March 2012, EIB sold its remaining shareholdings in ALCO equivalent to 981,699,819 common shares of stock to the following entities:

Edimax Investment Limited	296,460,000 shares
Kinstar Investment Limited	94,720,035 shares
Viplus Investment Limited	247,899,874 shares
Nanlong Investment Limited	342,619,910 shares

On 23 September 2014, CPG acquired the ALCO shares of Nanlong Investment Limited. As a consequence, CPG now holds a total of 2,142,619,910 ALCO common shares, or 40.29% of the outstanding 5,318,095,199 common shares.

ARTHALAND'S COMPETITIVE STRENGTHS

Strong Brand Equity Resulting from a Clear Differentiation in Value and Sustainability and Proven Track Record from Recently Completed Projects

ALCO sets itself apart from its competition by offering additional value to its customers in the form of sustainability features at the highest quality standards and at competitive price points. Arya, ALCO's multi-awarded real estate development utilized building features and design elements such as double-glazed glass facades, and efficient air conditioning and water collection systems to achieve operational efficiencies resulting to significant savings in electricity and water costs that benefit the unit owner compared to conventionally-designed buildings. In addition, the Company's projects are forward-looking and ready to adapt new technologies. ACPT and Cebu Exchange, for example, have fiber optic backbones and are poised to adapt high-speed internet as and when the technology becomes more readily available.

To date, Arya is the Philippines' first and only residential condominium to achieve dual green building certification. It is registered under the U.S. Green Building Council's ("USGBC") LEED program with a gold certification, as well as being the benchmark vertical residential development for the Philippine Green Building Council's (PGBC) Building for Ecologically Responsive Design Excellence ("BERDE").

ACPT, on the other hand, has achieved LEED Platinum and BERDE 5-Star Certification, the highest standards in both U.S. and Philippine green building standards. In September 2019 ACPT was recognized as the first Net Zero Carbon Project in the world certified under the Excellence in Design for Greater Efficiencies ("EDGE") Green Building Program of the International Finance Corporation ("IFC").

The Company's current line up of projects are likewise registered under both the LEED and BERDE programs of the USGBC and the PGBC. Cebu Exchange is set to be the Philippines' single largest green office building with various environmentally sustainable and resource-efficient design features including an optimized building envelope, energy saving air-conditioning system and water saving system. Savya Financial Center offers a world-class signature office experience hinged on comfort and efficiency resulting from its leading-edge sustainable building features and exemplary design. Sevina Park is a sustainable, innovative and highly integrated community, which will include students and faculty in the adjacent De La Salle Univerity Science and Technology Campus and nearby schools. Sevina Park is the first and only development to aim for LEED Neighborhood Development and LEED Home Certification in the Philippines.

Because of its commitment to sustainability, ALCO was given the award for Special Recognition for Sustainable Development by the Philippines Property Awards and Best Eco Property Developer by CFI.CO in 2018. ALCO was also awarded the Best Boutique Developer (Philippines) by the Asia Property Awards and the Philippines Property Awards in 2018.

With the completion and lease out of ACPT, as well as the significant progress on Cebu Exchange, Savya Financial Center and Sevina Park, ALCO has further reinforced its brand equity and track record of capable delivery.

Strong, Hands-On and Committed Shareholders

ALCO's largest shareholders, CPG and AOCH1 represent groups that have substantial financial resources and track record. Aside from the approximately ₱1.0 billion in equity investment provided by ALCO's shareholders, CPG also provided a non-interest-bearing loan to ALCO for ₱1.6 billion for the development of ACPT. Both CPG and AOCH1 are well represented in ALCO's management team that deliberates on day-to-day decisions and

executes its plans. *Please refer to Projects - ArthaLand Century Pacific Tower (page [•]) and Certain Relationships and Related Transactions (page [•]) for further discussion on the interest-free loan facility provided by CPG which was repaid in full in 2018.*

Highly Professional and Entrepreneurial Management Team with Extensive Experience

ALCO draws its strength from its management team consisting of highly experienced industry veterans from various high-end real estate developers with a wealth of cumulative management experience in the Philippines and abroad. From its management team specializing in sales, development, design and engineering, ALCO draws a deep understanding of its customers and adapts best practices of established high-end real estate developers to execute its plans.

Owing to this, ALCO's Arya and ACPT were constructed comfortably within budget. Market reception was likewise very strong with Arya Tower 1 and Tower 2 already 100% sold and ACPT 100% leased out.

ALCO also engages best-in-class partners such as construction companies, architecture and design firms, and quanity surveyors. As such, ALCO's projects are excellently executed and are at the forefront of modernity and technology.

ACPT was designed by the world-renowned SOM. The same group designed some of the world's most iconic buildings such as the Burj Khalifa, the tallest man-made structure ever built, and One World Trade Center in New York City.

Purposeful Development Strategy that is Supportive to the Company's Plans

ALCO's projects are well-thought out and deliberate. Its approach to the development of its projects is inherently tied to the unique characteristics of its land bank as well as the specific needs of its target market for each of the locations of its projects.

ALCO's land bank is uniquely positioned in both prime and upcoming locations around the Philippines thereby allowing it to both realize values from buoyant prices in the central business districts of Bonifacio Global City (Arya and ACPT), Makati CBD (Makati Residential Project 1 and Makati Residential Project 2), Arca South (Savya Financial Center) and Cebu (Cebu Exchange and Cebu Business Park Project*),* while allowing it to develop its land bank in emerging communities such as Biñan (Sevina Park), Tagaytay, and Calamba which is part of the high growth Calabarzon area. Laguna's urbanization is well underway given significant infrastructure development in the area through the Cavite-Laguna Expressway and given the presence of key urbanization drivers such as at least five technology parks, four auto manufacturing plants and three of the largest IT BPO companies.

Strong Financial Management

ALCO is taking the conservative path to growth through strong financial management. ALCO's funding strategy for each of its projects uses a balanced approach which seeks to efficiently use financial leverage in a way that will minimize financial risk by ensuring that debt to equity ratios remain at conservative levels well below industry averages and acceptable debt-to-equity ratios for bank financing, while optimizing the return to the shareholders. ALCO employs a very disciplined approach to ensure that each project is legally and financially ring-fenced from the other projects so that each project stands on its own merit. To further manage risk from its growth strategy, ALCO actively seeks out joint venture partners who, apart from contributing capital to the projects, are able to contribute strategic advantages to the projects.

Conducive Macroeconomic Environment

The Philippine economy continues to remain supportive of the real estate market. GDP Growth remains robust at 6.2% for the full year 2018, as driven by sustained overseas remittances as well as the growing BPO sector which is expected to reach US$ 55 Billion in 2020. These factors have contributed to the robust demand for office space as a result of which the Company saw favorable take up for its office projects including ACPT which is 100% leased out, Cebu Exchange and Savya Financial Center. Likewise, government initiatives to push development outside of Metro Manila have been beneficial particularly for the Company's projects in Laguna and Cebu which include Sevina Park, Cebu Exchange and Cebu Business Park projects. The current interest rates which saw a decline in recent years has also been favorable for the Company and for the buyers of units in its projects.

ALCO'S BUSINESS STRATEGY

Overall Growth Strategy

With the success of its flagship residential and office projects, Arya and ACPT, ALCO has firmly established its track record and is known as a premium and sustainable property developer. At this stage, ALCO is focused on further building its brand by growing its real estate portfolio.

By 2024, ALCO expects to have in its portfolio a total of more than 506,000 sqm of developed GFA. Compared against the combined GFA of Arya and ACPT of approximately 110,000 sqm, this represents a growth multiple of almost five times its portfolio in 2016 or an estimated compounded annual growth rate of 30%.

Of the target 506,000 sqm of developed GFA, ALCO's on-going projects and projects scheduled for launch within the next 12 months, including Cebu Exchange, Savya Financial Center, Sevina Park, Makati Residential Project 1 and Cebu Business Park Project already account for 96% of the incremental GFA that ALCO expects to support its growth target. The property acquisition stage is likewise expected to be completed within quarter 4 of 2019 for ALCO's Makati Residential Project 2 which is expected to contribute the balance 4% to the incremental GFA target. Thus, ALCO has already secured the location and is mobilizing its resources for a substantial portion of its growth target.

ALCO is in the process of evaluating and negotiating for the acquisition of the required properties for its Manila Long Term Project which will allow it to sustain its revenues beyond 2024 when its current pipeline of projects is completed.

Diversification

ALCO believes that while the outlook for the entire real estate sector is positive, the real estate sub-sectors will be in varying stages of growth from 2019 to 2024. Given recent trends in the industry, ALCO has identified opportunities in the office sub-sector following the continuous strong demand for office space in key locations. In the residential sub-sector, ALCO has identified pockets of the market segments that promise significant potential.

Given these, ALCO uses a deliberate strategy of achieving an optimal mix of residential and office development in its portfolio. Of the expected 506,000 sqm portfolio by 2024, ALCO expects approximately 40% (about 203,000 sqm) to be in the office segment and the balance 60% in the upper middle to high end residential segment.

Within each of the office and residential sub-sectors, ALCO further plans to diversify its developments geographically. Of the approximately 203,000 sqm of planned developed GFA for the office segment, ALCO has deliberately allocated about half to be outside Metro Manila through the Cebu Exchange project. Of the the rest that it plans to develop within Metro Manila, ALCO has further allocated its planned office projects among the key business districts in Fort Bonifacio and Arca South.

In the residential segment, ALCO plans for about half of developed gross floor area by 2024 to be located outside Metro Manila through its Sevina Park and Cebu Business Park projects. The rest is likewise diversified across key locations in Fort Bonifacio and Makati central business districts.

Providing a Superior Value Proposition by Maintaining High Quality of Projects

ALCO is very particular about maintaining the high quality for which its flagship projects are known. As a central focus of its strategy, ALCO will continue to position itself as a premium developer of sustainable projects and is

committed to achieving green building certification for all of its future projects. All of ALCO's projects will adhere to the key principles as listed below:

Thoughtful Planning and Space Management

Every aspect of an ALCO development is well-planned and well thought-out so users can make the most, not only of the space they occupy, but also of the rest of the development. The Company anticipates what matters most to the buyers and translates these into the plans. The Company ensures that it provides what its customers expect including amenities superior to comparable developments. The Company seeks to exceed these expectations with well thought-out extras, making the projects unique and differentiated. Where applicable, ALCO creates multi-use spaces, i.e., flexible features that may be adapted to possible changes in the future.

Quality Assurance

ALCO ensures that their customers get the best value for what they pay. It is a preference for the exceptional that allows the Company to gain and keep customers. The Company's every decision — —from site selection, to design specifications and reputable consultants and suppliers, to superior workmanship and construction process, down to the efficient after-sales services and warranties—centers around quality and value. To ensure that the developments continue to adhere to high standards, the Company, through its property management company, continues to manage its projects.

Safety and Security

From design to implementation, the Company considers all features to keep their customers worry-free. At the design stage, ALCO considers the appropriate configuration and the necessary systems installations to make the project secure. During operations, the Company places a well-trained property management team to ensure that sound practices are implemented. ALCO maintains and employs its own team of property managers to keep quality at a high level, instead of outsourcing property management services to third parties.

Operating Efficiency

The Company chooses the appropriate products to future proof its developments against costly maintenance and replacement in the long term.

The Company gives special attention to energy efficiency by including features designed to minimize the user's dependence on electricity.

ALCO also focuses on water conservation in its overall operating efficiency strategy. The Company makes sure to build in features in its developments to enable the residents and tenants to reduce water wastage, and thereby save on utility costs.

Enabling Technology

The Company uses the latest applicable technology and anticipates future developments to provide its customers maximum flexibility. The Company keeps itself updated with features that the market and the industry may require. It incorporates technologies that are most valuable to the customers, while maintaining the flexibility by making provisions to allow it to adapt to future upgrades.

Healthy Living and Working Experience

ALCO seeks a balanced, more meaningful, and healthier lifestyle for the customers. The Company incorporates sustainable designs that foster better health and improved comfort such as natural daylight, shading from direct sunlight, fresh air intake, greens and landscapes. These not only help promote more comfortable environments, they also decrease human dependence on energy and operations costs. They also provide practical luxuries—features and amenities for recreation to deliver a well-rounded and a more complete development.

Matching of Fixed Costs with Recurring Income

To mitigate risk, ALCO likewise intends to maintain a leasing portfolio which, at a minimum, already covers its fixed overhead costs. ALCO's leasing portfolio is currently composed of its retail units in Arya as well as the office units in ACPT.

As part of its long-term goal of growing its recurring revenues from leasing operations to 30% of its total revenues, ALCO will allot funds to retain retail or office units in its projects. In the near-term, ALCO plans to retain about 10,500 sqm of NLA from its current projects. This is expected to provide additional lease revenues to its current portfolio of properties for lease which includes ACPT, Arya Plaza and Courtyard Hall.

Establishing Strategic Partnerships

As a key component to manage risks associated with its growth strategy, ALCO actively seeks out strategic partners for its projects. Apart from providing ALCO access to capital for its projects, the strategic partnerships allow ALCO to benefit from the development expertise of its partners.

In August 2019, ALCO signed a definitive agreement with Mitsubishi Estates Co. (MEC), one of the largest real estate developers in Japan, for MEC's first venture in the Philippines. The agreement gives MEC a 40% stake in the North Tower of Savya as the initial project in what ALCO and MEC intend to be a long-term partnership with a special focus on the development of commercial projects.

ALCO also has partnerships with Arch Capital of Hong Kong for CebEx and Esquire Financing Inc. for South Tower of Savya. ALCO is also in the final stage of finalizing the agreement for the development of Makati Residential Project 1 with a local partner, who owns 52.6% of the property.

PROJECTS

Arya

Arya is a 507-unit high end residential project located at the corner of 8th Avenue and Mckinley Parkway, BGC, Taguig City. Arya currently has two towers. Tower 1 commenced construction in 2010, was completed in 2013, and was handed over to buyers in 2014, while Tower 2's construction commenced in 2012 and was handed over in 2016. Both Tower 1 and Tower 2 are sold out.

Arya is the leading high-rise residential development that has received a Gold certification from LEED. Arya is likewise the benchmark project in the PGBC's BERDE, or the green building rating system used to measure, verify and monitor the environmental performance of buildings that exceed existing mandatory regulations and standards in the Philippines. It has garnered international recognition for five years in a row now. The South East Asian Property Awards has chosen Arya as the Best Residential Development in the Philippines in 2012 and 2013 while the Asia Pacific Property Awards recognized Arya as the Best Residential High-rise Development in the Philippines for 2014-2015. Also, the Inaugural Philippines Property Awards acknowledged Arya to be the Best Residential Development in Manila with the Best Residential Architectural Design twice, in 2013 and 2014, and the project's first tower was awarded the Best Residential Interior Design by the same body in 2014.

ArthaLand Century Pacific Tower

Seeing the strong demand for office space particularly in BGC, ALCO commenced the development of ACPT in 2014 and was completed in 2019. To date, the NLA of ACPT which is owned by ALCO is 100% leased out.

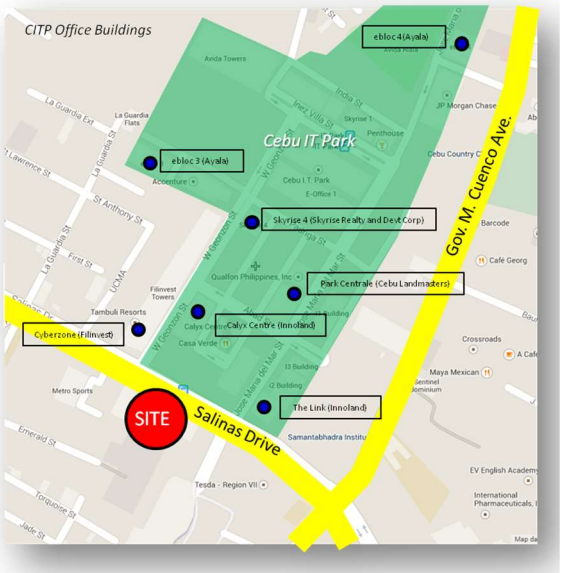
The construction of ACPT was partially funded by a non-interest-bearing loan from Centrobless Corporation, an investment vehicle of CPG and from Signature Office Property, Inc. ("SOPI"), an affiliate of the Gonzalez family. In accordance with the terms of the loan agreements, Centrobless Corporation and SOPI chose to be repaid through the dacion of office units in ACPT representing approximately 34% of ACPT's net leasable area. As a result, ALCO has 18,059 sqm of net leasable space in ACPT which it will keep to generate recurring lease revenues.

ACPT, which is BGC's landmark of sustainability, is one of the first AAA-grade office in BGC. The 30-storey AAA-grade office building is located along the prime 5th Avenue within BGC's E-Square, particularly along the street where The Shangri La at the Fort and new building of the Philippine Stock Exchange are located.

ACPT was designed by SOM New York, the same group that penned One World Trade Center and Burj Khalifa in Dubai. It has achieved LEED Platinum certification from the USGBC and achieved 5-star certification from the PGBC BERDE. ACPT is recognized by the Philippines Property Awards as the Best Green Development in the Philippines for 2016 and is cited to have the Best Office Architectural Design.

In September 2019 ACPT was recognized as the first Net Zero Carbon Project in the world certified under the Excellence in Design for Greater Efficiencies ("EDGE") Green Building Program of the International Finance Corporation ("IFC").

Cebu Exchange

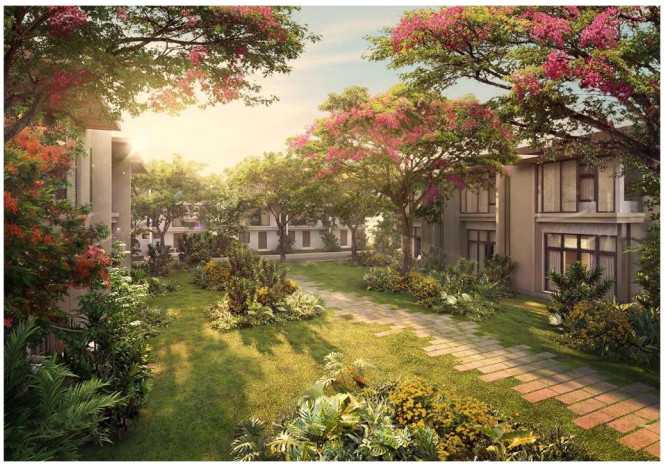


Cebu Exchange is currently being built on an 8,440 sqm property located along Salinas Drive across the Cebu IT Park in Cebu City. It will be a 38-storey office building with retail establishments at the ground level and lower floors, one of the largest and tallest office developments in Cebu with total NLA or NSA of almost 90,000 sqm. ALCO's design for Cebu Exchange gives it the flexibility to serve the wide office space market in Cebu: (i) The Cebu Exchange will have a lower office zone of three levels which will have floorplates of around 5,400 sqm, which is targeted to cater to larger BPOs that may benefit from consolidating their operations; (ii) The project will have a middle zone of nineteen levels with floorplates of approximately 3,000 sqm, which will cater to conventional offices and BPOs; and (iii) a high zone of eight levels with floorplates of approximately 100 to 300 sqm, which is intended to cater to start up businesses. As with Arya and ACPT, ALCO expects the Cebu Exchange to receive green building certification from both the USGBC LEED and PGBC BERDE programs.

In January 2016, Arch SPV subscribed to 40% of the outstanding shares of CLLC, ALCO's investment vehicle for the Cebu Exchange Project. Arch SPV is the investment vehicle of Arch Capital, which is a Hong Kong based private equity fund set up to pursue investments in Asian property markets, which are in strong growth phases such as China, India, and Thailand.

Sevina Park

Sevina Park Master Plan



Sevina Park Villas, Villa Cluster Courtyard Gardens and Neighborhood Pavilion

On 8 September 2016, ALCO, through its 100% owned subsidiary, Cazneau, acquired eight hectares of land adjacent to *De La Salle Science and Technology Complex* in Canlubang from South Industrial Facilities, Inc. and YCLA Sugar Development Corp. Sevina Park is conceptualized to be a masterplanned campus-type mixed use community that will feature a mix of student and faculty housing, a mix of low rise residential buildings as well as retail, commercial and supplemental amenities which ALCO expects to fully develop in phases, in step with the growth of new and existing schools in the area namely: *the De La Salle Science and Technology Complex in Canlubang, Beacon Academy, the University of Santo Tomas, Saint Scholastica's College, Miriam College Nuvali and Xavier School Nuvali*. The project is expected to benefit from the development of the Cavite Laguna Expressway which is expected to spur the demand for residential housing, together with the development of complementary commercial sites and industrial parks.

With its strategic location and proximity to business and commercial hubs and educational institutions, Sevina Park is envisioned to be the quintessential suburban respite for starter and growing families. It will have everything within arm's reach including access to retail amenities, such as banks and groceries, proximity to excellent schools, business centers and technology parks, in a safe, green and laid-back neighborhood that fosters balance and authentic sense of community. A fresh and inspired dormitory development that will serve the immediate needs of the different schools in the area will complement the modern homes that will be offered in the Project.

As Arthaland's flagship mixed-use development, Sevina Park is poised to become the first ever development to register for LEED Neighborhood Development and LEED Home Certification. The master plan was completed by global design firm Sasaki and Associates of Boston.

In September 2018, ALCO started operations of a 348-bed student dormitory which was constructed on approximately 4,000 sqm within its eight-hectare property in Biñan City, Laguna adjacent to the De La Salle University Science and Technology campus.

In June 2019, ALCO launched the Sevina Park Villas which occupies approximately 3 hectares of the 8.1-hectare property. The Sevina Park Villas is a low-density residential development composed of 108 villas designed by Leandro V. Locsin and Partners. The 108 villas will be arranged into five blocks and each block is designed to have its own shared courtyard garden to provide residents generous green and open spaces for relaxation, convergence, and interaction.

As of 30 September 2019, Cazneau has executed sales reservation contracts amounting to approximately Php520 million covering approximately 29 of the 108 villas.

Makati CBD Residential Project

ALCO, through its subsidiary ZLDC, has completed the acquisition of an approximately 2,000 sqm property along Antonio Arnaiz Avenue in the Makati Central Business district, which it, together with the party that acquired 52.6% of the property, plans to develop into a high rise high-end residential property of 200 units.

Savya Financial Center

Savya Financial Center is a grade-A midrise office development with a fully integrated retail component, envisioned to be the new capital address for business and commerce in Arca South, Taguig City. The project will be constructed on approximately 6,000 sqm of land with total GFA of approximately 60,000 sqm. It will stand as a one-of-a-kind global address created to the highest standards. Both the North and South towers of Savya Financial Center are designed and built with leading edge sustainable building features, qualifying it to be registered for dual certification in both LEED and BERDE. The project was launched in February 2019 shortly after its formal ground-breaking in January 2019. The North tower is targeted for turnover to buyers by the end of 2021.

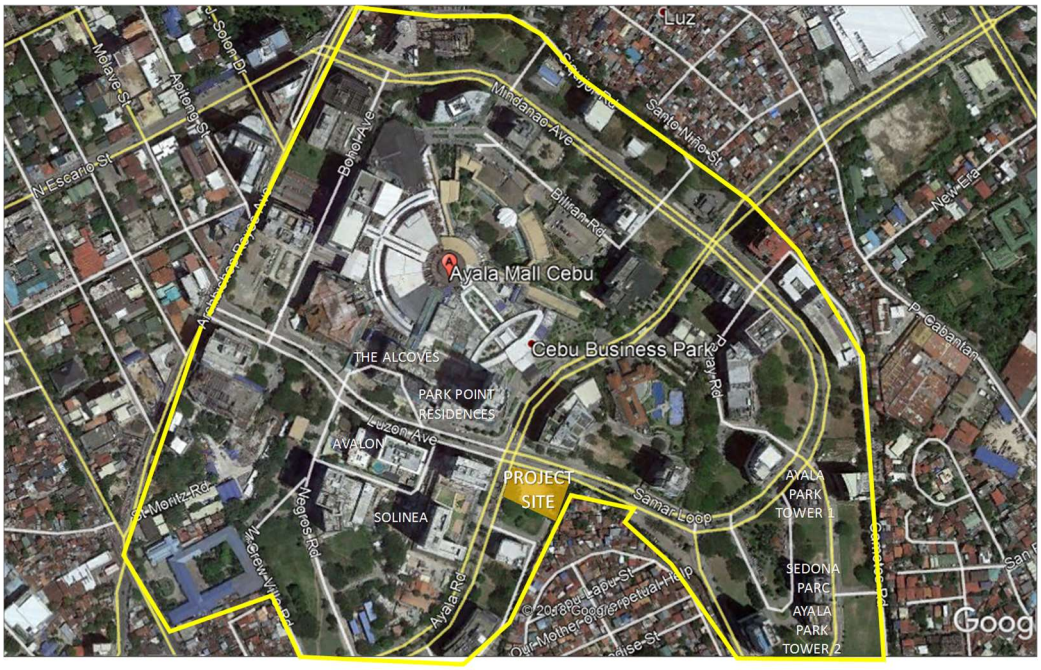
In October 2018, SLDC, the Company's investment vehicle for the project, applied for the approval of its merger with Arcosouth Development Corporation ("Arcosouth") with SLDC as the surviving entity. Arcosouth is currently the registered owner for approximately 2,000 sqm of the 6,000 sqm property. The merger is intended to implement the joint development by SLDC and Arcosouth of the 6,000 sqm property as agreed between SLDC and Arcosouth. In August 2019, the SEC approved the merger between SLDC and Arcosouth.

In August 2019, ALCO and Mitsubishi Estate Company, Limited (MEC), a corporation duly organized and existing under the laws of Japan executed a joint venture agreement to invest in, establish and maintain a joint venture company ("JV Company") to be owned 60% by ALCO and 40% by MEC. The JV Company, Kashtha Holdings, Inc. was incorporated on 1 October 2019], and will (i) acquire and, thereafter, own and hold the 50% equity interest of ALCO in SLDC, thereby making the JV Company the direct 50% stockholder in SLDC, and (ii) acquire by assignment the shareholder's advances made by the Corporation to SLDC. Under the terms of the partnership, ALCO will take the lead in managing the operations of the project while MEC will offer its expertise to add value to the project.

MEC is one of the largest real estate companies in Japan and has over 100 years of experience developing commercial, residential and retail properties. MEC has a substantial commercial and residential portfolio in Japan including over 30 major buildings with net leasable area of about 1.5 million sqm in the Marunouchi area, Tokyo's most premium central business district. MEC has likewise made substantial investments outside of Japan and has four regional headquarters: the Rockefeller Group in New York, Mitsubishi Estate London, Mitsubishi Estate Asia and Mitsubishi Estate Shanghai.

The North Tower of the Savya Financial Center was launched in February 2019. As of 30 September 2019, reservation contracts with a total value of approximately Php2.2 billion and covering approximately 45% of the North Tower office units have been executed.

Cebu Business Park Project



ALCO, through its subsidiary Bhavana, completed the acquisition of a 2,245 sqm property located on the corner of Samar Loop and Ayala, Hipodromo, inside the Cebu Business Park which is the foremost business district of Cebu City.

The Cebu Business Park Project is planned to be the newest signature residential address from ALCO and will be the first premier, dual certified, sustainable residential condominium in Cebu City. The project will be composed of one luxury residential tower which is expected to have approximately 27,000 sqm of GFA and approximately 21,000 sqm of NSA. Similiar to Arya, the Cebu Business Park Project will have sustainable features that are expected to result in certification from both the LEED progam of the USGBC and BERDE program of PGBC.

The Cebu Business Park Project is currently in the initial planning stage of development. Tange & Associates, one of the leading architectural companies based in Japan, has been appointed as the design architect for the project. The project is expected to be launched within Q4 of 2020. *Makati Residential Project 2*

ALCO, through its wholly owned subsidiary, Bhavya, has directly or indirectly acquired 74.6% and is in discussions to acquire another 25.4% of a prime property located inside the Makati Central Business District. ALCO intends to develop the property into a high-end residential condominium. The property is

approximately 1,000 sqm and is expected to be developed into approximately 15,000 sqm of GFA and approximately 11,000 sqm of NSA.

Manila Long Term Project

As part of its strategy to put in place the land bank necessary to sustain its revenues beyond 2024, 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. 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. Once acquired, ALCO plans to develop these into sustainable master planned communities which will have commercial, residential, retail and institutional components and which will be divided in several phases over a 10 to 15-year period.

Aside from the projects mentioned above, ALCO is actively evaluating acquisition targets in the business districts of Makati, BGC, and other emerging cities. ALCO will disclose material acquisitions, as they become definite, to its stakeholders through PSE and SEC.

RELATIVE CONTRIBUTION TO REVENUES PER PRODUCT

The following shows the relative contribution to total revenues for the full year ended 2018 and the six month period ended June 30, 2019 from each project as described above:

Amounts in PHP million	**Year-ended 2018**	**6 months ended June 30, 2019**
Lease Revenues:		
ACPT	121.1	132.5
Arya Plaza	8.0	9.6
Courtyard Hall	2.6	5.6
Midland Mansions	0.7	0.3
Total Lease Revenues	**132.4**	**147.7**
Revenues from sale of units:		
Arya Residences	147.6	-
Cebu Exchange	845.0	929.5
Savya Financial Center	-	-
Total Revenues from sale of units	**992.6**	**929.5**

Project Management Fees	**7.4**	**3.7**
Total Revenues	**1,132.5**	**1,081.0**

The percentage contribution to revenues and net income of foreign sales in ALCO's projects is not significant as of full year 31 December 2018 and for the six months ended 30 June 2019.

ESTIMATED REVENUES PER PROJECT

The following table shows the estimated revenues per project for various periods. These estimates are forward-looking statements based on assumptions regarding ALCO's present and future business strategies and may be subject to significant risks and uncertainties.

Amounts in PHP million	**Period Covered**	**Estimated Revenues in Phpm**
Arya Residences	2011 to 2018	8,916.6
ACPT	2018 to 2024	2,229.4
Cebu Exchange	2018 to 2024	10,774.4
Savya Financial Center	2019 to 2022	5,825.0
Sevina Park	2018 to 2031	15,855.6
Cebu Business Park	2021 to 2024	3,764.5
Makati CBD Residential 1	2021 to 2024	8,515.0
Makati CBD Residential 2	2021 to 2024	3,603.3
TOTAL		

STATUS PER PROJECT

The following table summarizes the status of each project as of October 31, 2019:

	Project Status	**Availability of Funds Required for the Project**
Arya Residences	Completed and 100% sold	NA

Arya Plaza	Completed and leased out	NA
ACPT	Completed and 100% leased out	Debt and equity funding required to complete the project are in place
Cebu Exchange	Overall physical accomplishment: 40.08% Phase 1 (Basement to Level 15) • Structural top off completed in April 2019 • Estimated completion by H2 of 2020 Phase 2 (Basement to Level 16 to top floor) • Structural top off estimated in H1 2020 • Estimated completion by general contractor by H2 of 2021	Debt and equity funding required to complete the project are in place

Sevina Park	Masterplanning for the entire community has been completed.
	
	Site Development for the entire community is [16.5%] completed.
	
	• Phase 1: Courtyard Hall – 100% Completed in 2018
	• Phase 2: Villas
	  ○ Detailed design completed
	  ○ Construction to commence in H2 2020.
	• Phase 3: Apartments
	  ○ Detailed design completed
	  ○ Construction to commence in H2 2022.
	• Phase 4: Commercial
	  ○ Detailed design completed
		Debt and equity funding required to complete the project are in place

	○ Construction to commence in H2 2025.	
Savya Financial Center	• Excavation works for both towers substantially completed • North Tower (Tower 1) ○ Detailed designs completed ○ Estimated completion by December 31, 2021 • South Tower (Tower 2) ○ Detailed designs completed ○ Estimated completion by December 31, 2022	Debt and equity funding required to complete the project are in place
Cebu Business Park	• Conceptual designs initiated	Equity required is in place. Additional bank loan of Php761 million at level of Bhavana is required to complete the project. This will be in place prior to project launch in H2 2020.
Makati CBD Residential 1	• Land acquisition completed	Equity required is in place. Additional bank loan of Php1,556 million at the level of Zileya is required to complete the project. This will be in place prior to project launch in H2 2020.
Makati CBD Residential 2	• Land acquisition 86% complete	Equity required is in place. Additional bank loan of Php929 million at the level of Bhavya is required to complete the project. This will be in place prior to project launch in H2 2020.
Manila Long-Term Project	• Discussions on-going for land acquisition	Equity of Php3,877 million is required for the project. Of this amount, Php1,551 million will be contributed by a strategic partner and Php2,326 million will be required from ALCO. This amount will be funded by ALCO by a combination of

		proceeds from Tranche 1 of its Bond Program and additional bank loans.

MATERIAL AGREEMENTS

The following agreements, not being agreements in the ordinary course of business, have been entered into by the Company or its subsidiaries and are (or may be) material:

1. **Project Management Contracts**

Project Management Agreement between ALCO and CLLC

A Project Management Agreement was entered into by ALCO and CLLC for the development of Cebu Exchange (referred to in the Agreement as the "Project") on 20 March 2018. Under the Agreement, ALCO was engaged to develop the Project, provide management services, and supervise and direct the implementation of project development and construction, marketing operations, sales and sales administration, and back office support until the completion of the Project. In consideration of these services, ALCO is entitled to receive Post Construction and Developer's Cost and Project Management Fee.

It was also provided that in the event that the Shareholders' Agreement between ALCO and Arch SPV dated 07 January 2016 is terminated for any reason, the Project Management Agreement between ALCO and CLLC shall terminate automatically.

Project Management and Marketing Agreement between ALCO, SLDC, and Arcosouth

A Project Management and Marketing Agreement was entered into by ALCO, SLDC, and Arcosouth for the development of Savya Financial Center (referred to in the Agreement as the "Project") on 31 January 2019, with ALCO as Developer of the land registered in the names of SLDC and Arcosouth. ALCO was engaged to develop the Project, provide management services, and supervise and direct the implementation of project development and construction, marketing operations, sales and sales administration, and back office support until the completion of the Project.

It was also provided that in the event that the business plans or agreements among the parties are terminated for any reason, the Agreement between ALCO, SLDC, and Arcosouth shall terminate automatically.

2. **Partnership Agreements**

Shareholders' Agreement for Cebu Lavana Land Corporation

On 7 January 2016, the Company, Arch SPV and CLLC, then a wholly-owned subsidiary of the Company, entered into a Shareholders' Agreement wherein Arch SPV agreed to invest in CLLC to the extent of 40% of its issued and outstanding capital stock, consisting of both common shares and preferred shares, among others. CLLC's purpose and business is to develop two parcels of land located at Salinas Drive, Lahug, Cebu City consisting of 8,440 sqms and to construct a condominium project for commercial and/or residential purposes which will be offered for sale or lease.

Memorandum of Agreement between CAZNEAU and De La Salle University-Manila, Inc.

On 04 September 2017, Cazneau and DLSU executed a Memorandum of Understanding which gave rise to a Memorandum of Agreement executed on 09 October 2018, and amended through a Letter Agreement dated 11 October 2018. Collectively, the Agreements provide that Cazneau shall develop and construct on a portion of its Biñan, Laguna property, a dormitory consisting of 87 dormitory units with 348 beds, provisions for 1 cafeteria, 1 laundromat, and 25 parking slots, while DLSU undertakes to refer at least 200 of its students,

faculty, employees, exchange students, visiting professors, and Lasallian brothers to lease 200 out of the 348 beds of the dormitory.

The Agreement is effective from the date of its execution until the last day of the Third Term of DLSU's Academic Year 2020-2021, subject to certain provisions therein.

Merger between SLDC and Arcosouth

In October 2018, SLDC filed with the SEC its application for the approval of its merger with Arcosouth. Following the SEC's approval of the merger on 22 August 2019, the ownership over approximately 6,000 sqm of property in Arca South, composed of the approximately 4,000 sqm registered under SLDC and the approximately 2,000 sqm registered under Arcosouth, is consolidated under SLDC. The property will be the site where the two towers of Savya Financial Center will be constructed.

In January 2019, ALCO finalized the Terms of Reference with the principal shareholders of Arcosouth containing the key principles of the parties' 50-50 sharing in the returns from the development of North and South Tower of the Savya Financial Center. On 11 October 2019, ALCO and the principal shareholders of Arcosouth executed the definitive agreement to document this.

On 31 January 2019, ALCO executed a Project Management Agreement with SLDC for the development of the two towers of Savya Financial Center.

JV Agreement between ALCO and Mitsubishi Estates Corporation

In August 2019, ALCO and Mitsubishi Estate Company, Limited (MEC), a corporation duly organized and existing under the laws of Japan executed a joint venture agreement to invest in, establish and maintain a joint venture company ("JV Company") to be owned 60% by ALCO and 40% by MEC which will (i) acquire and, thereafter, own and hold the 50% equity interest of ALCO in SLDC, thereby making the JV Company the direct 50% stockholder in SLDC, and (ii) acquire by assignment the shareholder's advances made by the Corporation to SLDC.

3. **Loan Agreements**

Omnibus Loan and Security Agreement between ALCO and BDO Unibank, Inc. ("BDO")

On 15 April 2015, the Company and BDO entered into an Omnibus Loan and Security Agreement (the "OLSA") where BDO has made available to the Company a loan facility of up to ₱2,000,000,000, subject to the terms and conditions of the said agreement. The loan facility was obtained to partially finance the cost of the construction and development of the ArthaLand Century Pacific Tower on a parcel of land with an area of 2,233 sqms located at Block 5, Lot 5, 30th Street corner 4th Avenue, 5th Street Bonifacio Global City, Taguig City. To date, the Company has drawn P1,924,000,000 from the loan facility.

Further, the loan is secured by first ranking and continuing real estate mortgage over present and future real estate assets in relation to the lot and building for the Arthaland Century Pacific Tower and a security trust agreement covering revenue and operating accounts, project receivables and project agreements (including EPC contracts, lease contracts, operations and management contracts and insurance agreements).

Omnibus Loan and Security Agreement between CLLC and Philippine National Bank

CLLC and PNB executed an OLSA, dated 15 August 2017, where CLLC acted as Borrower, Mortgagor, and Pledgor while PNB acted as Lender, Mortgagee, and Pledgee, for a loan facility of up to Two Billion Three Hundred Fifty Million Pesos (₱2,350,000,000.00), which will be made available in two tranches for a period of three (3) years from the date of the initial drawdown.

The loan shall be secured by: a) a real estate mortgage over two parcels of land located in Cebu City covered by TCT No. 107-2015002571 and TCT No. 107-2015002572, registered under the name of CLLC; and b) a pledge of shares of ALCO and Arch SPV in CLLC which shall be evidenced by a Contract of Pledge. The

proceeds of the loan shall be used exclusively to finance the development and construction of an office building in Salinas Drive, Cebu City (Cebu Exchange), with a note that if the proceeds of the loan are not sufficient for the stated purpose, the deficiency shall be shouldered by CLLC.

Omnibus Loan and Security Agreement among SLDC, Arcosouth, and BPI

An OLSA by and among SLDC, Arcosouth and BPI was executed on 22 August 2018, where SLDC acted as Borrower, Mortgagor, and/or Assignor, Arcosouth acted as Third-Party Mortgagor, and BPI acted as Lender, Mortgagee, and Assignee, for a term loan facility up to the aggregate maximum principal amount of One Billion Four Hundred Forty Million Pesos (P1,440,000,000.00), which may be availed of via staggered drawdown as follows: a) P940 Million Development Loan; and b) P500 Million Construction Loan, available for five (5) years from the initial borrowing date.

The loan shall be secured by: a) a real estate mortgage on the real estate properties covered by TCT No. 164-2018000374 (Lot 9) and TCT No. 164-2018000375 (Lot 10), registered under SLDC, and TCT No. 164-2018000713 (Lot 11) registered under Arcosouth, all located in Block 10, FTI Compound, Bicutan, Taguig City; b) a Corporate Continuing Suretyship of ALCO; c) assignment by way of security of P30 Million time deposit account in the name of SLDC; and d) such other security as the parties may agree upon.

The proceeds of the loan shall be used to partially re-finance the acquisition and development of Lots 9, 10, and 11 in Block 10, Arca South in FTI, Taguig City, for the repayment of shareholder advances, and to partially finance the Arca South Project construction of two (2) office towers (Savya Financial Center).

Contract of Pledge between ALCO and PNB, and Contract of Pledge between Arch SPV and PNB securing the Omnibus Loan and Security Agreement between CLLC and PNB

The Contact of Pledge between ALCO and PNB was executed on 9 August 2017, while the Contract of Pledge between Arch SPV and PNB was executed on 7 August 2017. Under the respective contracts, ALCO shall convey, by way of pledge, 500,000 common shares; and Arch SPV shall convey, by way of pledge, 214,349 common shares and 118,982 preferred shares. The pledged shares may not be alienated by either ALCO or Arch SPV without the prior written consent of PNB, and such alienation shall be subject to the terms and conditions of these respective contracts.

Short Term Loan Facilities

In Q1 2019, ALCO secured the following short-term unsecured loan facilities from various lenders: (i) Php250 million short-term, unsecured, revolving credit line with BDO Unibank, Inc.; (ii) Php310 million short-term, unsecured facility with CTBC Bank; (iii) Php100 million short-term, unsecured facility with Union Bank of the Philippines ("Union Bank"); and (iv) Php400 million bills purchase line with Union Bank. Likewise, CLLC secured a Php100 million short-term, unsecured working capital facility with Union Bank. In Q3 2019, ALCO secured a Php1.3 billion short-term unsecured loan facility from Union Bank.

Construction Contracts

On 11 April 2018, CLLC issued a letter of award to DDT Konstract, Inc. for general construction contract over Cebu Exchange.

On August 2019, Savya issued a letter of award to Datem Construction, Inc. for general construction contract over Savya Financial Center.

***4.* Other Agreements**

Memorandum of Agreement between ALCO and Centrobless Corporation ("Centrobless")

On 13 October 2015, ALCO obtained a loan from the Centrobless in the amount of PhP1,650,643,779.00 with maturity date on 31 December 2018, payable in cash or in kind at the lender's option. On 21 March 2018, Centrobless advised that it would like to be paid in kind, particularly with condominium units and parking slots located in Arthaland Century Pacific Tower. This agreement is a dacion en pago and fully settles the 31 October 2015 loan through the delivery by the borrower of the full ownership and clean and peaceful possession of the properties.

Memorandum of Agreement between ALCO and Signature Office Property, Inc. ("SOPI")

The Memorandum of Agreement mentions a loan dated 8 June 2017, with ALCO as borrower and SOPI as lender, in the amount of PhP207,051,912.00 with maturity date on 31 December 2018. In this Memorandum, the Parties agreed that to settle the loan, the borrower is transferring to the lender certain units and parking slots located at ArthaLand Century Pacific Tower which would serve as payment by way of dacion en pago of the loan.

DISTRIBUTION METHODS

ALCO employs four sales directors in charge of overseeing the sales efforts of the Company's sales infrastructure. The Company engages the services of thirteen sales managers, sixteen deputy sales managers and forty sales associates on a contractual basis. These sales managers and sales associates coordinate and deal with commission-based sales professionals who sell to ALCO's customers. The structure applies to both individual and corporate sales.

COMPETITION

Significant barriers to entry into the market are the considerable capital needed for the acquisition and development of land, the development expertise and reputation required from an experienced management team and the technological know-how from a technical team, to name a few.

ALCO faces competition from other domestic property developers and the level of competition depends on product types, target market segments, location of developments and pricing, among others. Competition is also present in the procurement of raw materials particularly in a tight supply market.

ALCO views the major property players which are into the middle and high market categories for high-rise residential developments in the vicinity of ALCO's investment properties as direct competition. Further, ALCO competes with these property developers for high-caliber sales/leasing agents and brokers.

ALCO believes that given the desirability of the project locations, its strict adherence to quality, innovation and sustainability, its competitive pricing schemes and commitment to its projects even after sales, it will be able to compete effectively.

ALCO considers two (2) direct competition in the high-end residential market segment in terms of relative quality of development and pricing of products – Ayala Land, Inc. and Rockwell Land Corporation. These companies have been in the business many years earlier than ALCO and therefore, have stronger brand equity, longer track record, and financial mileage. In the office development front, ALCO competes with

both large and medium-scale developers such as Ayala Land, Inc., The Net Group, Daiichi Properties, and other local developers, particularly in Cebu City. These companies are considered to have the greater share of the market at the moment.

ALCO intends to primarily capitalize on its niche market of true sustainable developments and doing projects which are unique and special in terms of design, sustainable features, and distinct locations. ALCO believes that it has firmly established it unique position in sustainable and luxurious projects being the first company to have both LEED and BERDE-registered projects in the country, and it intends to continue to provide distinguishing products with better quality at more competitive pricing. ALCO knows it can achieve this given its substantially lower overhead costs and highy productive and efficient organization.

INDUSTRY OVERVIEW

The Philippine real estate sector is expected to sustain its robust growth. This positive outlook is supported by strong economic growth which in turn was sustained due to growth in investments, household spending and infrastructure spending. The benign inflation environment, stable growth in OFW remittances, higher foreign direct investments and favorable macroeconomic fundamentals continue to push demand for both residential and office space.

The Philippines' attractiveness as a business location remains strong especially as rental rates in Manila remain cheaper than most of the developed countries in the region. In addition, the Philippines continues to offer a supply of young educated talent at a cost that is still lower than comparative talent in the region.

Analysts expect the level of construction activity to remain high, particularly for the office segment. This is supported by continued access to affordable financing for both real estate developers, investors and end-buyers. The banking industry's real estate loan portfolio grew by about 12% to P1.836 trillion as of Q2 2018. Of this, approximately 65% was for office/commercial real estate while the balance 35% was for residential purposes.

Office Segment – Metro Manila

Office Stock. As of 2018, the total supply of office space in Metro Manila is estimated at 11.0 million sqm and is expected to increase to 12.0 million sqm by the end of 2019. While the older business districts of Makati and Ortigas Center accounted for almost 53% of total office space in 2018, their share is expected to decline to 33% by 2021 given the high level of construction activity in the newer business districts of Bay Area and other emerging areas in Metro Manila as well as the limited level of construction in Makati and Ortigas especially in the next three years.

Office Supply Forecast by Location (in sqm GLA)

Location	END 2018	2019F	2020F	2021F	END 2021
Makati CBD	3,283,300	75,000	113,300	90,700	3,562,300
Makati Fringe	320,000	33,100	158,500	58,400	570,000
Fort Bonifacio	2,152,500	179,100	194,100	126,200	2,651,900
Ortigas Center	1,722,000	224,400	313,500	105,000	2,364,900
Ortigas Fringe	523,400	31,500	22,600	42,100	619,600
Bay Area	673,200	131,600	245,400	238,700	1,288,900
Alabang	633,300	96,000	92,200	15,000	836,500
Quezon City	1,278,700	179,200	95,500	160,800	1,714,200
Others	393,000	88,500	64,100	54,700	600,300
Total	**10,979,400**	**1,038,400**	**1,299,200**	**891,600**	**14,208,600**

Source: Colliers International

Occupancy Rates. The high level of construction activity in the office segment is matched by heightened demand for office space, particularly form the BPO sector. As a result, the average vacancy rate as of Q2 2019 is at 4.9% with vacancy rates in key CBDs remaining low at 0.5% to 1% except Fort Bonifacio.

Lease rates. Premium and Grade A office space in Makati CBD continued to command the highest average lease rate per sqm among the business districts in Metro Manila at P 1,200 – 1,860 per sqm. In recent years, lease rates for Grade A office space in Fort Bonifacio have steadily increased and were estimated at P 950 – 1,500 per sqm in Q2 2019.

Office Segment – Cebu

As of Q2 2019, Cebu had total office stock of almost 920,000 sqm of leasable space of which approximately 308,000 sqm is in the vicinity of the Cebu IT Park where the Cebu Exchange property is located. Within the Cebu IT Park area, the vacancy as of Q2 2019 was 5.3%. Analysts expect the take up of new office space to overtake new office supply in the next two years.

Cebu is considered as a viable alternative to locating in Metro Manila as it allows companies to tap into the talent outside Metro Manila, to achieve diversification benefits and average down on their rental costs. The average rental rate in Cebu is still currently half the rate in Grade A office space in Makati and Fort Bonifacio.

Key Figures - Grade A Office

Q2 2019	Cebu Business Park	Cebu IT Park	Cebu Fringe	Cebu
Average net rental rate (PHP/sqm/month)	593.5	623.5	511.2	579.2
Average net rental rate (USD/sqft/month)	1.1	1.1	0.9	1.0
Upper net rental rate (PHP/sqm/month)	650	700	550	700
Vacancy rate (%)	4.10%	5.30%	9.50%	6.10%
Current stock (sqm)	338,338	308,472	272,884	919,694
Development pipeline 2019-2022 (sqm)	91,778	172,638	54,519	318,935

Source: KMC Savills Research

Residential Segment

Residential Stock. As of Q2 2019, Metro Manila is estimated to have a total of 125,100 residential condominium units in the areas of Makati CBD, Rockwell, Fort Bonifacio, Ortigas and Eastwood. Makati CBD and Fort Bonifacio still cover 50% of supply with 27,900 and 34,100 condominium units, respectively. Fort Bonifacio and Eastwood City covered more than 70% of new supply.

While analysts have tempered their growth assumptions in the residential sector as the market adjusts to the increase in supply from recent completed developments, the general outlook remains positive. This is especially true for the middle to high income market segment for projects in prime locations and with high quality. Condominium supply is expected to grow by 25% in 2021 with Bay Area to account for 78% of new units.

Condominium supply forecast by location

Location	END 2018	2019F	2020F	2021F	END 2021
Alabang	4,230	200	450	500	5,380
Araneta Center	4,550	-	-	-	4,550
Eastwood City	8,540	630	-	-	9,170
Fort Bonifacio	32,230	3,350	2,140	3,220	40,940
Makati CBD	27,020	860	670	240	28,790
Bay Area	19,850	2,580	8,950	3,440	34,820
Ortigas Center	17,940	800	200	640	19,580

Rockwell Center	4,510	760	-	540	5,810
Total	**118,870**	**9,180**	**12,410**	**8,580**	**149,040**

Source: Colliers International

SUPPLIERS

Construction of ALCO's project/s is awarded to qualified reputable construction firms subject to a bidding process and management's evaluation of contractors' qualifications and satisfactory working relationships. Construction materials, primarily cement and rebars, are normally provided by the contractors as part of their engagement. In instances when management finds it to be more cost-effective, ALCO may opt to procure owner-supplied construction materials.

ALCO's material suppliers as well as the products and services supplied to ALCO as of the date of this Prospectus are summarized below:

Supplier	Products and Services Provided
Datem Construction, Inc.	General contractor for Savya Financial Center
DDT Konstract, Inc.	General contractor for Cebu Exchange
Datem Construction, Inc.	General contractor for Arya
Megawide Construction Corporation	General contractor for ACPT
Sasaki and Associates	Masterplanner for Sevina Park
SOM	Architecture Services
GF and Partners	Architecture Services
Rchitects, Inc.	Architecture Services
Leandro V. Locsin and Partners	Architecture Services
Tange & Associates	Architecture Services
Arcadis NV	Quantity Surveyor for Arya, ACPT and Cebu Exchange
Quantity Solutions, Inc.	Quantity Surveyor for SLDC
Metri Quantity Surveyors	Quantity Surveyor for Sevina Park
Danilo C. Mancita, Inc.	Construction Manager

DEPENDENCE ON CERTAIN CUSTOMERS

The Company has a broad customer base and is not materially dependent on a single or a few customers.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

In the normal course of the business, the Company provides management and financial support to its subsidiaries. The financial support is given in the form of cash advances and equity infusion to fund certain financial obligations. The advances to MPI, UPHI, Cazneau, Emera and ZLDC are non-interest bearing, unsecured and settled in cash whenever possible. The advances to CLLC and SLDC are interest-bearing and unsecured.

Please refer to page 101 for a discussion on Certain Relationships and Related Transactions for a more comprehensive discussion of transactions with related parties.

PATENTS, TRADEMARKS AND COPYRIGHTS

ALCO's operations are not dependent on patents, trademarks, copyrights and the like although ALCO sought from the Intellectual Property Office of the Philippines and was granted the exclusive use of the tradenames, logos and taglines "ArthaLand Future Proof by Design", "ArthaLand Century Pacific Tower" and "Cebu Exchange". The tradename "Arya Residences" now belongs to Arya Residences Condominium Corporation.

NEED FOR GOVERNMENT APPROVAL FOR PRINCIPAL PRODUCTS OR SERVICES

ALCO secures various government approvals such as Environmental Compliance Certificates (ECCs), development permits and licenses to sell as part of its normal course of business.

ALCO does not foresee any material or adverse effect of existing and probable government regulations on its business.

As of the date of this Prospectus, ALCO and its subsidiaries have secured such governmental approvals, permits and licenses issued by the relevant government bodies or agencies listed below, as which are necessary to conduct their business and operations. While the governmental approvals, permits and licenses required for specific projects have either been secured or are currently being processed by the relevant government bodies or agencies, as indicated in the list below.

CORPORATE PERMITS

ArthaLand Corporation

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration-BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 8RC0000050946 TIN 004-450-721-000	01-Jan-96	N/A
2. Business Permit	City of Taguig	LCN-11-004292	20-Jan-19	31-Dec-19
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 005479, s. 2019	16-Jan-19	N/A
4. Sanitary Permit to Operate	Office of the City Health Officer, Taguig City	A4 2001-020136	20-Jan-19	31-Dec-19
5. Fire Safety Inspection Certificate	Taguig City Fire Station IV, FDIV-NCR, Bureau of Fire Protection	16-0525321-R	4-Oct-18	30-Aug-19
6. Employer Data Form	Home Development Fund (Pag-IBIG)	Registration Tracking No. 800170013567	N/A	N/A
7. Certificate of Employer's Registration	Pag-IBIG	Employer No. 204213480002	31-Aug-16	N/A
8. Certificate of Employer's Registration	Social Security System (SSS)	SSS Employer No. 03-9211531-5-000	23-Aug-16	N/A
9. Certificate of Employer's Registration	PhilHealth	PhilHealth Employer No. 001000014010	23-Aug-16	N/A
10. Unified Registration Record	SEC, BIR, Pag-IBIG, SSS, PhilHealth	SEC Registration No. CS201518355 TIN 009-129-450-000 Pag-IBIG Employer Number (Employer ID)	N/A	N/A

		205669160009 Philhealth Employer Number (PEN) 001000041180 SSS Employer Number (ER No.) 0395044218		

Arya Residences Condominium Corporation

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration- BIR Forms 2302	Bureau of Internal Revenue (BIR)	TIN No. 008-886-797	12-Jan-18	N/A
2. Business Permit	City of Taguig	LCN-11-017193	18-Jan-19	31-Dec-19
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 005480, s. 2019	16-Jan-19	N/A

Urban Property Holdings, Inc.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration- BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000374352 TIN 004-477-699-000	01-Jan-96	N/A
2. Business Permit	City of Taguig	LCN-11-004561	21-Jan-19	31-Dec-19
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 005482, s. 2019	16-Jan-19	N/A

Cazneau, Inc.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date

1. Certificate of Registration- BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000373071 TIN 007-089-627-000	31-Jul-08	N/A
2. Business Permit	City of Taguig	LCN-11-004560	19-Jan-19	31-Dec-19
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 005478, s. 2019	16-Jan-19	N/A

Manchesterland Properties, Inc.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration- BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000392698 TIN 006-939-384-000	27-Mar-08	N/A
2. Business Permit	City of Taguig	LCN-11-011924	21-Jan-19	31-Dec-19
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 005486, s. 2019	16-Jan-19	N/A

Emera Property Management, Inc.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration- BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN N/A TIN 007-089-597-000	28-Dec-15	N/A
2. Business Permit	City of Taguig	LCN-11-004559	19-Jan-19	31-Dec-19
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 005477, s. 2019	16-Jan-19	N/A

Zileya Land Development Corporation

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration-BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000447436 TIN 009-195-830-000	28-Dec-15	N/A
2. Business Permit	City of Taguig	LCN-11-020068	21-Jan-19	31-Dec-19
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 005483, s. 2019	16-Jan-19	N/A

Cebu Lavana Land Corp.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration-BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000263458 TIN 009-129-450-000000	02-Oct-15	N/A
2. Business Permit	City of Taguig	LCN-11-019642	21-Jan-19	31-Dec-19
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 005485, s. 2016	16-Jan-19	N/A

Savya Land Development Corporation

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration-BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000882334E TIN 009-559-200-000	27-Feb-17	N/A
2. Business Permit	City of Taguig	LCN-11-023117	19-Jan-19	31-Dec-19

3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 005484, s. 2016	16-Jan-19	N/A

Bhavya Properties Inc.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration-BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000542173 TIN 010-364-838-000	22-Jul-2019	N/A
2. Business Permit	City of Taguig	LCN-11-030209	14-Aug-2019	31-Dec-2019
3. Sanitary Permit to Operate	Barangay Fort Bonifacio, City of Taguig	A4 1408-030208	N/A	31-Dec-2019

Bhavana Properties Inc.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration-BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000539799 TIN 010-359-930-000	16-Jul-2019	N/A
2. Business Permit	City of Taguig	LCN-11-030020	24-Jul-2019	31-Dec-2019
3. Sanitary Permit to Operate	Barangay Fort Bonifacio, City of Taguig	A4 2407-029975	N/A	31-Dec-2019
4. PhilVocs Certificate	UP Campus, Diliman, Quezon City	HAS-Oct-19-1214	18-Oct-2019	N/A

Pradhana Land Inc.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration-BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000551996 TIN 010-397-407-000	10-Sep-2019	N/A

2. Business Permit	City of Taguig	LCN-11-030746	11-Oct-2019	31-Dec-2019

PROJECT PERMITS

Arthaland Century Pacific Tower

	Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1.	Zoning Certification (as "Urban Core Zone")	HLURB	N/A	15-Oct-14	N/A
2.	HLURB Development Permit	HLURB	D.P. No. 15-07-042	02-Jul-15	N/A
3.	Environmental Compliance Certificate	DENR	ECC-NCR-0810-107-5010	07-Oct-08	N/A
4.	Certificate of Installation of Earthquake Recording Instrumentation	Office of the Building Official, City of Taguig	N/A	10-July-18	N/A
5.	Certificate of Occupancy	Office of the Building Official, City of Taguig	15-2017-0290	29-Jun-17	N/A
6.	Permit to Operate Air Pollution Source Installation	DENR - EMB	POA No. 18-POA-J-137607-395	30-July-18	21-Oct-18
7.	Certificate of Compliance	ERC	COC No. 18-05-S-03498L	27-May-18	26-May-23
8.	ECC Amendment	DENR EMB NCR	ECC-NCR-1410-0384	18-Jun-2018	N/A

Arya

	Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1.	Certificate of Registration	Housing and Land Use Regulatory Board ("HLURB")	No. 22290	26-Apr-10	N/A
2.	Zoning Certification	HLURB	N/A	28-Aug-09	N/A
3.	License to Sell (Sale of units in Tower 1)	HLURB	No. 23693	13-Oct-10	N/A

4.	License to Sell (Sale of units in Tower 2)	HLURB	No. 25103	25-Nov-11	N/A
5.	Certificates of Occupancy (Towers 1 and 2)	DPWH, Office of the Building Official, Taguig City	Nos. 15-2015-0438 and 15-2014-0142	06-Mar-2014 and 20-Aug-15	N/A
6.	Zoning Certification	HLURB	N/A	28-Aug-09	N/A
7.	Environmental Compliance Certificate	DENR-EMB	ECC Ref. Code ECC-NCR-0907-0645	13-Oct-11	N/A
8.	Fire Safety Evaluation Clearance	Taguig City Fire Department	Tower 1: R16-20231 Tower 2: R16-191699	Tower 1: 10-July-12 Tower 2: 7-July-15	N/A
9.	Certificate of Installation of Earthquake Recording Instrumentation	Office of the Building Official, City of Taguig	N/A	21-Sept-16	N/A
10.	Certificate of Occupancy (Towers 1 and 2)	Office of the Building Official, City of Taguig	No. 15-2014-0142 and 15-2015-0438	6-Mar-14 and 20-Aug-15	N/A
11.	Barangay Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 005480	16-Jan-19	N/A
12.	Permit to Operate Air Pollution Source Installation	DENR - EMB	POA No. 14-POA-J-137607-237	16-Mar-2015	31-Oct-19
13.	BESC Estate Clearance Certificate	Bonifacio Estate Services Corporation	No. CAA014-2018	8-May-2019	N/A

Cebu Exchange

	Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1.	Zoning Certification	City Planning and Development Office, City of Cebu	N/A	08-Mar-13	N/A
2.	Locational Clearance	City Planning and Development Office, City of Cebu	Locational Clearance No. LC16-02-03-02	21-Apr-16	N/A
3.	HLURB Development Permit	HLURB	CVR-016-0397	20-Jul-16	N/A
4.	HLURB Preliminary Approval and Locational Clearance	HLURB	CVR-016-0647	20-Jul-16	N/A
5.	Environmental Compliance Certificate	DENR-EMB	ECC-R07-06160009	8-Jul-16	N/A
6.	Fire Safety Evaluation Clearance (Project Salt)	Cebu City Fire Station, Cebu Provincial Office, Bureau of Fire Protection	FSEC No. R 16-00222176	19-Jan-17	N/A
7.	Fire Safety Evaluation Clearance (Fee Gallery)	Cebu City Fire Station, Cebu Provincial Office, Bureau of Fire Protection	FSEC No. R 07-001231	3-Nov-17	N/A
8.	Certificate of Site Zoning Classification	HLURB Central Visayas	N/A	1-Feb-17	N/A
9.	Permit/License to Sell	HLURB Central Visayas	License No. 032788	11-Sept-17	N/A
10.	Certificate of Registration	HLURB Central Visayas	No. 028434	11-Sept-17	N/A
11.	Advertisement Approval (Billboards, AVP, and brochure approvals)	HLURB Central Visayas	N/A	7-Aug-18 and 28-Mar-19, 14-Jan-19, and 14-Jan-19	N/A

12.	PEZA Board Resolution	PEZA	Resolution no. 16-726	19-Dec-16	N/A

Savya Financial Tower

	Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1.	Certificate of Site Zoning Classification	HLURB	N/A	9-Jul-18	N/A
2.	Locational Clearance	City Planning and Development Office, Taguig City	Decision No. 4-1515-18	24-Oct-18	N/A
3.	Development Permit	HLURB	D.P. No. 18-10-070	23-Oct-18	N/A
4.	Fire Safety Evaluation Clearance (Towers 1 and 2)	Taguig City Fire Station	FSEC No. R 16-95697 and FSEC No. R 16-95698	1-Mar-19	N/A
5.	Certificate of Registration	HLURB	CR No. 029476	11-Feb-19	N/A
6.	License to Sell (Towers 1 and 2)	HLURB	License to Sell No. 034553	11-Feb-19	N/A
7.	License to Sell (Tower 2)	HLURB	License to Sell No. 034615	1-Jul-2019	N/A
8.	Environmental Compliance Certificate (ECC) Tower 1	DENR EMB NCR	ECC-OL-NCR-2018-0190	24-Aug-2018	N/A
9.	Environmental Compliance Certificate (ECC) Tower 2	DENR EMB NCR	ECC-OL-NCR-2018-0213	11-Sept-2018	N/A
10.	Laguna Lake Development Clearance	LLDA DENR	LLDA No. 01610	9-Nov-2018	N/A
11.	CAAP Height Clearance Certificate	CAAP	No. I-1023-18-802511	26-Sept-2018	26-Sept-2020

Sevina Park

	Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1.	Development Permit	City Planning and Development Office, City of Binan	CZC-2040-002-2019	18-Feb-2019	N/A
2.	Certificate of Registration	HLURB	029827	17-Jun-2019	N/A
3.	Permit/License to Sell	HLURB	034445	17-Jun-2019	N/A
4.	Environmental Compliance Certificate	DENR - EMB	ECC-OL-R4A-2019-0119	21-Mar-2019	N/A
5.	LLDA Clearance	LLDA	LLDA No. 05100	22-May-2019	N/A
6.	Zoning Certificate	HLURB STR	HLURB Certification no. 19-266-04	17-Jun-2019	N/A

Courtyard Hall (Sevina Park Phase 1)

	Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1.	Zoning Permit	City Planning and Development Office, City of Binan	N/A	18-Sept-18	N/A
2.	Certificate of Occupancy	Office of the Building Official, City of Binan	Certificate No. 091800498	26-Sept-19	N/A
3.	Certificate of Registration	HLURB	N/A	N/A	N/A

RESEARCH AND DEVELOPMENT

There have been no significant Research and Development costs recorded by the Company in the past three years.

EMPLOYEES

As of 30 June 2019, ALCO has a total of 102 personnel, 49 of whom are in management and 53 are non-managers. As of the same period, ALCO also engaged 69 sales agents.

None of the above personnel is covered by a collective bargaining agreement.

It cannot yet be determined whether additional employees will be hired for the succeeding year but the same will be closely aligned with ALCO's actual and programmed growth.

Description of Property

ALCO is the registered owner of the 2,233-sqm property along 5th Avenue corner 30th Street in Bonifacio Global City, Taguig City, Metro Manila, on which ACPT is currently built. ACPT is mainly leased out to provide a source of recurring income for ALCO. This lot is presently mortgaged with BDO Unibank, Inc.

Cazneau is the registered owner of the eight-hectare property in Biñan City, Laguna, on which will be established the Sevina Park, a masterplanned campus-type residential community that will feature a mix of student and faculty housing, a mix of low rise residential buildings as well as retail and supplemental amenities which ALCO expects to fully develop in phases throughout 2023, in step with the growth of new and existing schools in the area.

CLLC is the owner of two parcels of adjacent land in Barangay Lahug, Cebu City, Philippines with a total area of 8,440 sqms, to be developed as Cebu Exchange, a 38-storey office building with retail establishments, poised to be one of Cebu's largest and tallest office developments and will cater to Cebu's booming office space market.

MPI was the registered owner of the 6,357 sqm parcel of land along McKinley Parkway on which Arya currently stands. This property was conveyed to Arya Residences Condominium Corporation in December 2016 but MPI retained ownership over the commercial units in The Plaza at Arya Residences and a number of non-appurtenant parking slots therein. The Condominium Corporation membership is composed of all the owners of both the residential and commercial units in Arya.

UPHI is the registered owner of a 33-hectare raw land[5] located at the junction of the city limits of Tagaytay City and the provincial boundaries of Laguna and Batangas. The portion of the property lying within the Tagaytay City limits is nestled along the fairway of Tagaytay Highlands Golf and Country Club. Approximately one hectare of this property is subject of an expropriation proceeding, a full disclosure of which is discussed in the succeeding item.

SLDC is the registered owner of lots 9 and 10 or approximately 4,000 sqm of block 10 in Arca South, Taguig City. In October 2018, it filed with the SEC an application for the approval of its merger with Arcosouth, which is the registered owner of approximately 2,000 sqm lot adjacent to the property owned by SLDC. In August 2019, SEC approved the application for merger. The combined property of approximately 6,000 sqm will be the site of Savya Financial Center.

ALCO, through ZLDC, executed sale and purchase agreements to acquire approximately 47.4% of a 2,018 sqm property located in Makati City. This property will be the site of ALCO's Makati CBD Residential Project.

Bhavana acquired from Union Bank of the Philippines its parcel of land with a total area of two thousand two hundred forty-five (2,245) square meters, more or less, located in Corner Samar Loop Road and Ayala, Hipodromo, Cebu City. The site will be the location of the Cebu Business Park Project.

ALCO, through its wholly owned subsidiary, Bhavya, acquired various condominium units in a condominium property which currently stands on an approximately 1,000 sqm property located in Makati CBD. Bhavya has acquired condominium units equivalent to 74.6% of the total net saleable area of the condominium. The property will be the site of the Company's Makati Residential Project 2.

[5]The carrying value of this property amounts to Php149.80 million. Based on the appraisal report dated 26 February 2019, the fair value of the land amounted to Php577.3 million as of December 31, 2018.

BOOK VALUE OF BATANGAS PROPERTIES

Based on available records, it is the understanding of the Company that the Batangas Properties[6], along with 45% of the outstanding shares of UPHI and other real assets, formed part of the security for a loan granted by then EIB to PR Builders Developers and Managers, Inc. ("PR Builders"). Subsequently, the Batangas Properties and other assets comprising the PR Builders account became part of the non-performing asset portfolio of EIB which were sold in 2006 to special purpose vehicles ("SPVs") specializing in the acquisition of similar non-performing assets. Because of the various cases filed by PR Builders, the concerned SPV was unable to consolidate its ownership over the Batangas Properties and the other assets which formed part of the PR Builders account. The SPV subsequently exercised its option to return the Batangas Properties and other assets comprising the PR Builders account to EIB in 2007, and EIB, in turn, returned the amount of Php13 million the SPV had paid for these assets and proceeded to negotiate directly with PR Builders for a compromise so that the former may sell the assets to other interested third parties.

The Company, on the other hand, was interested in acquiring the Batangas Properties for future development. It was also interested in acquiring the shares comprising 45% of the equity of UPHI as the Company already owned the balance of 55%. The acquisition of 100% of UPHI would consolidate the Company's ownership of the underlying asset of UPHI which included a 33-hectare property in Tagaytay. In addition, the Company planned to acquire from the major shareholders of PR Builders ("Spouses Villarin") the 1.8-hectare property in Tagaytay ("Tagaytay Property") which is adjacent to the existing 33-hectare property of UPHI and which is important to the future development of the said 33- hectare property.

Following negotiations with PR Builders, the Absolute Mutual Release and Quitclaim (the "Compromise Agreement") was executed between EIB and PR Builders with the conformity of the Company (then EIB Realty Developers, Inc.) and Spouses Villarin on 15 April 2008.

As a result of the Compromise Agreement, PR Builders waived, ceded and assigned, among others, the following assets to the Company for and in consideration of the amount of Php42,500,000.00 which ALCO paid to PR Builders in 2008 for the benefit of EIB:

- The Batangas Properties, and
- The forty-five percent (45%) equity investment in UPHI.

PR Builders also caused one of its shareholders, Mr. Pablito Villarin, to sell to the Company his rights, title and interest in the 1.8-hectare Tagaytay Property which is adjacent to the 33-hectare property owned by UPHI. The consideration for the Tagaytay Property was included in the Php42.5 million that the Company paid to PR Builders in 2008.

In addition to the Php42.5 million paid to PR Builders, the Company also undertook to pay EIB the sum of Php13 million, the same amount it had returned to the SPV, for the assignment in favor of the Company of EIB's rights, title, interest and participation in the Batangas Properties and the shares in UPHI. The Company's records show that it had paid EIB Php13 million in March 2011. Thereafter, in April 2011, the Deed of Absolute Sale for the Batangas Properties was executed between EIB and the Company.

In documenting the sale of the Batangas Properties, the Company understood that EIB allocated Php9.702 million out of the Php13 million it had received from the Company to the Batangas Properties. Thus, the Deed of Absolute Sale between EIB and Arthaland for the Batangas Properties reflected the amount of Php9.702 million.

The total acquisition cost of the Company for the above assets was Php55.5 million, comprised of the Php42.5 million paid to PR Builders in 2008 and the Php13 million paid to EIB in 2011. The carrying values of

[6]Composed of two parcels of agricultural land located at Bo. Niyugan, Laurel, Batangas covered by Transfer Certificates of Title (TCT) Nos. 99702 (56,711m^2) and 99703 (28,356m^2)

the Batangas Properties and the Tagaytay Property amounting to Php34.1 million and Php10.9 million[7], or Php45 million combined, represent the amounts allocated to these assets from the total acquisition cost of Php55.5 million.

Information on the carrying values of the Batangas Properties and the Tagaytay Property was disclosed in Note 6.1(b) of the 31 December 2011 Audited Financial Statements of the Company. The same information was disclosed in the Note 7(d) of the 31 December 2008 Audited Financial Statements of the Company. The carrying values of these properties reflect the lower of their acquisition cost and appraisal values for each reporting period consistent with the Company's accounting policies in reporting Real Estate Assets for Sale.

[7]Includes amounts paid by Arthaland for taxes and other transfer related expenses for the Tagaytay Property of approximately Php1.1 million in addition to the Php55.5 million total amount paid to PR Builders and EIB.

OPERATING LEASE COMMITMENTS—GROUP AS LESSOR

ALCO entered into various lease agreements in ACPT for periods ranging from five (5) years to 10 years. All lease agreements include an annual escalation clause of 5% of the existing lease rental but do not provide for any contingent rent.

In addition, MPI has various lease agreements for the retail units in Arya. The term of the lease ranges from two (2) to five (5) years. The agreements also provide for various escalation rates for the duration of the lease.

Leasing revenue recognized from these operating leases amounted to ₱147.7 million for the first six months of 2019, ₱132.4 million in 2018, ₱23.0 million in 2017, and ₱8.1 million in 2016. Lease receivables amounted to ₱45.6 million as at 30 June 2019 and ₱30.4 million as at 31 December 2018. Advance rent from tenants amounted to ₱59.0 million as at 30 June 2019 and ₱53.3 million and ₱10.8 million as at 31 December 2018 and 2017, respectively. Security deposits, which may be applied to unsettled balances or refunded at the end of the lease term, including construction bonds which are refunded after each unit fit out amounted to ₱100.7 million as at 30 June 2019 and ₱95.6 million and ₱22.0 million in 2018 and 2017, respectively.

In 2018, Cazneau entered into a Memorandum of Agreement with a university for the development of a dormitory and the guaranteed procurement by the university of lessees of two hundred (200) beds. The lease term for individual lessees shall be a period of four (4) months with required security deposit equivalent to one and a half of the monthly rental.

OPERATING LEASE COMMITMENTS—GROUP AS LESSEE

ALCO was a lessee under non-cancellable operating lease where its previous principal office was situated. On 15 November 2018, ALCO transferred its principal office to ACPT. This resulted in the termination of its non-cancellable operating lease.

The future minimum rental payables under these non-cancellable operating leases are as follows:

	2018	**2017**	2016
Within one (1) year	**N.A**	**₱ 10,333,726**	₱ 16,140,214
After one (1) year but not more than five years	**N.A**	**46,766,678**	18,600,665
	N.A	**₱ 57,100,404**	₱ 34,740,879

Rent expense recognized from the foregoing operating lease amounted to ₱14.5 million in 2018, ₱13.9 million in 2017 and ₱10.4 million in 2016.

Legal Proceedings

As of the date of this Prospectus, with the exception of the following cases, neither ALCO nor any of its subsidiaries is a party to any legal action arising from the ordinary course of its respective businesses:

Termination of Trust Account

In February 2015, ALCO filed a claim before the Regional Trial Court of Makati City, Branch 149 in relation to the petition for liquidation of EIB represented by the Philippine Deposit Insurance Corporation (PDIC). ALCO maintained a Trust Account with EIB prior to its closure in April 2012 and had demanded from PDIC the termination of said account and the release of the owner's duplicate copies of three transfer certificates of title which had been placed in the custody of the bank's Trust Department. Two of these titles are in the name of UPHI, a wholly owned subsidiary of ALCO, while one title is under the name of EIB Realty Developers, Inc. (the former name of ALCO). ALCO does not have any interest in EIB's remaining assets to be liquidated, but it was constrained to make this claim before the liquidation court given that PDIC refused to act on the matter.

In an Order dated 08 May 2017, ALCO was ordered to file the necessary complaint and for PDIC to submit its Answer in order that there is a separate docket and hearing of the same and thereby enable the court to have a full and complete resolution of the issues presented by ALCO.

Management is presently looking at various options available to address this matter as it is of the opinion that filing a separate case is unnecessary.

Quieting of Title

UPHI filed a complaint for quieting of title, among other reliefs, before the Regional Trial Court of Calamba, Laguna, Branch 36 because of the erroneous issuance of tax declarations by the City of Tagaytay covering UPHI's 33-hectare property. Trial is still on-going with the lone individual defendant, Rosalinda Reyes, presenting her evidence.

Expropriation

Petitioner National Power Corporation (NAPOCOR) filed in November 1995 before the Regional Trial Court of Calamba, Laguna, Branch 34, a Petition for Expropriation of Properties to be affected by the Tayabas-Dasmariñas 500 kV transmission line right, which included a portion of UPHI's property with an area of about one (1) hectare. The court issued a Writ of Possession in favor of NAPOCOR in 1996.

In July 1999, NAPOCOR and UPHI agreed to refer the determination of just compensation for UPHI to commissioners. UPHI did not question the propriety of expropriation any further but continued to participate in the proceedings having found NAPOCOR's valuation unreasonable and to enable it to submit evidence as and when the commissioners required the same. The matter was eventually elevated before the Court of Appeals in 2015 and is still pending resolution to date.

Claim for Refund

a. A buyer offered to purchase a unit in Arya, paid the reservation fee and signed the Reservation Agreement, which reads, in part, that should the buyer "fail to pay any of the amounts due xxx, the Seller shall have the sole option to (i) cancel the sale and forfeit in its favor all payments made xxx." A total of P950,000.00 was paid in a span of less than one (1) year and the buyer defaulted in the rest of the obligations. The sale was, therefore, cancelled accordingly. The buyer demanded a refund

of all payments made by filing a complaint before the Housing and Land Use Regulatory Board (HLURB) on May 2017, as well attorney's and appearance fees.

In a Decision dated 19 January 2018, the HLURB dismissed the complaint for lack of merit, primarily because of Republic Act No. 6552, otherwise known as the "Realty Installment Buyer Protection Act", for a buyer to be entitled to refund, he or she must have paid at least two (2) years of installments, and even then, only the cash surrender value of the payments shall be refunded, which is equivalent to 50% of the total payments made.

b. Another buyer offered to purchase a unit in Arya in November 2012, paid the reservation fee but failed to pay the final amortization and other charges which became due in January 2014 on the ground that a viewing of the unit was not allowed beforehand, notwithstanding that pursuant to the Contract to Sell signed, full payment of the account is required prior to turnover of the unit. A viewing of the unit is not scheduled until the account is fully paid since inspection is the initial step of the turnover process. All buyers of Arya were treated in the same manner.

   In November 2017, the buyer filed a complaint before the HLURB and demanded the return of all payments made in a span of one (1) year amounting to P942,718.53.

   In a Decision dated 05 April 2019, ALCO was directed to refund to the buyer ₱942,718.53 and pay attorney's fees and actual damages in the total amount of ₱70,000.00.

   On 15 May 2019, ALCO appealed the foregoing Decision arguing, among others, that Republic Act No. 6552 should have been applied. It is the special law governing transactions that involve, subject to certain exceptions, the sale on installment basis of real property. The buyer filed a Counter Memorandum on 18 July 2019. There is no resolution on the appeal at this time.

Labor

a. In an Order dated on 03 July 2017, the Department of Labor and Employment (DOLE) found ALCO non-compliant with certain labor standards per Rules 1020, 1030, 1040, 1050 and 1065. Records, however, show that ALCO is in fact compliant. A Memorandum of Appeal was filed in October 2017 because serious errors in the finding of facts were committed by DOLE which, if not corrected, would cause grave or irreparable damage or injury to ALCO. Among the reliefs sought are the recall of the Order for Compliance and a finding that ALCO is fully compliant with labor laws and occupational health and safety standards. As of the date of this Report, there is no resolution to the Appeal.

b. In an Order dated 29 November 2017, the DOLE found that ALCO did not comply and failed to effect corrective actions on noted deficiencies per Rules 1050, 1060 and 1065 within the period prescribed by the Labor Laws Compliance Officer. A Memorandum of Appeal was filed in February 2018 seeking, among others, the recall of the Order for Compliance and a finding that ALCO is fully compliant. ALCO did institute corrective measures and in fact completed the noted deficiencies prior to the issuance of the Order for Compliance. As of the date of this Report, there is no resolution to the Appeal.

The potential effect of the foregoing cases on the financial statements of ALCO and its subsidiaries cannot be determined at the moment. However, it is believed that the effect thereof, if there is any, is not significant.

Please also see "Directors and Executive Officers & Key Persons - Involvement in Certain Legal Proceedings" on page 96 of this Prospectus for additional discussions on these proceedings involving certain directors and an officer of the Company.

Ownership and Capitalization

SHARE CAPITAL

As of 30 June 2019, the Company had a total authorized capital of 16,368,095,199 common shares, of which 5,318,095,199 are issued and outstanding, and 50,000,000 preferred shares, of which 12,500,000 of the Series A Preferred Shares, 20,000,000 of the Series B Preferred Shares and 10,000,000 Series C Preferred Shares are issued and outstanding.

Top 20 Stockholders

Common Shares (As of 30 June 2019)

Rank	Name	No. of Ordinary Shares	%
1	CPG HOLDINGS INC	2,142,619,910	40.29
2	AO CAPITAL HOLDINGS 1, INC.	1,383,730,000	26.02
3	PCD NOMINEE CORPORATION (FILIPINO)	1,155,202,332	21.72[8]
4	EDIMAX INVESTMENT LIMITED	296,460,000	5.57
5	ELITE HOLDINGS, INC.	119,809,996	2.25
6	PCD NOMINEE CORPORATION (NON-FILIPINO)	87,866,468	1.65
7	TINA KENG	25,000,000	0.47
8	EQL PROPERTIES, INC.	14,671,125	0.28
9	URBAN BANK TRUST DEPARTMENT A/C NO. 625	4,838,488	0.09
10	RBL FISHING CORPORATION	4,350,000	0.08
11	VERONICA D. REYES	3,799,272	0.07
12	VERONICA D. REYES &/OR CECILIA D. REYES	2,654,061	0.05
13	THEODORE G. HUANG &/OR CORAZON B. HUANG	2,501,250	0.05
14	ANITO TAN &/OR LITA TAN	2,027,049	0.04
15	LOURDES D. DIZON	1,740,000	0.03
16	KWAN YAN DEE &/OR CHRISTINA DEE	1,631,250	0.03
17	DANTE GARCIA SANTOS	1,631,250	0.03
18	LUCIANO H. TAN	1,505,950	0.03
19	SAMUEL UY	1,087,500	0.02
20	DATACOM SYSTEMS CORP.	1,004,394	0.02
		5,254,130,295	98.85
	Others	60,964,904	1.15
	Total Outstanding	**5,318,095,199**	**100.00**

Series A Preferred Shares (As of 31 March 2019)

Rank	Name	No. of Preferred Shares	%[9]
1	Manchesterland Properties, Inc.	12,500,000	100.00

[8] Excluding 125,000,000 shares indirectly owned by CPG Holdings
[9] The percentages of ownership listed indicate only the number up to two decimal points of total outstanding preferred shares.

Series B Preferred Shares (As of 30 June 2019)

Rank	Name	No. of Ordinary Shares	%
1	PCD NOMINEE CORP. (FILIPINO)	19,571,310	97.86
2	PCD NOMINEE CORP. (NON-FILIPINO)	190.090	0.95
3	DOMINIC G. HING	114,000	0.57
4	ANTONIO T. CHUA	35,100	0.18
5	CHIONG PING G. CHING AND/OR MARIA GRACIA J. TAN	29,000	0.15
6	CHIONG PING GO CHING /OR CHIONG BIO GO CHING	29,000	0.15
7	CHING BUN TENG TIU AND/OR CHING CHIONG PING GO &/OR ONGKING GIOVANNA JOY TAN	29,000	0.15
8	CHRISTOPHER CHUA W. KAWPENG	600	0.00
9	DANIEL CHUA W. KAWPENG	600	0.00
10	DAVID CHUA W. KAWPENG	600	0.00
11	EDWIN CHUA W. KAWPENG	600	0.00
12	TOMAS CHUA W. KAWPENG	600	0.00
	GRAND TOTAL	**20,000,000**	**100.00**

Series C Preferred Shares (As of 30 June 2019)

Rank	Name	No. of Ordinary Shares	%
1	PCD NOMINEE CORP. (FILIPINO)	10,000,000	100.00
	GRAND TOTAL	**10,000,000**	**100.00**

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

As of 30 June 2019 the following are persons directly or indirectly the record and/or beneficial owner of more than five percent (5%) of any class of the Company's voting securities:

Title of Class	*Name and Address of Record Owners*	*Citizenship*	*Amount & Nature of Ownership*	*% of Class*
Common	**CPG Holdings, Inc.**	Filipino	2,017,619,910 Direct 125,000,000 Indirect	40.289
Common	**AO Capital Holdings I, Inc.**	Filipino	1,383,730,000 Direct	26.019
Common	**Edimax Investment Limited**	British	296,460,000 Direct	5.5746

Excluding the indirect holdings of CPG Holdings, Inc., PCD Nominee Corporation (Filipino) is the holder of 1,155,202,332 Common shares, or 21.72% of the total issued and outstanding Common shares of ALCO.

ALCO is not aware of any voting trust agreements involving its shares.

As of 30 June 2019, to the best of ALCO's knowledge, no beneficial owner registered with the PCD Nominee Corporation holds more than five percent (5%) of a class of shares of the Company.

SECURITY OWNERSHIP OF MANAGEMENT

As of October 31, 2019, there are no shares held or acquired beneficially by any of the directors and executive officers of ALCO other than the nominal shares held by said directors and executive officers.

Title of Class	*Name and Position of Record Owners*	*Citizenship*	*Amount & Nature of Ownership*	*% of Class*
Common	**Ernest K. Cuyegkeng** *Chairman of the Board*	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	**Jaime C. Gonzalez** *Vice Chairman and President*	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	**Jaime Enrique Y. Gonzalez** *Director*	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	**Christopher Paulus Nicolas T. Po** *Director*	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	**Leonardo Arthur T. Po** *Executive Vice President and Treasurer*	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	**Ricardo Gabriel T. Po** *Director/Vice Chairman*	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	**Fernan Victor P. Lukban** *Independent Director*	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	**Hans B. Sicat** *Independent Director*	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	**Andres B. Sta. Maria** *Independent Director*	Filipino	1 Direct and Beneficial Owner	0.00 %
		TOTAL	**9 shares**	

Except as disclosed above, none of the Company's other executive officers or department managers own shares directly or indirectly in the Company. Their ownership in the Company is limited to that indicated in the foregoing.

VOTING TRUST HOLDERS

There are no persons holding more than five percent (5%) of a class of shares of the Company under a voting trust or similar agreement as of the date of this Prospectus.

CHANGES IN CONTROL

The Company has no knowledge of any arrangements that may result in a change in control of the Company.

SALE OF UNREGISTERED OR EXEMPT INCLUDING SECURITIES CONSTITUTING AN EXEMPT TRANSACTION

On 30 August 2016 and 7 September 2016, the Board of Directors of ALCO (the "BOD") and stockholders representing at least 2/3 of the outstanding capital stock of the Company approved, respectively, the increase of its authorized capital by ₱50,000,000.00 or from ₱2,946,257,135.82 to ₱2,996,257,135.82 through the creation of 50,000,000 preferred shares with a par value of ₱1.00 per share as well as the corresponding amendments to ALCO's Articles of Incorporation. The SEC approved the said increase of authorized capital on 22 September 2016.

Pursuant to the board resolution approved on 7 September 2016, ALCO issued 12,500,000 Series A Preferred Shares, at an offer price of ₱1.00 per share, to its subsidiary, MPI. The issuance constitutes an exempt transaction under Section 10.1 of the SRC.

On 14 December 2018, ALCO's Board of Directors approved granting options equivalent to not more than 90.0 million common shares to its qualified employees as above defined. The Stock Option and Compensation Committee was tasked to administer the implementation of this grant, which will include to whom and when the Options are to be granted and the effectivity dates thereof, and the number and class of shares to be allocated to each qualified employee, after considering the performance evaluation of said qualified employees vis-a-vis the result of the achievement of the company's objectives for 2018. The issuance of Options constitutes an exemption transaction under Section 10.2 of the SRC, with exemption certified by the SEC under Resolution No. 081 (Series of 2010).

FOREIGN EQUITY HOLDERS

Common shares owned by foreigners as of 31 March 2019 amount to 384,826,293 or 7.23% of the Company's total number of outstanding shares entitled to vote.

Market Price of and Dividends on the Equity of ALCO and Related Shareholder Matters

Market Information

The common equity of ALCO is listed on the PSE. The high and low sales prices for each period are indicated in the table below.

	2019		2018				2017				2016			
	1Q	**2Q**	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**
Hi	**1.03**	**0.88**	1.01	0.9	0.78	0.65	1.66	0.9	0.78	0.96	0.23	0.29	0.30	0.49
Low	**0.82**	**0.73**	0.85	0.76	0.64	0.51	0.44	0.76	0.64	0.51	0.20	0.23	0.26	0.27

The closing price as of 11 October 2019, the latest practicable trading date, is ₱ 0.87.

The approximate number of shareholders on record as of 28 June 2019 is 1,952 for its common shares, 1 for its Series A Preferred Shares and 12 for its Series B Preferred Shares, and 97 for its Series C Preferred Shares.

Dividends and Dividend Policy

ALCO declared cash dividends to Common stockholders, as follows:

Declaration Date	Record Date	Payment Date	Amount
28 June 2013	26 July 2013	22 August 2013	₱0.012/common share
10 March 2014	28 March 2014	22 April 2014	₱0.036/common share
09 March 2015	23 March 2015	08 April 2015	₱0.012/common share
28 February 2017	14 March 2017	07 April 2017	₱0.012/common share
21 March 2018	06 April 2018	02 May 2018	₱0.012/common share
21 June 2019	08 July 2019	31 July 2019	₱0.012/common share

ALCO declared cash dividends to holders of Preferred Shares Series B, as follows:

Declaration Date	Record Date	Payment Date	Amount
08 February 2017	24 February 2017	06 March 2017	₱1.76145/Series B share
10 May 2017	25 May 2017	06 June 2017	₱1.76145/Series B share
09 August 2017	23 August 2017	06 September 2017	₱1.76145/Series B share
26 October 2017	24 November 2017	06 December 2017	₱1.76145/Series B share
10 January 2018	09 February 2018	06 March 2018	₱1.76145/Series B share
09 May 2018	23 May 2018	06 June 2018	₱1.76145/Series B share
01 August 2018	16 August 2018	06 September 2018	₱1.76145/Series B share
24 October 2018	12 November 2018	06 December 2018	₱1.76145/Series B share
21 February 2019	01 March 2019	06 March 2019	₱1.76145/Series B share

08 May 2019	22 May 2019	06 June 2019	₱1.76145/Series B share
08 August 2019	22 August 2019	06 September 2019	₱1.76145/Series B share
23 October 2019	15 November 2019	06 December 2019	₱1.76145/Series B share

ALCO declared cash dividends to holders of Preferred Shares Series C, as follows:

Declaration Date	Record Date	Payment Date	Amount
08 August 2019	06 September 2019	27 September 2019	₱1.7319/Series C share
23 October 2019	29 November 2019	27 December 2019	₱1.7319/Series C share

No dividends to common shareholders were declared in 2016.

Dividends may be declared at the discretion of the BOD and will depend upon the future results of operations and general financial condition, capital requirements, its ability to receive dividends and other distributions and payments from its subsidiaries, foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations and other factors the BOD may deem relevant.

Similarly, the subsidiaries of ALCO may declare dividends at the discretion of their respective boards of directors and will depend upon the future results of operations and general financial condition, capital requirements, its ability to receive dividends and other distributions and payments from their respective subsidiaries, foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations and other factors their respective boards of directors may deem relevant.

As of the date of this Prospectus, there have been no dividends declared by any of the subsidiaries of ALCO.

Directors and Executive Officers & Key Persons

The overall management and supervision of the Company is vested in its Board of Directors. The Company's officers and management team cooperate with its BOD by preparing relevant information and documents concerning the Company's business operations, financial condition and results of operations for the review and action by the BOD. At present, the BOD consists of nine members, including three independent directors in accordance with the requirements of the SRC.

Members of the Board of Directors

All of the Company's directors were elected at the Company's annual stockholders' meeting held last 29 June 2019 and will continue to serve as such until the next annual stockholders' meeting or until their successors have been duly elected and qualified. Information on each member of the Company's BOD as of the date of this Prospectus, including each director's term of office as a director and the period during which the director has served is set out in the table below.

Name	Age	Position in ALCO	Period	Citizenship
Ernest K. Cuyegkeng	72	Chariman/Regular Director	24 June 2016-Present	Filipino
		Chairman/ Independent Director	6 June 2012 – 24 June 2016	
		Independent Director	21 May 2007 – 6 June 2012	
Jaime C. Gonzalez	73	President	01 March 2017 - Present	Filipino
		Vice Chairman/Regular Director	01 August 2016 – Present	
		Regular Director	06 June 2012 – 01 August 2016	
		Chairman/Regular Director	21 May 2007 – 06 June 2012	
Ricardo Gabriel T. Po	51	Vice Chairman/Regular Director	26 June 2015 - Present	Filipino
		Regular Director	28 March 2012 – 26 June 2015	
Jaime Enrique Y. Gonzalez	42	Regular Director	24 June 2011 – Present	Filipino
Christopher Paulus Nicolas T. Po	49	Regular Director	24 June 2011 - Present	Filipino
Leonardo Arthur T. Po	41	Treasurer and Regular Director	01 August 2016 - Present	Filipino
		Executive Vice President	28 June 2019 – Present	

Hans B. Sicat	58	Independent Director	30 June 2017 – Present	Filipino
Andres B. Sta. Maria	70	Independent Director	24 June 2016 – Present	Filipino
Fernan Victor P. Lukban		Independent Director	23 October 2019 – Present	Filipino

The directors' previous and present positions and tenure in listed companies other than ALCO are likewise summarized below:

PREVIOUS AND PRESENT POSITIONS AND TENURE IN LISTED COMPANIES OTHER THAN ALCO		
Name	**Position/Company**	**Period**
Ernest K. Cuyegkeng	*Director/Executive Vice President/Chief Financial Officer* – A. Soriano Corporation	April 2009 – Present
	Director – iPeople, Inc.	2016 – Present
Jaime C. Gonzalez	*Chairman of the Board* – IP E-game Ventures, Inc.	October 2005 – Present
	Independent Director – Southeast Asia Cement Holdings, Inc. (subsidiary of Lafarge S.A.)	1998 – April 2013
	Independent Director - Euromoney Institutional Investors PLC (UK publicly listed media company)	November 2005 – January 2013
	Director – Export and Industry Bank, Inc. (Chairman of the Board from May 2006)	February 2006 – April 2012
Ricardo Gabriel T. Po	*Vice Chairman/Director* – Century Pacific Food, Inc.	October 2013 – Present
Jaime Enrique Y. Gonzalez	*Deputy Chairman/President* – IP E-game Ventures, Inc.	October 2005 – Present
Christopher Paulus Nicolas T. Po	*President & Chief Executive Officer/Director* – Century Pacific Food, Inc.	October 2013 – Present
Leonardo Arthur T. Po	*Treasurer/Director* – Century Pacific Food, Inc.	October 2013 – Present
Hans B. Sicat	President – Philippine Stock Exchange	2011 – 2017
	Director – Philippine Stock Exchange	2018 - 2019
Andres B. Sta. Maria	Director – South East Asian Cement, Inc.	2000 – 2013
Fernan Victor P. Lukban	Independent Director – Century Pacific Food, Inc.	April 2011 – June 2016

The business experience of each of the Company's directors for the past five years is described below.

Ernest K. Cuyegkeng, is presently the Executive Vice President/Chief Financial Officer and Director of A. Soriano Corporation. His other concurrent positions include being the President and Director of Phelps Dodge Philippines International, and a Director of Seven Seas Resorts & Leisure, Prople, KSA Realty, iPeople, TO Insurance, Sumifru Singapore and Sumifru Philippines. He is also a Trustee of Andres Soriano Foundation and is a member of the Makati Business Club, Management Association of the Philippines and Financial Executive Institute of the Philippines. He holds a Bachelor of Arts degree in Economics and a Bachelor of Science degree in Business Administration, both from the De La Salle University. He also obtained a Masters degree in Business Administration from the Columbia Graduate School of Business in New York. He attended corporate governance seminars in 2017 and 2018 on Adapting Changes in the Corporate Governance Code and Internal Control Environment, and Sustainability Reporting and Audit Committee Effectiveness

Jaime C. González, presently ALCO's Vice Chairman and President, is a graduate of Harvard Business School (MBA) and of De La Salle University in Manila, with degrees in B.A. Economics (cum laude) and B.S. Commerce (cum laude). Mr. González led the transition of ALCO in 2008 and provided the vision of what the company is now. He is also the founder and the Chairman and Chief Executive Officer of AO Capital Partners, a financial and investment advisory firm with headquarters in Hong Kong. He is presently a member of the Board of Directors of a number of companies and is the Chairman of IP E-Game Ventures, Inc. which is involved in information technology and new media, retail/food and beverage, natural resources, and real estate and resort development. Apart from these, Mr. González is active in socio-cultural organizations such as the Philippine Map Collectors Society where he is the President, the World Presidents' Organization Philippine Chapter, Harvard Club New York Chapter, Philippine Institute of Certified Public Accountants, and the International Wine and Food Society. He was previously an independent director of Euromoney Institutional Investment PLC (a UK publicly listed media company) and the Southeast Asia Cement Holdings, Inc. (a subsidiary of Lafarge S.A.). He was the Vice Chairman and President of the Philippine International Trading Corporation and at one time, a special trade negotiator of the country's Ministry of Trade. Mr. González was once a partner of SGV & Co. with principal focus on assisting clients in establishing and/or in arranging funding for projects throughout the Asian region.

Jaime Enrique Y. González, is the founder and currently the CEO of IP Ventures, Inc., a leading venture group that owns businesses that represent large retail brands such as Highlands Coffee, NBA Retail and Western Union. He is also the founder of IPVG Corp., E-games, and IP-Converge, Inc., which all listed on the Philippine Stock Exchange. He is a partner in the Kaikaku Fund (a SoftbankSoftbak-led fund), a venture capital focused on SE Asia, and a shareholder and director of Retail Specialist Inc., the exclusive retailer of Naturalizer and Florsheim brands in the Philippines. Enrique was IT Executive of the Year in 2008 and a finalist for the Ernst & Young Entrepreneur of the Year in 2011. He is also part of the Young Presidents Organization and sits on the Board of Trustees of Asia Society Philippines. He continues to hold the record of being the youngest person to have listed a company on the Philippine Stock Exchange at 27 years old. He has structured profitable exits such as PCCW Teleservices (sold to PCCW of Hong Kong), Prolexic Technologies (sold to Kennet Partners and eventually Akamai for over US$ 300.0MM), and Level-up Games (sold to Asiasoft). Enrique is a columnist for Philippine Star covering entrepreneurship and business under Business Life section. He is an active evangelist for attracting foreign capital and partners into the Philippines, and has joined state visits under President Gloria Arroyo and most recently, President Rodrigo Duterte's state visit to China. He was instrumental in bringing in China Railway Engineering Corp (CREC), a Fortune 100 company, and Tianjin SULI cable (a Fortune 500 company) into the Philippines. Enrique went to Middlebury College, Asian Institute of Management and Harvard Business School. He is a Kauffman Fellow and part of the Class 21 Batch.

Christopher Paulus Nicolas T. Po, is the Executive Chairman of Century Pacific Food, Inc., a food company listed in the Philippine Stock Exchange and trading under the symbol CNPF, and he concurrently serves as Chairman of Shakey's Pizza Asia Ventures, Inc., likewise a listed chain restaurant business trading under the symbol PIZZA, and as Chief Executive Officer of Century Pacific Group, Inc. (CPG). Prior to joining CPG, he was Managing Director for Guggenheim Partners, a US financial services firm, where he was in charge of the

firm's Hong Kong office. Previously, he was a Management Consultant at McKinsey and Company working with companies in the Asian region. He also worked as the Head of Corporate Planning for JG Summit Holdings, a Philippine-based conglomerate with interests in food, real estate, telecom, airlines, and retail. He graduated summa cum laude from Wharton School and College of Engineering of the University of Pennsylvania with dual degrees in Economics (finance concentration) and applied science (system engineering) in 1991. He holds a Master degree in Business Administration from the Harvard University Graduate School of Business Administration. Mr. Christopher Po is a member of the board of trustees of WWF-Philippines and the President of the CPG-RSPo Foundation.

Leonardo Arthur T. Po, is concurrently Executive Vice President and Treasurer of ALCO. He is likewise the Treasurer and Director of Century Pacific Food, Inc. and Shakey's Pizza Asia Ventures, Inc. He graduated magna cum laude from Boston University with a degree in Business Administration and has extensive and solid business development experience in the consumer marketing, finance and operations of fast moving consumer goods, food service, quick-serve restaurants, and real estate development.

Ricardo Gabriel T. Po, is currently one of the Vice Chairmen and a Director of Century Pacific Food, Inc., and the Vice Chairman and Director of Shakey's Pizza Asia Ventures, Inc. He graduated magna cum laude from Boston University, Massachusetts, USA with a Bachelor of Science degree in Business Management. He also completed the Executive Program (Owner-President Management Program) at Harvard Business School in 2001. From 1990-2006, Ricardo was the Executive Vice President and Chief Operating Officer of the Century Pacific Group of Companies.

Hans B. Sicat, has been involved with the global capital market for about three decades, being a trained mathematician and economist. He is currently the Managing Director and Country Manager for ING Bank, N. V., Manila Branch and sits in the boards of the Bankers Association of the Philippines and the Investment House Association of the Philippines. Prior to this, he was the President and CEO of the Philippine Stock Exchange (PSE) which he assumed in 2011. He also served as its Chairman and Independent Director for about eighteen months beforehand. He was President and CEO of the Securities Clearing Corporation of the Philippines, a role he held concurrent with the PSE post. Mr. Sicat finished his coursework for Ph.D. Economics Program at the University of Pennsylvania, Philadelphia, and earned his Master of Arts in Economics and Bachelor of Science in Mathematics at the University of the Philippines. He was conferred an Honorary Doctorate Degree in Business Administration by the Western University in Thailand. Mr. Sicat has diverse interests on the private side too, spanning financial services, Knowledge Process Outsourcing and real estate. He is Acting Chairman of LegisPro Corporation; Independent Director of Serica Balanced Fund & Master Fund, and Skycable Corporation. He sits as a Director in List Sotheby's Philippines and is on the Advisory Board of Fintonia Fund, which has an Asian FinTech focus. The Endeavor (Philippines) organization allows Mr. Sicat to interact, select and mentor high impact entrepreneurs, to connect them with global leaders. He is also a Director in the Philippine Map Collectors Society and was active in leadership roles for six years in the Young Presidents Organization, Philippines Chapter, culminating as Chapter Chairman in 2009. For over two decades, he was an investment banker with Citigroup and its predecessor firms (Salomon Brothers & Citicorp Securities) in various roles in New York, Hong Kong & the Philippines.

Andres B. Sta. Maria, was senior partner and a member of the executive committee of the law firm SyCip Salazar Hernandez & Gatmaitan. For over 25 years until he retired, he headed the firm's Special Projects Group, which focused on acquisitions, privatization, power and energy, and industrial and infrastructure projects. He studied at the University of the Philippines, Cornell University, and New York University and holds Bachelor of Science in Business Administration, Bachelor of Laws, and Master of Laws degrees. Before SyCip, he worked with the New York law firms Cleary Gottlieb Steen & Hamilton and Coudert Brothers. Mr. Sta. Maria maintains a private practice in commercial and corporate law.

Fernan Victor P. Lukban is a leading consultant in Family Business, Strategy, Entrepreneurship and Governance. He advises family boards of over a dozen of the most progressive and better governed family businesses in the country. Over the recent years, he has put special focus on developing Base of the Pyramid Initiatives in various provinces in the Philippines. He spent much of his early professional years in the

academe helping establish and grow the University of Asia & the Pacific where he still participates as a consultant, mentor and guest lecturer. Mr. Lukban obtained a degree in Mechanical and Industrial Engineering from the De La Salle University. He received his MBA from Instituto de Estudios Superiores de la Empresa and MSc in Industrial Economics from the University of Asia & the Pacific.

Executive Officers and Significant Employees

In addition to the directors listed above, the following are the names, ages and citizenship of the Company's executive officers and significant employees elected and appointed as of the date of this Prospectus.

Name	Age	Position	Years Served in the Company	Citizenship
Riva Khristine V. Maala	46	Corporate Secretary	08 February 2017 – Present	Filipino
		Compliance Officer	1 March 2017 – Present	
		Assistant Corporate Secretary/Corporate Information Officer	21 May 2007 – 07 February 2017	
		Vice President/ Head, Legal Affairs	1 October 2012- Present	
		Vice President/ Investor Relations	1 October 2012 – 08 February 2017	
Gabriel I. Paulino	62	Senior Vice President/Head, Technical Services	31 August 2011 – Present	Filipino
Ferdinand A. Constantino	57	Chief Finance Officer	01 July 2016 – Present	Filipino
Christopher G. Narciso	49	Executive Vice President, Head of the Business and Project Development Department	09 May 2018 - Present	Filipino
Sheryll P. Verano	41	Senior Vice President/ Head, Strategic Funding and Investments and Investor Relations Officer	21 March 2018 - Present	Filipino
		Vice President/Head, Strategic Funding and Investments and Investor Relations Officer	08 February 2017 – 21 March 2018	
		Vice President- Head, Strategic Funding and Investments	01 July 2016 – 08 February 2017	
Oliver L. Chan	38	Senior Vice President/Head of Sales Operations	21 March 2018 - Present	Filipino
Leilani G. Kanapi	45	Vice President/Head of Procurement	21 March 2018 - Present	Filipino

Clarence P. Borromeo	47	Data Privacy Officer	09 May 2018 –- Present	Filipino
		Head of Information Technology	15 June 2009 – Present	
Ma. Angelina B. Magsanoc	49	Vice President – Head of Marketing	24 October 2018 – Present	Filipino
Edgar V. Sabidong	59	Chief Sustainability Officer	20 March 2019 – Present	Filipino
		Vice President—Technical Services	09 May 2018 – Present	

The business experiences covering the past five years of the Company's executive officers and significant employees who are expected to make a significant contribution to the business of ALCO are described below.

Christopher G. Narciso, is an Executive Vice President who heads and supervises the Business and Project Development Department and the Marketing Department. Prior to joining ALCO, Mr. Narciso was an Executive Director of the Philippine Transmarine Carriers Group and the Concurrent Chief Operating Officer of ACM Landholdings, Inc. He was also at one time the Chief Operating Officer of Taft Property Ventures Development Corporation, a member of Metro Gaisano, Vicsal Development Corporation. He worked at Robinsons Land Corporation from 2007 until 2013, and Narel Realty and Development Corporation from October 1995 to March 2007. Mr. Narciso graduated from the De La Salle University with a Bachelor of Science degree in Industrial Management Engineering, minor in Chemical Engineering, and also earned units in Masters in Business Administration from the University of Western Australia. He is a past National President of the Subdivision and Housing Developers Association and currently serves as a board adviser thereof.

Gabriel I. Paulino, is the Head of Technical Services. He has over 35 years of professional experience in architectural and project management practice. He was formerly the Assistant Vice President for Design and Planning at Rockwell Land Corporation and worked on Edades Towers, The Grove, One Rockwell, Joya and the Powerplant Mall. Prior to Rockwell, he was a Senior Associate of Recio + Casas Architects. He was also involved in the Pacific Plaza Towers (Makati and Fort Bonifacio), Manansala at Rockwell, LKG Tower Ayala and Salcedo Park Towers Makati.

Sheryll P. Verano, is the Head of Strategic Funding and Investments and is ALCO's Investor Relations Officer. She is a finance professional with 20 years-experience in financial advisory, debt and equity capital raising, debt restructuring and mergers and acquisitions. Prior to joining ALCO, she was Associate Director in American Orient Capital Partners (Philippines) and was with the Global Corporate Finance group of SGV and Co. She received her CFA Charter in 2006 and was one of the topnotchers in the 1999 CPA Board Exams. She graduated cum laude from the University of the Philippines with a Bachelor of Science degree in Business Administration and Accountancy.

Oliver L. Chan, is the Head of Sales Operations. He is a licensed mechanical engineer who obtained his degree from the University of Santo Tomas. Prior to joining ALCO, he was the Property Manager of Ayala Property Management Corporation who handled the operations of Ayala Land Inc.'s premiere retail and recreation centers, namely, the Greenbelt complex, Ayala Museum, San Antonio Plaza in Forbes Park and the retail spaces at The Residences at Greenbelt. Because of his strong customer service background, he is concurrently General Manager of Emera Property Management, Inc., the property management arm of ALCO.

Ferdinand A. Constantino, is the Chief Finance Officer. He is a Certified Public Accountant and a licensed Real Estate Broker. He obtained his degree in Accountancy from the Polytechnic University of the Philippines

in 1982. His work experience includes being the Corporate Comptroller/Tax Manager of Century Canning Corporation (1995-2006), GM/Business Unit Head of CPGC Logistics Philippines, Inc. (2006-2013), and Finance Director of Century Pacific Food, Inc.

Leilani G. Kanapi, joined the Corporation in March 2008 initially as part of the Technical Services team. She was eventually tasked to head the Procurement Department in August 2009. She worked previously with Rockwell Land Corporation where she took on roles in Estate Management, Handover and Project Development. Prior to that, she was with CB Richard Ellis as Business Development and Operations Manager for the Property and Facilities Management Group. Ms. Kanapi graduated from the University of Santo Tomas with a Bachelor of Science degree in Civil Engineering and obtained a Masters Degree in Business Administration from Pepperdine University USA where she also had the opportunity to join the Student Exchange Program in Marseille, France.

Clarence P. Borromeo, has been the Head of the Information Technology (IT) Department since 2009, and was appointed as ALCO's Data Privacy Officer concurrently on 09 May 2018. Before joining ALCO, he was the IT Head of the ICCP Group of Companies (Investment and Capital Corporation of the Philippines), and before that, the IT Head at RAMCAR Food Group (Kentucky Fried Chicken and Mr. Donut). He started his career in Information Technology as IT Helpdesk Supervisor at Zuellig Interpharma Holdings. Mr. Borromeo finished college at the Ateneo de Manila University with a degree in AB Interdisciplinary Studies. In 2018, he participated in various workshops, summit and conferences on data privacy and cyber security, namely, "Data Privacy Act: A Practical Approach to Compliance" conducted by Pineda Security, CIFI Security Summit 2018 by InnoXcell CIFI, and Fortinet 361° Security 2018 Cyber Security Conference by Fortinet Philippines.

Ma. Angelina B. Magsanoc, the Head of the Marketing Department, has more than 25 years experience working at various positions linked to financial and real estate industries. A greater part of her career in Standard Chartered Bank, Jardine Fleming Exchange Capital Securities, Belle Corporation, Highlands Prime, and Terra Nostra, was dedicated to marketing, business development and finance. Prior to joining ALCO, she held the position of Vice President for Business Development and Marketing of ACM Landholdings, Inc. for four years. Ms. Magsanoc took up A.B. Management Economics from the Ateneo de Manila University and earned masteral units from the Ateneo Graduate School of Business.

Edgar V. Sabidong, a registered Civil Engineer from the Mapua Institute of Technology, is a Vice President of the Technical Services Department with over thirty years of experience in construction, facilities and project management, 12 years of which were spent in the Caribbean and in the Middle East. He was Project Director of the biggest project in Trinidad and Tobago and while with Saudi Aramco, he handled various facilities like office building, hospital, laboratory and community housing renovation and upgrade works. Locally, he worked with D.M. Consunji, and in its joint venture with the British John Laing International, he worked on the five Rockwell west tower condominium buildings, from Hidalgo, Rizal, Luna, and Amorsolo East and West. Engr Sabidong was elected as the Chairman of the Philippine Green Building Council for 2019. As a member of the Board of Trustees, he also sits in the BERDE PR and Internal Policy Committees. Given its commitment to greening the industry, ALCO gave Engr. Sabidong the task to head and lead all project undertakings and sustainability efforts with his concurrent appointment as the company's Chief Sustainability Officer

CORPORATE GOVERNANCE

The directors and officers of ALCO believe that good corporate governance is a necessary component of a sound and strategic business management and therefore, undertake every effort necessary to create awareness of this policy and of ALCO's Manual of Corporate Governance (hereinafter, the "Manual") within the entire organization.

ALCO believes that compliance with the principles of good corporate governance starts with its Board of Directors but to ensure adherence to corporate principles and best practices as stated in the Manual and pertinent laws and regulations of the SEC and the PSE, the BOD designated a Compliance Officer tasked to monitor compliance and he reports directly to the BOD.

ALCO recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. At the minimum, ALCO provides its shareholders, minority or otherwise, all rights granted to them under the law, particularly the Revised Corporation Code of the Philippines (the "Corporation Code"), with the exception of pre-emptive rights. The reports or disclosures required under the Manual and by the SEC and the PSE, including any and all material information that could potentially affect share price, are prepared and submitted through relevant corporate officers of ALCO.

The Company likewise safeguards the independence of its auditors, financial analysts, investment banks, and other relevant third parties through the following measures:

Auditors	Financial Analysts	Investment Banks
Strict observance of rotation requirement	Public disclosure of all financial information as approved by the Audit Committee	Public disclosure of all financial information as approved by the Audit Committee
Access to management	Access to management	Access to management

Manual on Corporate Governance

The Company first adopted the Manual in December 2002, which was amended on 23 July 2014 and most recently revised on 31 May 2017. The Manual has been submitted to the SEC in compliance with Revised Code of Corporate Governance SEC Memorandum Circular No. 6, Series of 2009, and SEC Memorandum Circular No. 9, Series of 2014.

The Company's policy of corporate governance is based on its Manual, which provides that it shall institutionalize the principles of good corporate governance in the entire organization. The Manual also provides that, to the extent applicable, it shall also serve as a guide in the management and operations of the Company's operating subsidiaries. The BOD periodically reviews its performance to determine the level of compliance of the Board and Senior Management with the Manual and the necessary steps required to improve.

ALCO's Code of Conduct ("Code") (which deals with conflict of interest, business and fair dealing, receipt of gifts from third parties, compliance with laws and regulations, trade secrets, nonpublic information, company assets, and employment/labor policies, among others) is part of the orientation of newly hired employees regardless of rank. Each new employee is given a copy of this Code and a letter-agreement he or she must sign to signify his or her undertaking to comply with its provisions. Any violation of any provision of this Code is essentially determined through periodic activities carried out by ALCO's Human Resources Department, reports submitted by the employees themselves, and performance meetings with managers. Disciplinary measures taken are commensurate with the seriousness of the offense and comply with the Labor Code of the Philippines.

Insofar as the directors, the Manual is clear that a director's office is one of trust and confidence. Having vetted his/her qualifications, the Nomination Committee ensures that ALCO directors shall at all times act in a manner characterized by transparency, accountability and fairness.

As of the date of this Prospectus, ALCO has substantially complied with the Manual.

While ALCO continually evaluates its corporate governance policy, there are no definite plans to change its corporate governance policy as of the date of this Prospectus.

Independent Directors

The Manual provides that the BOD shall have at least two independent directors or such number that constitutes 20% of the total number of directors of the BOD pursuant to the Company's Articles of Incorporation, whichever is lesser, but in no case less than two (2). The Company's has three (3) independent directors: Messrs. Andres B. Sta. Maria, Hans B. Sicat and Fernan Victor P. Lukban.

In addition, the Manual directs that independent directors should always attend board meetings, but their absence shall not affect the quorum requirement. However, the BOD may, to promote transparency, require the presence of at least one independent director in all its meetings.

Independent directors must be independent of management and free from any business or other relationship with the Company which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director, and possesses the necessary qualifications and none of the disqualifications for an independent director as provided by the By-laws of the Corporation.

COMMITTEES OF THE BOARD

The BOD has constituted certain committees to effectively manage the operations of the Company. The Company's committees include the Executive Committee, Nomination Committee, Stock Option and Compensation Committee and Audit Committee. A brief description of the functions and responsibilities of the key committees are set out below:

Executive Committee

The Executive Committee is the body to which the BOD may delegate some of its powers and authorities which may lawfully be delegated. It shall be composed of the Chairman, the President and CEO, the Chief Finance Officer and such other officers of the Company as may be appointed by the BOD. The Executive Committee shall adopt and observe its own internal procedures and conduct of business.

The Executive Committee is composed of: Ernest K. Cuyegkeng as Chairman, Jaime C. Gonzalez and Ricardo Gabriel T. Po, Jr. as Vice Chairmen, and Jaime Enrique Y. Gonzalez, Leonardo Arthur T. Po, Christopher Paulus Nicolas T. Po and Ferdinand A. Constantino as members.

Nomination Committee

The Nomination Committee is composed of at least three members of the BOD, one of whom must be an independent director. The committee shall review and evaluate the qualifications of all persons nominated as directors and such other appointments which require board approval, and to assess the effectiveness of the processes and procedures in the election or replacement of directors. It shall pre-screen and shortlist all candidates nominated as director in accordance with the qualifications outlined in the Company's By-laws and the Corporation Code of the Philippines, the SRC and other relevant laws. The decision of the Nomination Committee is final for purposes of the election.

The Nomination Committee is composed of: Ricardo Gabriel T. Po as Chairman and Hans B. Sicat and Andres B. Sta. Maria as members.

Stock Option and Compensation Committee

The Stock Option and Compensation Committee is composed of at least three members of the BOD, one of whom must be an independent director. The Stock Option and Compensation Committee shall, among others, establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy, and control environment.

The Stock Option and Compensation Committee is composed of: Jaime C. Gonzalez as Chairman and Ricardo Gabriel T. Po and Hans B. Sicat as members.

Audit Committee

The Audit Committee shall be composed of at least three members of the BOD, at least two of whom shall be independent directors, including the Chairman thereof, and preferably all members shall have accounting, auditing or related financial management expertise or experience. Each member should have adequate understanding at least or competence at most of the Company's financial management system and environment.

The Audit Committee shall, among others, assist the BOD in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations. It shall also review the quarterly, half-year and annual financial statements before their submission to the BOD, with particular focus on: (a) any change/s in accounting policies and practices; (b) major judgmental areas; (c) significant adjustments resulting from the audit; (d) going concern assumptions; (e) compliance with accounting standards; and, (f) compliance with tax, legal and regulatory requirements.

The Audit Committee is composed of: Andres B. Sta. Maria and Hans B. Sicat.

Risk Management Committee

The Risk Management Committee is composed of four members of the BOD.

The Risk Management Committee is composed of: Hans B. Sicat as Chairman, and Jaime Enrique Y. Gonzalez, Christopher Paulus Nicolas T. Po, and Andres B. Sta Maria as members.

Family Relationships

With the exception of the brothers Messrs. Ricardo Gabriel T. Po, Jr., Christopher Paulus Nicolas T. Po and Leonardo Arthur T. Po, and the father and son, Messrs. Jaime C. Gonzalez and Jaime Enrique Y. Gonzalez, the above-mentioned incumbent directors and executive officers of the Company are not related to each other, either by consanguinity or affinity.

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge, there has been no occurrence of any of the following events during the past five years up to the date of this Prospectus, which are material to an evaluation of the ability or

integrity of any director, any person nominated to become a director, executive officer or control person of the Company:

1. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

4. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Directors and Executive Officers & Key Persons – Involvement in Certain Legal Proceedings

One director and an officer of the Company are currently parties to legal proceedings which directly involve neither the Company nor their acts as such directors and officers of the Company, but which are nevertheless discussed below. There are no final resolutions on these proceedings at this time. The Company believes that the involvement of these directors and officer in the said proceedings is not material to an evaluation of the ability or integrity of such person to become a director, executive officer, or control person of the Company.

1. In 2013, the PDIC had filed one and the same complaint against one of the Company's directors, Mr. Jaime C. Gonzalez, among other former officers of then Export and Industry Bank, before one, the Department of Justice (DOJ) and two, the Bangko Sentral ng Pilipinas (BSP) for violation of Section 21 (f)(10) of Republic Act (R.A.) No. 3591, Section 21 (f)(4) of R.A. No. 3591, and Sections 55, 56 and 66 of R.A. No. 8791 in relation to Section 36 of R.A. No. 7653. PDIC alleged that the respondents committed acts which constituted doing business in an unsafe and unsound manner, essentially having concealed from PDIC the engagement as the bank's financial advisor of a company which Mr. Gonzalez was an officer of, simultaneously with being an officer of the bank. All respondents denied PDIC's accusation and submitted documentary evidence that there was in fact full disclosure to all concerned parties.

   In 2014, the DOJ found no probable cause to hold Mr. Gonzalez and his co-respondents liable for the charges of PDIC against them and dismissed the complaint. PDIC's Motion for Reconsideration was likewise denied. PDIC filed a Petition for Review before the Secretary of Justice but there is no decision on the matter to date. There is, therefore, no criminal case against Mr. Gonzalez as of the date of filing of this Prospectus.

   Insofar as the administrative case, in a Resolution dated 13 June 2019, the Monetary Board approved the *Report* prepared by the Office of the General Counsel and Legal Services finding Mr. Gonzalez, among others, administratively liable for violation of banking laws and imposing upon him a fine of ₱20,000.00. Mr. Gonzalez filed a Motion for Reconsideration on 09 July 2019. Further, in a letter dated 18 July 2019, Mr. Gonzalez was directed by BSP's Financial Supervision Department III to explain why he should not be temporarily disqualified and included in the BSP's Watchlist File pursuant to Section 138 of the Manual of Regulations for Banks. He submitted his response on 05 September 2019 and nevertheless paid the ₱20,000.00 under protest, *i.e.* without abandoning his Motion for Reconsideration or waiving his legal right to question the Monetary Board Resolution

before the proper courts and eventually claim reimbursement for the payment of the fine should said Resolution be set aside.

In March 2016, PDIC filed a civil complaint for sum of money against Mr. Gonzalez, among others, arising from the same set of allegations and circumstances stated in the above complaint PDIC filed with the DOJ and the BSP. Trial is currently ongoing with the presentation of defense evidence.

2. In 2015, PDIC filed one and the same complaint against Mr. Gonzalez, the Company's former President and CEO, Ms. Angela de Villa Lacson, and then Assistant Corporate Secretary, Ms. Riva Khristine V. Maala, among other former officers of then Export and Industry Bank and of the Company, one, before the DOJ for violation of Article 315 of the Revised Penal Code in relation to Presidential Decree No. 1689 and of Section 21(f)(10) of R.A. No. 3591, as amended, and two, before the BSP for violation of Section 37 of R.A. No. 7653. PDIC alleged that the respondents conspired and fraudulently caused the bank to make advances in favor of the Company for the alleged purchase by the Company of one of the bank's non-performing assets in the sum of ₱13 million. All respondents denied PDIC's charges against them in their respective counter-affidavits.

   In March 2017, the DOJ charged Mr. Gonzalez and Ms. Maala, among other respondents in this case, for violation of Sec. 21(f)(10) of R.A. No. 3591, as amended, while the charges for the violation of Article 315 of the Revised Penal Code in relation to Presidential Decree No. 1689 were dismissed. Mr. Gonzalez and Ms. Maala filed their respective Motions for Partial Reconsideration in December 2018, and in February 2019, the DOJ dismissed the criminal complaint against the respondents for violation of Sec. 21(f)(10) of R.A. No. 3591, as amended. There is, therefore, no criminal case against Mr. Gonzalez or Ms. Maala at this time although PDIC filed a Petition for Review of the said dismissal before the Office of the DOJ Secretary on 14 May 2019.

   On the other hand, in May 2017, the BSP issued a Decision formally charging Mr. Gonzalez, Ms. Maala and the other respondents for committing irregularities under Section 37 of R.A. No. 7653, and committing unsafe or unsound banking practices under Section 56 of R.A. No. 8791 in relation to Section 37 of R.A. No. 7653. Presently, the case is pending with the Office of the General Counsel and Legal Services of the BSP. As of the date of the filing of this Prospectus, the case is pending resolution.

EXECUTIVE COMPENSATION

Compensation of Directors and Executive Officers

Section 10, Article III of ALCO's By-laws provides that the "Board of Directors is empowered and authorized to fix and determine the compensation of its members, including profit sharing and other incentives, subject to the limitations imposed by law."

Beginning June 2016, the per diem given to each director for each meeting of the Board (special or regular) attended was increased to Php75,000.00 for independent directors and Php10,000.00 for regular directors, except for the Chairman of the Board who receives Php100,000.00.

Each director is also paid a per diem of Php2,500.00 for each committee meeting he attends, of which he is a member. These committees are the Executive Committee, the Audit Committee, the Stock Option and Compensation Committee, the Nomination Committee and the Risk Management Committee.

The current members of ALCO's various committees are:

Audit Committee	Hans B. Sicat Andres B. Sta. Maria
Stock Option and Compensation Committee	Jaime C. Gonzalez, Chairman Ricardo Gabriel T. Po Hans B. Sicat
Nomination Committee	Ricardo Gabriel T. Po, Chairman Hans B. Sicat Andres B. Sta. Maria
Risk Management Committee	Hans B. Sicat, Chairman Jaime Enrique Y. Gonzalez Christopher Paulus Nicolas T. Po Andres B. Sta. Maria
Executive Committee[10]	Ernest K. Cuyegkeng, Chairman Jaime C. Gonzalez, Vice Chairman Ricardo Gabriel T. Po, Vice Chairman Jaime Enrique Y. Gonzalez Christopher Paulus Nicolas T. Po Leonardo Arthur T. Po Ferdinand A. Constantino

Section 7, Article IV, in turn, provides that the "Chairman, or such other officer(s) as the Board of Directors may authorize, shall determine the compensation of all the officers and employees of the Corporation. xxx" The following table sets out the CEO and the four most highly compensated senior officers as of the date of this Prospectus:

Name	**Position**
Jaime C. Gonzalez	President and CEO
Leonardo Arthur T. Po	Executive Vice President and Treasurer
Christopher G. Narciso	Head of Project and Business Development
Gabriel I. Paulino	Head of Technical Services
Sheryll P. Verano	Head, Strategic Funding and Investments

The following table identifies and summarizes the aggregate compensation of the Company's CEO and the four most highly compensated executive officers including all Directors and employees with the rank of Vice President and higher, and all other officers and the directors as a group, for the years ended 31 December 2018, 2017 and 2016, and estimated for 2019:

	Year	**Basic Compensation** (in millions of pesos)	**Other Compensation** (in millions of pesos)
Directors and Executives			
	2018	81.72	19.48

[10]The By-laws provides that the Executive Committee shall be composed of the Chairman of the Board, the President, the Chief Finance Officer and such other officers of the Corporation as may be appointed by the Board of Directors.

	Year	Basic Compensation (in millions of pesos)	Other Compensation (in millions of pesos)
	2017	49.53	9.18
	2016	57.49	5.91
Aggregate compensation paid to all other officers and directors as a group unnamed…….	2018	48.69	5.63
	2017	12.97	1.30
	2016	14.81	2.04
Estimated aggregate compensation paid to all officers and directors as a group	2019	138.20	None[11]

The total annual compensation paid to all senior personnel was all paid in cash. The total annual compensation includes the basic salary and other variable pay (guaranteed bonus and performance bonus). The Company has no other arrangement with regard to the remuneration of its existing directors and officers aside from the compensation received as herein stated.

Each executive officer executed an employment contract with the Company for an indefinite period (the terms and conditions of which are in accordance with existing laws) and is entitled to receive retirement benefits in accordance with the terms and conditions of the Company's BIR-registered employees' retirement fund. There is no plan or arrangement by which the Executive Officers will receive from the Company any form of compensation in case of a change in control of the Company or change in the officers' responsibilities following such change in control.

In ALCO's annual meeting held on 16 October 2009, the stockholders representing more than sixty-seven percent (67%) of all its issued and outstanding common shares which are entitled and qualified to vote approved the 2009 ALCO Stock Option Plan. The total amount of shares which are available and may be issued for this purpose will amount to 10% of ALCO's total outstanding capital stock at any given time. At present, this is equivalent to 511,809,520 shares. The Stock Option and Compensation Committee consisting of at least three (3) directors, one (1) of whom is an independent director, will administer the implementation of this plan.

Under the 2009 ALCO Stock Option Plan, the qualified employees eligible to participate are (i) members of the Board, with the exception of the independent directors; (ii) President and CEO and other corporate officers, which include the Corporate Secretary and the Assistant Corporate Secretary; (iii) Employees and Consultants who are exercising managerial level functions or are members of the Management Committee; and, (iv) Executive officers assigned to ALCO's subsidiaries or affiliates.

The Stock Option and Compensation Committee is empowered to determine to whom the Options are to be granted, determine the price the Option is to be exercised (which in no case shall be below the par value of ALCO's common stock), decide when such Option shall be granted and its effectivity dates, and determine the number and class of shares to be allocated to each qualified employee. The Committee will also consider at all times the performance evaluation of the qualified employee and/or the result of the achievement of the objectives of ALCO each year.

[11] Whether bonuses will be given in 2019 is uncertain at this time.

The Option Period during which the qualified employee may exercise the option to purchase such number of shares granted will be three (3) years starting with the full year vesting in accordance with the following schedule:

(i) Within the first twelve (12) months from Grant Date - up to 33.33%
(ii) Within the 13th to the 24th month from Grant Date - up to 33.33%
(iii) Within the 25th to 36th month from Grant Date - up to 33.33%

On the Exercise Date, the qualified employee should pay the full Purchase Price or in such terms as may be decided upon by the Committee.

As of the period covering this Report, options equivalent to 164,800,000 were granted. However, none of the qualified employees exercised their respective rights until the period within which they can do so expired in October 2012.

On 14 December 2018, ALCO's Board of Directors approved granting options equivalent to not more than 90.0 million common shares to its qualified employees as above defined. The Stock Option and Compensation Committee was tasked to administer the implementation of this grant, which will include to whom and when the Options are to be granted and the effectivity dates thereof, and the number and class of shares to be allocated to each qualified employee, after considering the performance evaluation of said qualified employees vis-a-vis the result of the achievement of the company's objectives for 2018.

The exercise price granted in December 2018 is different from the exercise price granted in 2010, given the increase of the share price in the market. The Stock Option and Compensation Committee pegged the price the Option is to be exercised at the five-day volume weighted average price per share beginning 17 December 2018, or until 21 December 2018.

Certain Relationships and Related Transactions

Related party transactions are transfer of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

In the regular conduct of its business, ALCO and its wholly-owned subsidiaries enter into intercompany transactions, primarily advances necessary to carry out their respective functions subject to liquidation and reimbursements for expenses.

ALCO ensures that these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks, they are fair and treated at arm's length.

Interest Free Loan provided by Centrobless

The construction of ACPT is partially funded by a non-interest bearing loan from Centrobless Corporation (an investment vehicle of CPG), amounting to ₱1.6 billion with a maturity date of December 31, 2018. Under the terms of the loan agreement, Centrobless Corporation may choose to be repaid through the dacion of office units in ACPT representing approximately 31% of ACPT's net leasable area. If Centrobless Corporation chooses to be repaid as described above, ALCO will have 20,976 sqm of net leasable space in ACPT which it will keep to generate recurring lease revenues.

On 24 October 2018, ALCO and Centrobless Corporation entered into a Memorandum of Agreement wherein ALCO shall transfer and convey by way of *dacion en pago*, in favor of the latter, 31% of ACPT's net leasable area and one hundred fifty (150) parking slots to fully settle the abovementioned loan. Under the Agreement, on December 31, 2018, or on such other date agreed upon by the parties, ALCO shall: (i) execute, together with Centrobless Corporation, a Deed of Absolute Sale via Dacion En Pago for the transfer of the parking slots, and (ii) turn over the certificates of title covering the parking slots free and clear of any liens and encumbrances and such other documents required by Centrobless. As of the date of filing of this Prospectus, the said Deed of Absolute Sale via Dacion en Pago has not yet been executed.

Interest Free Loan provided by SOPI

In June 2017, Signature Office Property, Inc. ("SOPI") (a company majority-owned and chaired by ALCO Director Jaime Enrique Y. Gonzalez), extended a non-interest-bearing loan amounting to ₱207 million, with a maturity date of December 31, 2018, to ALCO. This loan is interest free and payable in cash or in kind at the option of SOPI. Under the loan agreement, if SOPI elects to be paid in kind, ALCO shall pay the loan via *dacion en pago* with the net saleable area of the 28th floor of ACPT, and ten (10) parking slots therein.

In December 2018, SOPI and ALCO executed a Memorandum of Agreement, wherein ALCO shall transfer and convey by way of *dacion en pago*, in favor of SOPI, the net saleable area of the 28th floor of ACPT and ten (10) parking slots to fully settle the said loan. Under the Agreement, on December 31, 2018, or on such other date agreed upon by the parties, ALCO shall: (i) execute, together with SOPI, a Deed of Absolute Sale via Dacion En Pago for the transfer of the parking slots, and (ii) turnover the certificates of title covering the parking slots free and clear of any liens and encumbrances and such other documents required by SOPI. As

of the date of filing of this Prospectus, the said Deed of Absolute Sale via Dacion en Pago has not yet been executed.

Continuing Suretyship

Pursuant to the OLSA by and among SLDC, Arcosouth, and BPI executed on 22 August 2018, ALCO and BPI executed a Continuing Suretyship, dated 22 August 2018. ALCO's obligation consists of guaranteeing to pay BPI any and all indebtedness of SLDC in the principal amount of ₱720 million, until the completion of the construction of North Tower of Savya Financial Center and the 100% sale of units therein.

Transactions between ALCO and its subsidiaries

A summary of related party transactions between ALCO and its subsidiaries for the six months ended June 30, 2019 and the years ended 31 December 2018, 2017 and 2016 are summarized below:

SUBSIDIARY	As of December 31 (Audited)			As of June 30 (Unaudited)	
	2016	2017	2018	1H 2018	1H 2019
UPHI	56,792,941	59,257,734	62,304,320	64,215,569	67,615,569
MPI	3,514	314	314	-	-
CAZNEAU	318,305,242	354,362,919	483,817,470	408,170,833	548,220,833
EMERA	2,183,742	1,328,813	-		2,350,156
CLLC	560,500,397	270,000,000	447,504,789	270,000,000	495,000,000
ZILEYA	7,573,444	106,434,006	353,023,444	299,423,444	363,223,424
SAVYA	-	1,042,812,933	497,381,392	1,051,381,392	497,381,392
Total	**945,359,280**	**1,834,196,719**	**1,844,031,729**	**2,093,191,238**	**1,973,791,373**

In the normal course of the business, the Company provides management and financial support to its subsidiaries. The financial support is given in the form of cash advances to fund certain financial obligations. The advances to MPI, UPHI, Cazneau, Emera and ZLDC are non-interest bearing, unsecured and settled in cash whenever possible. The advances to CLLC are interest-bearing and unsecured.

While there have been no guarantees provided or received relating to these amounts, no impairment losses were recognized. This assessment is undertaken each financial year through a review of the subsidiaries' financial position and the perceived condition, existing and prospective, of the market they operate in. These amounts are eliminated to arrive at the consolidated financial statements of ALCO and its subsidiaries.

Advances for Project Development provided by Arch SPV to CLLC

In addition to the advances from the Company, CLLC obtained from Arch SPV 3.5% interest-bearing advances for its real estate projects with outstanding balance of P386.7 million and P286.7 million and recognized interest expense of P11.8 million and P9.1 million as at December 31, 2018 and 2017, respectively. These advances are unguaranteed, unsecured, and payable in cash at gross amounts upon demand.

Management's Discussion and Analysis of Results of Operations and Financial Condition

This discussion summarizes the significant factors affecting the consolidated financial performance, financial position and cash flows of ALCO and its subsidiaries for the three-year period ended 31 December 2018. The following discussion is lifted from the 2018 annual report (SEC Form 17-A) filed with the SEC and should be read in conjunction with the attached audited consolidated statements of financial position of ALCO as of 31 December 2018, 2017 and 2016, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended 31 December 2018.

OVERALL GROWTH STRATEGY

Following its reorganization in 2007, ALCO focused on establishing its brand and track record by developing its flagship projects, Arya and ACPT, which are meant to represent ALCO's solid presence in both the residential and office segments of the real estate sector. After the huge success of Arya and ACPT, ALCO has established itself as a premium and sustainable property developer and is now focused on growing its real estate portfolio.

By 2023, ALCO expects to have in its portfolio a total of more than 520,000 sqm of developed GFA. Compared against the combined GFA of Arya and ACPT of approximately 110,000 sqm, this represents a growth multiple of almost five times its portfolio in 2016 or an estimated compounded annual growth rate of 30%.

ALCO's two of its most immediate projects, the Cebu Exchange and the Sevina Park projects, already account for 56% of the incremental GFA that ALCO expects to support its growth target. For these two projects, ALCO has secured the land on which the projects will rise and for the Cebu Exchange, ALCO expects construction to begin within the first half of 2017. Thus, ALCO has already secured the location and is mobilizing its resources for a substantial portion of its growth target. ALCO is in the process of constructing or securing the land for the balance 44% of the target incremental GFA and will disclose when the acquisitions are completed.

Diversification

ALCO believes that while the outlook for the entire real estate sector is positive, the real estate sub-sectors will be in varying stages of growth from 2016 to 2023. Given recent trends in the industry, ALCO has identified opportunities in the office sub-sector following the continuous strong demand for office space in key locations. In the residential sub-sector, ALCO has identified pockets of the market segments that are promising.

Given these, ALCO uses a deliberate strategy of achieving an optimal mix of residential and office development in its portfolio. Of the expected 520,000 sqm portfolio by 2023, ALCO expects approximately 50% (about 260,000 sqm) to be in the office segment and the balance 50% in the upper middle to high end residential segment.

Within each of the office and residential sub-sectors, ALCO further plans to diversify its developments geographically. Of the approximately 260,000 sqm of planned developed GFA for the office segment, ALCO has deliberately allocated 40% outside Metro Manila through the Cebu Exchange project. Of the 60% that it plans to develop within Metro Manila, ALCO has further allocated its planned office projects among the key business districts in Fort Bonifacio, Makati, Ortigas and Arca South.

In the residential segment, ALCO plans for almost 50% of developed gross floor area by 2023 to be located outside Metro Manila through its Sevina Park project. The other 50% is also allocated among key locations in Fort Bonifacio and Makati.

Maintaining High Quality in its Projects

ALCO is very particular about maintaining the high quality for which its flagship projects are known. As a central focus of its strategy, ALCO will continue to position itself as a premium developer of sustainable projects and will continue to target to achieve green building certification for all of its future projects

Matching of Fixed Costs with Recurring Income

To mitigate risk, ALCO likewise intends to maintain a leasing portfolio which, at minimum, is planned to match its fixed overhead costs. ALCO's leasing portfolio is currently composed of its retail units in Arya as well as the office units in ACPT. Depending on market conditions, ALCO may also choose to retain retail or office units in its future projects to grow its leasing portfolio.

KEY PERFORMANCE INDICATORS

The table below sets forth the comparative performance indicators of the Company and its subsidiaries for the fiscal years 2016, 2017 and 2018.

Key Performance Indicators	Six Months Ended June 30, 2019	FY December 2018	FY December 2017	FY December 2016
Current Ratio	3.46	2.45	1.55	3.08
Total Liabilities to Equity Ratio	1.38	1.35	1.22	0.97
Interest Bearing Debt to Equity Ratio	0.77	0.79	0.52	0.31
Interest Coverage Ratio	21.8	8.61	3.87	15.80
Return on Equity[12]	9.33%	7.55%	2.73%	22.29%
Acid test Ratio[13]	0.72	0.49	0.44	1.89
Net profit margin	51.51%	34.32%	29.86%	182.32%

All of the revenues and net income of ALCO for the years 2016, 2017, 2018, and 1st half 2019 were contributed by the revenues and net income from (i) the sale of units in Arya and Cebu Exchange and (ii) lease income from ACPT, retail units of Arya and Sevina Park. ALCO expects to continue to generate lease revenues from retail units of Arya, ACPT and Sevina Park moving forward and sales from Cebu Exchange, Savya Financial Center, and Sevina Park in 2019, subject to take up.

EXECUTIVE COMPENSATION

Please refer to pages 99 to 102 of this Prospectus for a discussion on Executive Compensation.

RELATED PARTY TRANSACTIONS

Please refer to pages 103 to 104 of this Prospectus for the further discussion on related party transactions.

[12] Calculated as Net Income over Average Equity (Excluding Series B and Series C Preferred Shares)
[13] Calculated as Quick Assets divided by Current Liabilities. Quick Assets are assets easily convertible to cash and only include cash and cash equivalents, financial assets at FVPL, and trade and other receivables.

Interim Periods

FINANCIAL POSITION
30 June 2019 vs 31 December 2018

	30 June 2019	31 Dec 2018	% Change
Cash and cash equivalents	**₱601,185,873**	₱326,679,590	84%
Financial assets at fair value through profit or loss (FVPL)	**1,252,094,196**	154,828,061	709%
Trade and other receivables	**804,331,633**	742,932,730	8%
Contract Assets	**1,542,937,000**	785,197,944	97%
Real estate for sale	**3,947,361,803**	3,412,713,425	16%
Investment properties	**6,632,733,546**	5,901,514,575	12%
Property and equipment	**266,392,154**	237,452,955	12%
Net deferred tax assets	**1,303,943**	16,197,731	-92%
Creditable withholding tax	**258,456,195**	259,819,891	-1%
Other Assets	**688,635,882**	499,128,861	38%
Total Assets	**15,995,432,225**	12,336,465,763	30%
Liabilities			
Loans payable	**5,206,415,405**	4,169,976,102	25%
Accounts payable and other liabilities	**2,447,802,480**	1,655,848,013	48%
Contract liabilities	**23,514,090**	20,385,280	15%
Due to related party	**511,670,206**	386,666,691	32%
Retirement liability	**70,760,309**	66,088,998	7%
Net deferred tax liabilities	**1,002,372,615**	779,222,593	29%
Total Liabilities	**9,262,535,105**	7,078,187,677	31%
Equity attributable to equity holders of the Parent Company			
Capital stock	**999,757,136**	989,757,136	1%
Additional paid-in capital	**3,009,729,931**	2,031,441,541	48%
Retained earnings	**2,589,977,921**	2,214,144,875	17%
Cumulative remeasurement gains on retirement liability - net of tax	**18,169,495**	18,169,495	0%
Parent Company's shares held by a subsidiary	**(12,500,000)**	(12,500,000)	0%
Total equity attributable to the Parent Company	**6,605,134,483**	5,241,013,047	26%
Non-controlling interests	**127,762,637**	17,265,039	640%
Total Equity	**6,732,897,120**	5,258,278,086	28%
Total Liabilities and Equity	**₱15,995,432,225**	₱12,336,465,763	30%

The Company's total resources increased by 30% from ₱12.3 billion in December 31,2018 to ₱16.0 billion as of June 30, 2019, due to the following:

84% Increase in Cash and Cash Equivalents
The increase was accounted by the proceeds from various loans, advances from shareholders, and sales collections.

709% Increase in Financial assets at fair value through profit or loss
The significant increase was due to net proceeds from the Parent Company's ₱1.0 billion Series C Preferred Shares offering in June 2019.

8% Increase in Trade and Other Receivables
The increase was mainly due to receivables from ACPT tenants.

97% Increase in Contract Assets
The increase was due to the additional revenue recognized from the sale of Cebu Exchange offices based on percent of completion.

16% Increase in Real Estate for Sale
The increase was due to additional construction costs for Cebu Exchange, Savya Financial Center, and Sevina Park.

12% Increase in Investment Properties
The increase was mainly due to the fair value gain of ACPT property which was completed in first quarter of 2019.

12% Increase in Property and Equipment
The increase was largely due to the additional building improvements for the new corporate office in ACPT.

92% Decrease in Net Deferred Tax Assets
The decrease was due to the net income in CLLC recognized for the period.

38% Increase in Other Assets
The increase was largely accounted for by the deposit made on property for future development.

25% Increase in Loans Payable
The increase was largely due to additional drawdowns from bank loan facilities, availed to partly fund the Company's working capital and project financing requirements.

48% Increase in Accounts Payable and Other Liabilities
The increase was attributable to payables to contractors / suppliers for ongoing projects and VAT payables.

15% Increase in Contract Liabilities
The increase pertains to additional downpayments received from buyers of Cebu Exchange offices at the inception of the contracts in which the related revenue is not yet recognized.

32% Increase in Due to a Related Party
This pertains to additional advances made by a shareholder of the Cebu project.

7% Increase in Retirement Liability
The increase was due to the additional provisions for the first half of the year based on the amended retirement plan.

29% Increase in Net Deferred Tax Liabilities
The increase was mainly due to gain on change in fair value of investment properties.

48% Increase in Additional Paid-in Capital
This was due to the excess of the proceeds over par value of the Series C Preferred shares issued, net of stock issuance costs, as previously mentioned.

17% Increase in Retained Earnings
The increase was due to the net income for the period, net of dividends declared.

640% Increase in Non-Controlling Interests
The increase was due to CLLC's net income recognized for the period.

FINANCIAL RATIOS
30 June 2019 vs 31 December 2018

	30 June 2019	31 Dec 2018	% Change
Current/Liquidity Ratio (Current Assets over Current Liabilities)	3.46:1	2.45:1	41%
Solvency Ratio (Net income before depreciation over total liabilities)	0.061:1	0.060:1	2%
Debt-to-equity Ratio (Total liability over total equity)	1.38:1	1.35:1	2%
Debt-to-equity (interest-bearing) Ratio (Interest-bearing liabilities over total equity)	0.77:1	0.79:1	-3%
Asset-to-equity Ratio (Total assets over total equity)	2.38:1	2.35:1	1%
Interest Rate Coverage Ratio (Pretax income before Interest over interest expense)	21.80:1	8.61:1	153%
Profitability Ratio (Net income over total equity)	0.068:1	0.074:1	-8%

RESULTS OF OPERATIONS
30 June 2019 vs 30 June 2018

	30 June 2019	30 June 2018	% Change
Revenues	**₱1,080,917,640**	₱210,782,800	413%
Cost of sales and services	**577,659,468**	134,188,456	330%
Gross Income	**503,258,172**	76,594,344	557%
Administrative expenses	**161,142,072**	126,143,869	28%
Selling and marketing expenses	**72,758,499**	28,014,758	160%
Operating expenses	**233,900,571**	154,158,627	52%
Operating Income (Loss)	**269,357,601**	(77,564,283)	447%
Finance costs	**41,705,921**	45,387,435	-8%
Gain on change in FV of investment properties	**(619,770,062)**	(164,973,727)	276%
Other income – net	**(13,644,866)**	(6,840,569)	99%
Income before income tax	**861,066,608**	48,862,578	1662%
Income tax expense	**304,277,964**	41,756,053	629%
Net Income	**₱556,788,644**	7,106,525	7735%
Net Income attributable to:			
Equity holders of ArthaLand Corporation	**446,291,046**	34,550,829	1192%
Non-controlling interest	**110,497,598**	(27,444,305)	503%
Net Income	**₱556,788,644**	₱7,106,524	7735%

The company reported a ₱556.8 million net income in the first half of 2019 as against ₱7.1 million net income recognized over the same period in 2018.

413% Increase in Revenues
The increase was attributable to revenue recognized from the sale of Cebu Exchange offices and leasing revenue from ACPT and Courtyard Hall.

330% Increase in Cost of Sales and Services
The increase in cost of sales was directly related to the increase in revenues from the sales of Cebu Exchange offices.

28% Increase in Administrative Expenses
The increase was due to professional fees, expenses related to Preferred shares offering, travel expenses and Documentary Stamp Tax (DST) on working capital loans.

160% Increase in Selling and Marketing Expenses
The increase was mainly due to commissions from sales of Cebu Exchange offices as well as marketing related expenses for Cebu Exchange, Savya Financial Center and Sevina Park.

8% Decrease in Finance Costs
The decrease was due to capitalization of borrowing costs from loans payable and advances from shareholders in 2019.

276% Increase in Gain on Change in FV of Investment Properties
The increase was due to appraisal gain for ACPT property which was completed in first quarter of 2019.

99% Increase in Other Income - Net

The increase was related to the higher level of interest earning placements mainly from working capital loans.

629% Increase in Tax Expense
The increase was mainly due to the higher fair value gain of investment properties.

RESULTS OF OPERATIONS
30 June 2019 vs 31 December 2018

	30 June 2019	31 Dec 2018	% Change
Revenues	**₱1,080,917,640**	₱1,132,470,086	-5%
Cost of sales and services	**577,659,468**	618,799,239	-7%
Gross Income	**503,258,172**	513,670,847	-2%
Administrative expenses	**161,142,072**	325,187,083	-50%
Selling and marketing expenses	**72,758,499**	72,423,411	0%
Operating expenses	**233,900,571**	397,610,494	-41%
Operating Income	**269,357,601**	116,060,353	132%
Finance costs	**41,705,921**	73,647,288	-43%
Gain on change in FV of investment properties	**(619,770,062)**	(172,819,094)	259%
Other income – net	**(13,644,866)**	(339,120,693)	-96%
Income before income tax	**861,066,608**	554,352,852	55%
Income tax expense	**304,277,964**	165,735,606	84%
Net Income	**₱556,788,644**	₱388,617,246	43%
Net Income attributable to:			
Equity holders of ArthaLand Corporation	**446,291,046**	333,479,516	34%
Non-controlling interest	**110,497,598**	55,137,730	-100%
Net Income	**₱556,788,644**	₱388,617,246	43%

The Company posted a consolidated net income of ₱556.8 million in the first half of 2019 as compared with the 2018 full year net income of ₱388.6 million.

RESULTS OF OPERATIONS
April - June 2019 vs April - June 2018

	1 April - 30 June 2019	**1 April - 30 June 2018**	% Change
Revenues	**₱614,570,477**	₱103,951,449	491%
Cost of sales and services	**298,846,258**	72,002,851	315%
Gross Income	**315,724,219**	31,948,598	888%
Administrative expenses	**89,808,313**	71,512,448	26%
Selling and marketing expenses	**35,696,288**	14,201,315	151%
Operating expenses	**125,404,602**	85,713,763	46%
Operating Income	**190,219,617**	(53,765,165)	454%
Finance costs	**(34,366,980)**	(23,084,555)	49%
Gain on change in FV of investment properties	**330,974,910**	107,313,048	208%

Other income - net	**9,408,599**	1,540,874	511%
Income before income tax	**496,236,146**	32,004,202	1451%
Income tax expense	**171,560,988**	22,655,715	657%
Net Income	**₱324,675,158**	₱9,348,487	3373%

From a ₱9.3 million reported net income over the three-month period from April to June 2018, the company recognized a ₱324.7 million income for the same period in 2019.

491% Increase in Revenues
The increase was attributable to revenue recognized from the sale of Cebu Exchange offices and leasing revenue from ACPT and Courtyard Hall.

315% Increase in Cost of Sales and Services
The increase in cost of sales was directly related to the increase in revenues from the sales of Cebu Exchange offices.

26% Increase in Administrative Expenses
The increase was due to professional fees, expenses related to Preferred shares offering, travel expenses and DST on working capital loans.

151% Increase in Selling and Marketing Expenses
The increase was mainly due to commissions from sales of Cebu Exchange offices as well as marketing related expenses for Cebu Exchange, Savya Financial Center, and Sevina Park.

49% Increase in Finance Costs
The increase was due to the higher level of outstanding interest-bearing loan balance for the period.

208% Increase in Gain on change in FV of Investment Properties
The increase pertains to the appraisal gain of ACPT property.

511% Increase in Other Income - Net
The increase was related to the higher level of interest earning placements mainly from working capital loans.

Full-year Periods

FINANCIAL POSITION
31 December 2018 vs. 31 December 2017

	31 Dec 2018	31 Dec 2017	Change
Cash and cash equivalents	**₱326,679,590**	₱721,795,236	-55%
Financial assets at fair value through profit or loss (FVPL)	**154,828,061**	387,879,631	-60%
Trade and other receivables	**742,932,730**	186,274,230	299%
Contract Assets	**785,197,944**	-	100%
Real estate for sale	**3,412,713,425**	2,646,731,618	29%
Creditable withholding tax	**259,819,891**	253,188,078	3%
Investment properties	**5,901,514,575**	6,457,315,253	-9%
Property and equipment	**237,452,955**	39,743,166	497%
Deferred tax assets - net	**16,197,731**	61,212,233	-74%
Other Assets	**499,128,861**	492,672,321	1%
Total Assets	**₱12,336,465,763**	₱11,246,811,766	10%
Loans payable	**₱4,169,976,102**	₱4,268,892,416	-2%
Accounts payable and other liabilities	**1,655,848,013**	702,744,459	136%
Contract liabilities	**20,385,280**	121,712,461	-83%
Due to a related party	**386,666,691**	286,666,691	35%
Retirement liability	**66,088,998**	50,668,546	30%
Net deferred tax liabilities	**779,222,593**	752,508,368	4%
Total Liabilities	**₱7,078,187,677**	₱6,183,192,941	14%
Capital stock	**₱989,757,136**	₱989,757,136	0%
Additional paid-in capital	**2,031,441,541**	2,031,441,541	0%
Retained earnings	**2,214,144,875**	2,085,398,501	6%
Cumulative re-measurement gains on retirement liability – net of tax	**18,169,495**	7,448,391	144%
Parent Company's shares held by a subsidiary	**(12,500,000)**	(12,500,000)	0%
Total equity attributable to the Parent Company	**5,241,013,047**	5,101,545,569	3%
Non-controlling interest	**17,265,039**	(37,926,744)	146%
Total Equity	**₱5,258,278,086**	₱5,063,618,825	4%
Total Liabilities And Equity	**₱12,336,465,763**	₱11,246,811,766	10%

ALCO's total resources as of 31 December 2018 amounting to ₱12.34 billion is 10% higher than the 31 December 2017 level of ₱11.25 billion due to the following:

55% Decrease in Cash and Cash Equivalents
The decrease in cash was attributable to disbursements for operations, debt servicing, acquisition of properties and project related costs, net of inflows from loan availments, and revenue collections.

60% Decrease in Financial Assets at Fair Value through Profit or Loss (FVPL)
The reduction was due to termination of money market placements which were subsequently used to fund the operating requirements of ALCO including its ongoing projects.

299% Increase in Trade and Other Receivables
The increase was accounted for by the receivables from the ACPT leasing operations and downpayments made to contractors for the construction of the Group's real estate projects.

100% Increase in Contract Assets
This pertains to receivables from the sale of Cebu Exchange offices representing the excess of cumulative revenues from real estate sales over total collections received from buyers which were previously recognized as liability.

29% Increase in Real Estate for Sale
The increase was due to property acquisition in Mid-land Mansions Condominium in Makati City, the consolidated cost of Lot 11 of Arcosouth in Taguig City, and additional construction costs for the Laguna and Cebu projects, net of sold remaining units in Arya and Cebu Exchange office units.

9% Decrease in Investment Properties
The decrease was mainly due to the settlement of loans through dacion en pago of certain ACPT floors and reclassification of ALCO's corporate office to Property and Equipment account.

497% Increase in Property and Equipment
The increase was due to the reclassification from investment properties of the ACPT floor used as ALCO's principal office, as mentioned above.

74% Decrease in Deferred Tax Assets
The decrease was due to realization of net income in CLLC.

136% Increase in Accounts Payable and Other Liabilities
The increase was largely due to the effect of consolidated payables to stockholders of Arcosouth and deferred VAT payables from sales of Cebu Exchange office units.

83% Decrease in Contract Liabilities
The decrease pertains to downpayments received that were subsequently recognized as revenues from real estate sales, as mentioned under contract assets.

35% Increase in Due to a Related Party
This pertains to additional advances made by stockholders for the Cebu project.

30% Increase in Retirement Liability
The increase was due to the new retirement plan which changed the benefits payable, resulting in the recognition of past service cost.

6% Increase in Retained Earnings
The increase was due to the net income for the year, net of dividends declared.

144% Increase in Cumulative re-measurement gains (losses) on retirement liability
The difference was due to the change in financial assumptions and experience adjustments based on the new retirement plan as mentioned above.

146% Increase in Non-Controlling Interests
The increase was due to CLLC's net income recognized for the year.

RESULTS OF OPERATIONS
31 December 2018 vs. 31 December 2017

	31 Dec 2018	31 Dec 2017	Change
Revenues	**₱ 1,132,470,086**	₱463,538,594	144%
Cost of sales and services	**(618,799,239)**	(332,825,401)	86%
Gross income	**513,670,847**	130,713,193	293%
Administrative expenses	**325,187,083**	273,749,586	19%
Selling and marketing expenses	**72,423,411**	48,493,636	49%
Operating expenses	**397,610,494**	322,243,222	23%
Income (loss) from operations	**116,060,353**	(191,530,029)	-161%
Finance costs	**(73,647,288)**	(80,663,240)	-9%
Gain on change in fair value of investment properties	**172,819,094**	428,390,699	-60%
Other income – Net	**339,120,693**	67,443,318	403%
Income before income tax	**554,352,852**	223,640,748	148%
Income tax expense	**165,735,606**	85,240,763	94%
Net income	**₱ 388,617,246**	₱138,399,985	181%
Other comprehensive income			
Change in actuarial gain - Net of tax	**15,315,863**	6,323,380	142%
Income tax benefit (expense) relating to item that will not be reclassified	**(4,594,759)**	(1,897,014)	142%
Total comprehensive income	**₱ 399,338,350**	₱142,826,351	180%

Results of Operations for the year ended 31 December 2018 compared to the year ended 31 December 2017.

144% Increase in Revenues
The increase was mainly attributable to revenue recognized from the sale of Cebu Exchange office units.

86% Increase in Cost of Sales and Services
The increase in cost of sales was directly related to the increase in revenues from the sales of Cebu Exchange office units.

19% Increase in Administrative Expenses
The increase was mainly due to recognition of past service costs as mentioned under Retirement Liability.

49% Increase in Selling and Marketing Expenses
The increase was due to sales commissions, travel and advertising expenses for Cebu Exchange.

9% Decrease in Finance Costs
The decrease was largely accounted for by the settlement on November 2017 of an interest bearing loan under the Parent company.

60% Decrease in Gain on Change in Fair Value of Investment Properties
The decrease pertains to the reversal of unrealized gain on investment properties due to the effect of the *dacion en pago* executed during the year.

403% Increase in Other Income – Net

The increase was largely due to realized gain on the settlement of loans through *dacion en pago*, offsetting the decrease in unrealized gain in investment properties as mentioned above.

94% Increase in Income Tax Expense
The increase was due to higher net income recognized for the year.

142% Increase in Change in Actuarial Gain – Net of tax and Income tax expense relating to item that will not be reclassified
The increase was due to the remeasurement gains based on the new retirement plan as mentioned under Retirement Liability.

FINANCIAL POSITION
31 December 2017 vs. 31 December 2016

	31 Dec 2017	31 Dec 2016	Change
Cash and cash equivalents	**₱721,795,236**	₱990,742,203	-27%
Financial assets at fair value through profit or loss (FVPL)	**387,879,631**	2,050,075,279	-81%
Trade and other receivables	**186,274,230**	301,089,586	-38%
Real estate for sale	**2,646,731,618**	1,722,192,699	54%
Creditable withholding taxes (CWT)	**253,188,078**	243,216,792	4%
Investment properties	**6,457,315,253**	4,534,143,705	42%
Property and equipment	**39,743,166**	20,071,668	98%
Deferred tax assets	**61,212,233**	15,282,811	301%
Other assets	**492,672,321**	184,828,088	167%
Total Assets	**₱11,246,811,766**	₱10,061,642,831	12%
Loans payable	**₱4,268,892,416**	₱3,111,038,703	37%
Accounts payable and other liabilities	**824,456,920**	899,207,290	-8%
Due to a related party	**286,666,691**	249,789,836	15%
Retirement liability	**50,668,546**	47,244,365	7%
Net deferred tax liabilities	**752,508,368**	644,775,603	17%
Total Liabilities	**6,183,192,941**	4,952,055,797	25%
Capital stock	**989,757,136**	989,757,136	0%
Additional paid-in capital	**2,031,441,541**	2,031,441,541	0%
Retained earnings	**2,085,398,501**	2,098,281,063	-1%
Cumulative re-measurement gains on retirement liability – net of tax	**7,448,391**	3,022,025	146%
Parent Company's shares held by a subsidiary	**(12,500,000)**	(12,500,000)	0%
Total equity attributable to the Parent Company	**5,101,545,569**	5,110,001,765	-0.2%
Non-controlling interest	**(37,926,744)**	(414,731)	-9045%
Total Equity	**5,063,618,825**	5,109,587,034	-1%
Total Liabilities And Equity	**₱11,246,811,766**	₱10,061,642,831	12%

ALCO's total resources as of 31 December 2017 was at Php11.25 billion, or about 12% higher than the 31 December 2016 level of Php10.06 billion due to the following:

27% Decrease in Cash and Cash Equivalents

The decrease was due to normal operating and project related disbursements including final payment of Cebu property.

81% Decrease in Financial Assets at Fair Value through Profit or Loss (FVPL)
The reduction was due to partial termination of money market placements which were subsequently used to fund property acquisition and the on-going projects of the group.

38% Decrease in Trade and Other Receivables
The decrease was largely due to collection of maturing accounts, as well as the application of previous advances to contractors against their 2017 progress billings.

54% Increase in Real Estate for Sale
The increase was mainly accounted for by the cost of property acquired in Q1 2017 and the on-going development at the Cebu Project.

42% Increase in Investment Properties
The increase was largely attributable to the appraisal increment and additional construction costs of ACPT that were recognized and recorded during the year.

98% Increase in Property and Equipment
The increase is basically due to the new office and transportation equipment acquired as well as leasehold improvements made during the year.

301% Increase in Deferred Tax Assets
This refers to the net operating loss of a subsidiary for the previous and current years which were recognized in full as NOLCO in 2017.

167% Increase in Other Assets
The increase was largely accounted for by VAT inputs from the property acquired and advance payments made to suppliers and contractors.

37% Increase in Loans Payable
Net increase was attributable to borrowings made during the year to finance the on-going projects particularly for ACPT and Cebu Exchange.

8% Decrease in Accounts Payable and Other Liabilities
The net decrease was largely due to payments made to suppliers as well as contractors and the full payment of the Cebu property in Q3 2017.

15% Increase in Due to a Related Party
This pertains to additional advances made by shareholders for CLLC.

7% Increase in Retirement Liability
The increase was due to additional provisions for the year to comply with the requirements of PAS 19.

17% Increase in Net Deferred Tax Liabilities
The increase was directly attributable to the additional gain on change in fair value of investment properties that was recognized during the year.

146% Increase in Cumulative re-measurement gains (losses) on retirement liability
The difference represents year-end adjustments on cumulative re-measurement gains on ALCO's retirement liability in compliance with the requirement under PAS 19 using the latest actuarial valuation report.

9045% Decrease in Non-Controlling Interests

Significant decrease in non-controlling interest was attributed to pre-income losses incurred in CLLC.

RESULTS OF OPERATIONS
31 December 2017 vs. 31 December 2016

	31 Dec 2017	31 Dec 2016	Change
Revenues	**₱463,538,594**	₱451,075,061	3%
Cost of sales and services	**332,825,401**	396,312,817	-16%
Gross income	**130,713,193**	54,762,244	139%
Administrative expenses	**273,749,586**	295,722,649	-7%
Selling and marketing expenses	**48,493,636**	66,767,530	-27%
Operating expenses	**322,243,222**	362,490,179	-11%
Income (loss) from operations	**(191,530,029)**	(307,727,935)	-38%
Gain on change in fair value of investment properties	**428,390,699**	1,417,865,206	-70%
Finance costs	**(80,663,240)**	(80,348,345)	0%
Other income – Net	**67,443,318**	147,643,198	-54%
Income before income tax	**223,640,748**	1,177,432,124	-81%
Income tax expense	**85,240,763**	355,015,749	-76%
Net income	**138,399,985**	822,416,375	-83%
Other comprehensive income			
Change in actuarial gain - Net of tax	**4,426,366**	2,031,514	118%
Total comprehensive income	**₱142,826,351**	₱824,447,889	-83%

Results of Operations for the year ended 31 December 2017 compared to the year ended 31 December 2016.

16% Decrease in Cost of Sales and Services
The decrease in cost of sales was due to the decrease in revenues from sales of the few remaining units in Tower 2.

7% Decrease in Administrative Expenses
The decline was attributable to less manpower related cost, taxes and licenses, insurance premium and utility expenses paid during the year.

27% Decrease in Selling and Marketing Expenses
The decrease was mainly attributable to lower commission expenses and lesser marketing efforts in 2017 as compared to previous year.

70% Decrease in Gain on Change in Fair Value of Investment Properties
The decrease was due to first time adoption of fair valuation for investment properties in 2016 and thus substantial appraisal gain was recognized in previous year as compared to current year.

54% Decrease in Other Income – Net
The decrease was attributable to the "Day 1 Gain" on a larger loan acquired in 2016 as compared to 2017.

76% Decrease in Income Tax Expense
The decrease is attributable to the tax effect of gain on change in fair value of investment properties in 2016.

118% Increase in Change in Actuarial Gain – Net of tax

This is a result of year-end adjustment to comply with the requirements of PAS 19 based on the latest actuarial valuation report.

FINANCIAL POSITION
31 December 2016 vs. 31 December 2015

	31 Dec 2016	31 Dec 2015	Change
Cash and cash equivalents	**₱990,742,203**	**₱604,613,767**	64%
Financial assets at fair value through profit or loss (FVPL)	**2,050,075,279**	**732,635,225**	180%
Trade and other receivables	**301,089,586**	**1,831,115,193**	-84%
Real estate for sale	**1,722,192,699**	**1,558,711,101**	10%
Creditable withholding taxes (CWT)	**243,216,792**	**214,119,974**	14%
Investment properties	**4,534,143,705**	**2,005,226,322**	126%
Property and equipment	**20,071,668**	**17,202,058**	17%
Deferred tax assets	**15,282,811**	**32,010**	47644%
Other assets	**184,828,088**	**190,629,078**	-3%
Total Assets	**₱10,061,642,831**	**₱7,154,284,728**	41%
Loans payable	**3,111,038,703**	**3,091,768,912**	1%
Accounts payable and other liabilities	**899,207,290**	**1,377,927,383**	-35%
Due to a related party	**249,789,836**	**-**	100%
Retirement liability	**47,244,365**	**40,801,518**	16%
Net deferred tax liabilities	**644,775,603**	**352,484,029**	83%
Total Liabilities	**₱4,952,055,797**	**₱4,862,981,842**	2%
Capital stock	**989,757,136**	**957,257,136**	3%
Additional paid-in capital	**2,031,441,541**	**75,000,000**	2609%
Retained earnings	**2,098,281,063**	**1,258,055,239**	67%
Cumulative re-measurement gains on retirement liability – net of tax	**3,022,025**	**990,511**	205%
Parent Company's shares held by a subsidiary	**(12,500,000)**	**-**	100%
Total equity attributable to the Parent Company	**5,110,001,765**	**2,291,302,886**	123%
Non-controlling interest	**(414,731)**	**-**	100%
Total Equity	**₱5,109,587,034**	**₱2,291,302,886**	123%
Total Liabilities And Equity	**₱10,061,642,831**	**₱7,154,284,728**	41%

ALCO's total resources as of 31 December 2016 was at Php10.06 billion, or about 41% higher than the 31 December 2015 level of Php7.15 billion due to the following:

64% Increase in Cash and Cash Equivalents
The increase can be attributed to the collection of the prior year's receivables, shareholders' advances in CLLC, as well as down payments from sales of the few remaining unsold units in Arya and from the pre-selling of some units of Cebu Exchange, most of which were invested in short term placements.

180% Increase in Financial Assets at Fair Value through Profit or Loss (FVPL)
The significant increase is mainly brought about by proceeds from the Parent Company's P2.0 billion Series B Preferred shares issuance in December 2016, which are invested in money market placements pending actual use.

84% Decrease in Trade and Other Receivables
The decrease can be largely attributed to the 2015 trade receivable balances which had matured and were collected in 2016 as well as the application of previous advances to contractors against their 2016 progress billings.

10% Increase in Real Estate for Sale
The increase is basically accounted for by the additional investments made and paid by ALCO during the year for its other ongoing projects.

14% Increase in Creditable Withholding Taxes
The additional creditable withholding taxes were attributable to the collections of receivables both from prior and current years' sales of Arya units.

126% Increase in Investment Properties
The significant increase was brought about by the adoption of fair value accounting for the Group's investment properties which included restatement prior years' balances.

17% Increase in Property and Equipment
The increase is basically due to the acquisition of new office machinery, furniture and fixtures, and transportation equipment.

47644% Increase in Deferred Tax Assets
This refers to the net operating loss of a subsidiary for the previous and current years which were recognized in full as NOLCO in 2016.

35% Decrease in Accounts Payable and Other Liabilities
The decrease is accounted for by payments made to the different contractors and suppliers of the Group, among others.

100% Increase in Due to a Related Party
The increase is due to the advances made by a shareholder to CLLC as previously mentioned in the discussion for Cash and Cash equivalent.

16% Increase in Retirement Liability
The increase is due to additional provisions for the year to comply with the requirements of PAS 19, as supported by the latest independent third party actuarial valuation report.

83% Increase in Net Deferred Tax Liabilities
The increment is attributable to this year's gain on change in fair value of investment properties.

2609% Increase in Additional paid-in capital
This is largely accounted for by the additional or over par payments made by subscribers to the Series B Preferred shares issuance last December 2016.

67% Increase in Retained Earnings
The consolidated net income of the Group for the year contributed to the increase in this year's reported retained earnings.

205% Increase in Cumulative remeasurement gains (losses) on retirement liability
The difference represents year-end adjustments on cumulative re-measurement gains on ALCO's retirement liability in compliance with the requirement under PAS 19 using the latest actuarial valuation report.

100% Increase in Parent Company's Shares Held by a Subsidiary
This represents a subsidiary's subscription to the Series A Preferred shares issued by the Parent company in 2016.

100% Increase in Non-controlling Interest
This represents the 40% share of a third party shareholder in CLLC's net equity for 2016.

RESULTS OF OPERATIONS
31 December 2016 vs. 31 December 2015

	31 Dec 2016	31 Dec 2015	Change
Revenues	**₱451,075,061**	₱1,587,578,861	-72%
Cost of sales and services	**396,312,817**	1,043,700,643	-62%
Gross income	**54,762,244**	543,878,218	-90%
Administrative expenses	**295,722,649**	244,806,979	21%
Selling and marketing expenses	**66,767,530**	69,323,793	-4%
Operating expenses	**362,490,179**	314,130,772	15%
Income (loss) from operations	**(307,727,935)**	229,747,446	-234%
Gain on change in fair value of investment properties	**1,417,865,206**	33,495,000	4133%
Finance costs	**(80,348,345)**	(40,566,579)	98%
Other income - Net	**147,643,198**	122,372,763	21%
Income before income tax	**1,177,432,124**	345,048,630	241%
Income tax expense	**355,015,749**	98,017,162	262%
Net income	**822,416,375**	247,031,468	233%
Other comprehensive income			
Change in actuarial gain - Net of tax	**2,031,514**	1,048,252	94%
Total comprehensive income	**₱824,447,889**	₱248,079,720	232%

Results of Operations for the year ended 31 December 2016 compared to the year ended 31 December 2015.

72% Decrease in Revenue
Lesser revenue was recognized inasmuch as there were very few remaining units left for sale in 2016 as compared to the previous year.

62% Decrease in Cost of Sales and Services
The decrease in cost of sales is directly related to the decrease in revenues mentioned in the foregoing.

21% Increase in Administrative Expenses
The increase is basically attributable to documentation and other expenses incurred during the year in relation to the turnover and titling of fully paid units in Arya Towers 1 and 2.

4133% Increase in Gain on Change in Fair Value of Investment Properties
The significant increase is due to the Group's adoption of fair value model of accounting for investment properties which also resulted in the restatement of prior years' reports.

98% Increase in Finance Costs
The increase is due to amortization of "Day 1" gain on loan discounting.

21% Increase in Other Income – Net
The increase is largely accounted for by income from forfeited collections.

262% Increase in Income Tax Expense
The substantial increase is attributable to the tax effect of gain on change in fair value of investment properties.

94% Increase in Change in Actuarial Gain – Net of tax
This is a result of year-end adjustment to comply with the requirements of PAS 19 based on the latest actuarial valuation report.

FINANCIAL RATIOS

	December 2018	December 2017	December 2016
Current/Liquidity Ratio (Current Assets over Current Liabilities)	2.45:1	1.55	3.08
Solvency Ratio (Net income (Loss) before depreciation over total liabilities)	0.06:1	0.02	0.17
Debt-to-equity Ratio (Total debt to total equity)	1.35:1	1.22	0.97
Debt-to-equity (Interest-bearing) Ratio (Interest-bearing debt to total equity)	0.79:1	0.52	0.31
Asset-to-equity Ratio (Total assets over total equity)	2.35:1	2.22	1.97
Interest Coverage Ratio (Pretax income before Interest over interest expense)	8.61:1	3.87	15.80
Profitability Ratio (Net income over total equity)	0.07:1	0.03	0.16

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations and other relationship of the company with unconsolidated entities or other persons created during the reporting period.

Except for the development costs of ArthaLand Century Pacific Tower, Cebu Exchange, Savya Financial Center, Sevina Park and Makati Project, there are no other material commitments for capital expenditures as of the period covered by the Report.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenue or income from continuing operations.

There is no foreseen event that will cause a material change in the relationship between costs and revenues.

External Audit Fees and Services

The external auditor's fees are based on the estimated time that would be spent on an engagement and ALCO is charged on the experience level of the professional staff members who will be assigned to work on the engagement and generally, on the complexity of the issues involved and the work to be performed, as well as the special skills required to complete the work.

The audit fees of Reyes Tacandong and Co. ("RT&Co") are ₱1,650,000 for 2018, P1,500,000.00 for 2017, and ₱950,000.00 for 2016, all of which are exclusive of VAT.

The audit fees of RT&Co for services rendered to ALCO's subsidiaries are as follows:

In ₱	2018	2017	2016
Cazneau Inc.	180,000.00	120,000	100,000
Emera Property Management, Inc.	150,000.00	140,000	110,000
Manchesterland Properties, Inc.	330,000.00	300,000	270,000
Savya Land Development Corporation	180,000.00	110,000	-
Urban Property Holdings, Inc.	120,000.00	110,000	90,000
Zileya Land Development Corporation	120,000.00	100,000	80,000

RT&Co did not charge ALCO for non-audit work in 2018 and 2017. In 2016 however, RT&Co. charged ALCO for non-audit work in the amount of ₱1,500,000.00 in relation to the public offering of ALCO's Series B Preferred Shares.

The partner-in-charge for the ensuing year is Ms. Michelle R. Mendoza Cruz of Reyes Tacandong & Co.

The stockholders approve the appointment of the external auditors of the Company. The Audit Committee reviews the audit scope and coverage, strategy and results for the approval of the BOD and ensures that audit services rendered shall not impair or derogate the independence of the external auditors or violate SEC regulations. Likewise, the Audit Committee evaluates and determines any non-audit work performed by external auditors, including the fees therefor, and ensures that such work will not conflict with external auditor's duties as such or threaten its independence.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the external auditor of the Company on accounting and financial disclosure.

Interest of Named Experts

Independent Auditors

The consolidated financial statements of the Company as at and for the years ended 31 December 2018, 2017, and 2016 have been audited by Reyes Tacandong & Co., independent auditors, in accordance with Philippine Standards on Auditing as set forth in their report thereon appearing elsewhere in this Prospectus.

The Audit Committee of the Company, reviews and monitors, among others, the integrity of all financial reports and ensures compliance with both internal financial management manual and pertinent accounting standards, including regulatory requirements. The Audit Committee also performs the following duties and responsibilities relating to the services of the Company's external auditors:

- Asses and monitor the (i) external auditor's professional qualifications, competence, independence and objectivity and require the external auditor to make the statements necessary under applicable auditing standards as regards its relationship and services to the Company, discussing any relationship or services which may derogate its independence or objectivity; and (ii) the effectiveness of the audit process in accordance with applicable standards.

- Obtain objective assurance from the external auditor that the conduct of the audit and the manner of the preparation of the financial statements comply with applicable auditing standards and rules of regulatory bodies, including exchanges on which the securities of the Company are listed.

- Review and approve the nature and scope of the audit plans of the external auditor, including scope, audit resources and expenses, and reporting obligations before the audit commences.

- Review the reports or communications of the external auditor and ensure that management or the Board will provide a timely response to the issues raised in such reports or communications.

- Ensure the development and implementation of policies on the engagement of an external auditor to supply non-audit work, including the fees payable therefor, and evaluate any non-audit work undertaken by the external auditor to ensure that the same does not conflict with its audit functions.

There is no arrangement that experts and independent counsels will receive a direct or indirect interest in the Issuer or was a promoter, underwriter, voting trustee, director, officer, or employee of the Issuer.

Taxation

The statements herein regarding taxation are based on the laws in force as of the date of this Preliminary Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Bonds.

As used in this section, the term "non-resident alien" means an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non- resident alien doing business in the Philippines"; however, a non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year may be considered a "non- resident alien not engaged in trade or business within the Philippines". A "non-resident foreign corporation" is a foreign corporation not engaged in trade or business within the Philippines.

TAXATION ON INTEREST

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax. Interest income derived by Philippine citizens and alien resident individuals from the Bonds is thus subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Generally, interest on the Bonds received by non-resident aliens engaged in trade or business in the Philippines is subject to a 20% final withholding tax while that received by non-resident aliens not engaged in trade or business is subject to a final withholding tax rate of 25%. Interest income received by domestic corporations and resident foreign corporations from the Bonds is subject to a final withholding tax rate of 20%. Interest income received by non-resident foreign corporations from the Bonds is subject to a 30% final withholding tax.

The foregoing rates are subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident owner. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 15% in cases where the interest which arises in the Philippines is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

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:

(i) a BIR-certified true copy of the (dated no earlier than required to be considered valid under applicable tax regulations at the relevant time) current and valid tax exemption certificate, ruling or opinion issued by the BIR confirming the exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;

(ii) with respect to tax treaty relief,

(a) for Applicant investors, (1) 3 originals of a duly accomplished valid, current and subsisting Certificate of Residence for Tax Treaty Relief ("**CORTT**") Form or the prescribed certificate of residency of their country together with the CORTT Form as required under BIR Revenue

Memorandum Order No. 8-2017 and (2) 3 originals of the Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the CORTT Form and other documents are accomplished by an authorized representative) shall be submitted by the Bondholder to the Issuer upon the submission of the Application to Purchase or no later than the 1st day of the month when the initial interest payment date shall fall due. For subsequent interest payment/s due, 3 originals of Part II (D) of the CORTT Form shall be submitted by the Bondholder to the Issuer through the Registrar no later than the 1st day of the month when such subsequent interest payment/s shall fall due.

(b) For transferee Bondholders, (1) 3 originals of a duly accomplished valid, current and subsisting CORTT Form or the prescribed certificate of residency of their country together with the CORTT Form as required under BIR Revenue Memorandum Order No.8-2017 and (2) 3 originals of the Special Power of Attorney executed by the Bondholder in favor of its authorized representative (if the CORTT Form and other documents are accomplished by an authorized representative) shall be submitted by the Bondholder to the Issuer through the Registrar upon the submission of the account opening documents or no later than the 1st day of the month when the first interest payment date shall fall due following the transfer of the Bonds to the said transferee Bondholder. For subsequent interest payment/s due, 3 originals of Part II (D) of the CORTT Form shall be submitted by the Bondholder to the Issuer through the Registrar no later than the 1st day of the month when such subsequent interest payment/s shall fall due and, if applicable, including any clarification, supplement or amendment thereto.

(iii) a duly notarized undertaking executed by (i) the corporate secretary or any authorized representative of such applicant or Bondholder, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Bondholder holds, the Bonds for its account, or (ii) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent (1) of any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement; (2) if there are any material changes in the factual circumstances of the Bondholder including but not limited to its character, nature and method of operation, which are inconsistent with the basis for its income tax exemption; or (3) if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Bonds being ineligible for exemption or preferential rate, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax, provided, that in case of corporate, partnership or trust account investors, such investor shall also submit an original certification from the corporate secretary or an equivalent officer of the investor, setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose; and

(iv) such other documentary requirements as may be required by the Issuer or Registrar or Paying Agent or as may be required under the applicable regulations of the relevant taxing or other authorities; provided, that, the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholders on the Interest payments to such Bondholders.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of an initial issuance of Bonds, upon submission of the Application to Purchase to the Underwriters or selling agents (if any) who shall then forward the same to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar upon submission of the account opening documents.

Failure on the part of the Bondholder to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

The foregoing notwithstanding, the Issuer, the Registrar and the Paying Agent shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided further that, all sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments, or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

The foregoing requirements shall be submitted, (i) in respect of an initial issuance of Bonds, to the underwriters or selling agents who shall then forward the same with the Application to Purchase to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, to the Registrar within three days from settlement date.

VALUE-ADDED TAX

Gross receipts arising from the sale of the Bonds in the Philippines by dealers in securities shall be subject to a 12% value-added tax. The term "gross receipt" means gross selling price less acquisition cost of the Bonds sold.

GROSS RECEIPTS TAX

Bank and non-bank financial intermediaries performing quasi-banking functions are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

Maturity period is five years or less: 5%
Maturity period is more than five years: 1%

Non-bank financial intermediaries not performing quasi-banking functions doing business in the Philippines are likewise subject to gross receipts tax. Gross receipts of such entities derived from sources within the Philippines from interests, commissions and discounts from lending activities are taxed in accordance with the following schedule based on the remaining maturities of the instruments from which such receipts are derived, based on the following schedule:

Maturity period is five years or less: 5%
Maturity period is more than five years: 1%

In case the maturity period of the instruments held by banks, non-bank financial intermediaries performing quasi-banking functions and non-bank financial intermediaries not performing quasi-banking functions is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pretermination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Bonds by banks and nonbank financial intermediaries performing quasi-banking functions shall be taxed at 7%.

DOCUMENTARY STAMP TAX

A documentary stamp tax is imposed upon the issuance of debt instruments issued by Philippine companies, such as the Bonds, at the rate of P1.50 for each P200, or fractional part thereof, of the issue price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

TAXATION ON SALE OR OTHER DISPOSITION OF THE BONDS

Income Tax

Any gain realized from the sale, exchange or retirement of Bonds will, as a rule, form part of the gross income of the sellers, for purposes of computing the relevant taxable income subject to the regular rates of 35%, 25%, or 30%, as the case may be. If the Bonds are sold by a seller, who is an individual and who is not a dealer in securities, who has held the Bonds for a period of more than 12 months prior to the sale, only 50% of any capital gain will be recognized and included in the sellers‘ gross taxable income.

However, under the Tax Code, any gain realized from the sale, exchange or retirement of bonds with an original maturity date of more than five (5) years (as measured from the date of issuance of such bonds) shall not be subject to income tax. As the Bonds have a maturity of 5 years, any gains realized by a holder through redemption or transfer of the Bonds may be subject to income tax. This is in view of a BIR ruling saying that one of the conditions for the exemption is that the maturity period must be more than 5 years.

Moreover, any gain arising from such sale, regardless of the original maturity date of the bonds, may be exempt from income tax pursuant to various income tax treaties to which the Philippines is a party, and subject to procedures prescribed by the BIR for the availment of tax treaty benefits.

Estate and Donor‘s Tax

The transfer by a decendent, whether a Philippine resident or a non-Philippine resident, to his heirs of the Bonds shall be subject to an estate tax of 6% levied on the net estate of the decedent. A Bondholder shall be subject to donor‘s tax of 6% computed on the basis of the total gifts in excess of P250,000.00 exempt gift made during the calendar year.

The estate or donor‘s taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor.

The estate tax and the donor‘s tax, in respect of the Bonds, shall not be collected (a) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

In case the Bonds are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Bonds exceed the value of the consideration may be deemed a gift and may be subject to donor‘s taxes.

Documentary Stamp Tax

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds or on trading of the Bonds in a secondary market or through an exchange, provided that such sale or disposition does not constitute a renewal or extension of maturity of the Bonds or carry with it a renewal or issuance of new instruments in the name of the transferee to replace the old ones. Otherwise, if the transfer constitutes a renewal or extension of the maturity of the Bonds, documentary stamp tax is payable anew.

Regulatory Framework

The statements herein are based on the laws in force as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the regulatory and environmental considerations that may be relevant to the Company or the offering.

Laws on housing and land projects

Presidential Decree No. 957: The Subdivision and Condominium Buyers' Protective Decree

Presidential Decree No. 957, or the Subdivision and Condominium Buyers' Protective Decree ("PD 957"), as amended, is the principal statute regulating the development and sale of real property as part of a condominium project or subdivision. It was enacted pursuant to the policy of the state to ensure that real estate subdivision owners, developers, operators, and/or sellers provide and properly maintain roads, drainage, sewerage, water systems, lighting systems and other similar basic requirements in order to guarantee the health and safety of home and lot buyers. PD 957 covers condominium and subdivision projects for residential, commercial, industrial and recreational areas as well as open spaces and other community and public areas in the project. The Housing and Land Use Regulatory Board ("HLURB") is the administrative agency of the government which, together with local government units, enforces PD 957 and has jurisdiction over real estate trade and business.

All subdivision and condominium plans for residential, commercial, industrial and other development projects are required to be filed with and approved by the HLURB and the relevant local government unit of the area where the project is situated. Approval of such plans is conditional on, among other things, the developer's financial, technical and administrative capabilities. Before it is approved, the subdivision plan must comply with the Subdivision Standards and Regulations. On the other hand the condominium plan, in addition to complying with the same procedure, must also comply with Presidential Decree No. 1096, or the National Building Code, with respect to the building or buildings included in the condominium project. The owner or developer shall submit the condominium plan in accordance with the requirements of the National Building Code to the building official of the city or municipality where the property lies and the same shall be acted upon subject to the conditions in accordance with the procedure prescribed in Section 4 of Republic Act No. 4726, or the Condominium Act.

Alterations of approved condominium plans affecting significant areas of the project, such as infrastructure and public facilities, also require prior approval of the HLURB and the city or municipal engineer.

The development of subdivision and condominium projects can only commence after the relevant government body has issued the required development permit and the necessary building or construction permits in accordance with the requirements of the city or municipality where the property lies. The issuance of a development permit is dependent on, among other things: (i) compliance with required project standards and technical requirements that may differ depending on the nature of the project; and (ii) issuance of the barangay clearance, the locational clearance, permits issued by the Department of Environment and Natural Resources ("DENR") (such as the Environmental Compliance Certificate ("ECC") or Certificate of Non-Coverage ("CNC")), conversion order or exemption clearance from the Department of Agrarian Reform ("DAR"), permit to drill from the National Water Resources Board, and such other permits and approvals. In cases where the property involved is located in an area already classified as residential, commercial, industrial or other similar development purposes, a DAR conversion order shall no longer be required as a precondition for issuance of certificate of registration and license to sell.

Developers who sell lots or units in a subdivision or a condominium project are required to register the project with and obtain a license to sell from the HLURB. Subdivision or condominium units may only be sold or offered for sale after a license to sell has been issued by the HLURB. Further, to ensure that the owner or developer of a proposed subdivision or condominium project shows firm commitment to proceed with a

project, current HLURB regulations require minimum developments before the issuance of a license to sell: (a) for subdivision projects, proof of land clearing and grubbing, road tracing and entrance gate if included in the brochure or advertisement; and (b) for condominium projects, excavation per approved plan/excavation permit, are required.

As a requisite for the issuance of a license to sell by the HLURB, developers are required to file with the HLURB any of the following to guarantee the construction and maintenance of the roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision or condominium project and compliance with the applicable laws, rules and regulations:

1. a surety bond equivalent to 20% of the development cost of the unfinished portion of the approved plan, issued by a duly accredited bonding company (whether private or government), and acceptable to the HLURB;

2. a real estate mortgage executed by the applicant developer as mortgagor in favor of the Republic of the Philippines, as represented by the HLURB, as mortgagee, over property other than that subject of the application, free from any liens and encumbrance and provided that the value of the property, computed on the basis of the zonal valuation of the Bureau of Internal Revenue, shall be at least 20% of the total development cost; or

3. other forms of security equivalent to 10% of the development cost of the unfinished portion of the approved plan which may be in the form of the following:

    a) a cash bond;
    b) a fiduciary deposit made with the cashier and/or disbursing officer of the HLURB;
    c) a certificate of guaranty deposit issued by any bank or financing institution of good standing in favor of the HLURB for the total development cost;
    d) a letter from any bank of recognized standing certifying that so much has been set aside from the bank account of the developer in favor of the HLURB, which amount may be withdrawn by the HLURB at any time the developer fails or refuses to comply with its duties and obligations under the bond contract; or
    e) any irrevocable credit line to be utilized in the development of the project from any bank of recognized standing and a refinancing re-structuring program indicating sources of funding from duly accredited funding institutions.

The HLURB is vested with quasi-judicial powers and regulatory functions necessary for the enforcement and implementation of PD 957. Among these regulatory functions are: (i) regulation of the real estate trade and business; (ii) registration of subdivision lots and condominium projects; (iii) issuance of license to sell subdivision lots and condominium units in the registered units; (iv) approval of performance bond and the suspension of license to sell; (v) registration of dealers, brokers and salesman engaged in the business of selling subdivision lots or condominium units; (vi) revocation of registration of dealers, brokers, and salesmen; (vii) approval of mortgage on any subdivision lot or condominium unit made by the owner or developer; (viii) granting of permits for the alteration of plans and the extension of period for completion of subdivision or condominium projects; (ix) approval of the conversion to other purposes of roads and open spaces found within the project which have been donated to the city or municipality concerned; (x) regulation of the relationship between lessors and lessees; and (xi) hear and decide cases on unsound real estate business practices, claims involving refund filed against project owners, developers, dealers, brokers or salesmen, and cases of specific performance.

The HLURB is also authorized, *motu proprio* or upon verified complaint filed by a buyer of a subdivision lot or condominium unit, to revoke the registration of any subdivision project or condominium project and the license to sell any subdivision lot or condominium unit in said project upon showing that the owner or dealer:

    a) is insolvent;

b) has violated any of the provisions of PD 957, or any applicable rule or regulation of the HLURB, or any undertaking under his/its bond;
c) has been or is engaged or is about to engage in fraudulent transactions;
d) has made any misrepresentation in any Prospectus, brochure, circular, or other literature about the subdivision project or condominium project that has been distributed to prospective buyers; or
e) does not conduct his business in accordance with law or sound business principles.

Project permits and licenses to sell may be suspended, cancelled or revoked by the HLURB, by itself or upon a verified complaint from an interested party, for reasons such as involvement in fraudulent transactions, misrepresentation, and/or failure to conduct business in accordance with law or sound business principles. A license or permit to sell may only be suspended, cancelled or revoked after a written notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HLURB's rules of procedure and other applicable laws.

Executive Order No. 71, *Series of 1993*

Under *Executive Order No. 71*, *Series of 1993*, cities and municipalities assume the powers of the HLURB over the following:

a) approval of preliminary as well as final subdivision schemes and development plans of all subdivisions, residential, commercial, industrial, and for other purposes;
b) approval of preliminary as well as final subdivision schemes and development plans of all economic and socialized housing projects;
c) evaluation and resolution of opposition against issuance of development permits for any of said projects; and
d) monitoring the nature and progress of its approved land development projects, to ensure their faithfulness to the approved plans and its specifications.

Republic Act No. 7279: Urban Development and Housing Act of 1992

Republic Act No. 7279, as amended, or the Urban Development and Housing Act of 1992, requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15% of the total subdivision area or total subdivision project cost, and at least five percent (5%) of condominium area or project cost, at the option of the developer, within the same city or municipality, whenever feasible, and in accordance with the standards set by the HLURB and other existing laws. Alternatively, the developer may opt to buy socialized housing bonds issued by various accredited government agencies or enter into joint venture arrangements with other developers engaged in socialized housing development.

Republic Act No. 9646: Real Estate Service Act

Real estate dealers, brokers and salesmen are also required to register with the HLURB before they can sell lots or units in a registered subdivision or condominium project. Furthermore, no person shall practice or offer to practice real estate service in the Philippines, unless he/she has satisfactorily passed the licensure examination given by the Professional Regulatory Board of Real Estate Service. Under Republic Act No. 9646, or the Real Estate Service Act, the real estate service practitioners required to take the licensure examination are:

1. Real estate consultants — duly registered and licensed natural persons who, for a professional fee, compensation or other valuable consideration, offer or render professional advice and judgment on: (i) the acquisition, enhancement, preservation, utilization or disposition of lands or improvements thereon; and (ii) the conception, planning, management and development of real estate projects;

2. Real estate appraisers — duly registered and licensed natural persons who, for a professional fee, compensation or other valuable consideration, perform or render, or offer to perform services in estimating and arriving at an opinion of or act as an expert on real estate values, such services of which shall be finally rendered by the preparation of the report in acceptable written form; or

3. Real estate brokers — duly registered and licensed natural persons who, for a professional fee, commission or other valuable consideration, act as an agent of a party in a real estate transaction to offer, advertise, solicit, list, promote, mediate, negotiate or effect the meeting of the minds on the sale, purchase, exchange, mortgage, lease or joint venture, or other similar transactions on real estate or any interest therein.

Republic Act No. 4726: The Condominium Act

Under the Condominium Act, the owner of a project shall, prior to the conveyance of any condominium therein, register a declaration of restrictions relating to such project, which restrictions shall constitute a lien upon each condominium in the project, and shall insure to and bind all condominium owners in the project. Such liens, unless otherwise provided, may be enforced by any condominium owner in the project or by the management body of such project. The RD shall enter and annotate the declaration of restrictions upon the certificate of title covering the land included within the project.

The declaration of restrictions shall provide for the management of the project by anyone of the following management bodies: a condominium corporation, an association of the condominium owners, a board of governors elected by condominium owners, or a management agent elected by the owners or by the board named in the declaration. It shall also provide for voting majorities *quorums*, notices, meeting date, and other rules governing such body or bodies.

Further, any transfer or conveyance of any unit or an apartment, office or store or other space, shall include the transfer or conveyance of the undivided interests in the common areas, or, in a proper case, the membership or shareholdings in the condominium corporation.

A condominium corporation shall not, during its existence, sell, exchange, lease, or otherwise dispose of the common areas owned or held by it in the condominium project unless authorized by the affirmative vote of a simple majority of the registered owners with prior notification to all registered owners. Further, the condominium corporation may expand or integrate the project with another upon the affirmative vote of a simple majority of the registered owners, subject only to the final approval of the HLURB.

HLURB Memorandum Circular No. 03, Series of 2016

HLURB Memorandum Circular No. 03, Series of 2016, or the 2015 Guidelines on Time Completion (the "Guidelines") provides that projects required by law to be registered with the HLURB such as industrial, commercial and residential subdivisions, residential or commercial condominiums, and similar projects, such as memorial parks, should be completed within one year from the date of the issuance of the license to sell, or any other period fixed by the HLURB ("Time of Completion"). Failure to comply with the Time of Completion will: (1) entitle buyers to exercise their rights under PD 957 and the Civil Code of the Philippines in addition to other rights and remedies under other laws; and (2) subject the owner or developer to administrative fines, sanctions and penalties which may include the suspension of the license to sell and a cease and desist order.

The HLURB shall rely on the work program or program of development submitted during the application for a Certificate of Registration and license to sell in determining the applicable Time of Completion of a project.

Residential subdivision projects are subject to different Times of Completion for the land and the housing components. The Time of Completion for land development, which includes land clearing and grubbing, road construction, installation of power and water distribution system, construction of drainage and sewerage

systems, and other developments, will depend on the work program or program of development submitted by the owner or developer. All subdivision amenities and facilities such as clubhouse, playgrounds, sports facilities and other infrastructures included in the approved project plans, brochures, prospectus, printed matters, letters or any forms of advertisement shall be developed and completed within the period for the project's land development. Meanwhile, the completion and delivery of any housing unit purchased shall be explicitly provided in the contract to sell or any purchase agreement, and absent any indication thereof, will not exceed one year from the date of purchase.

For condominium projects, all facilities and amenities included in the approved project plans, brochures, prospectus, printed matters, letters or any forms of advertisement shall be completed in accordance with the work program or program of development of the project. The Time of Completion as stated in the license to sell shall be binding and obligatory upon the owner or developer, but if it provides a shorter period in any form of advertisement, it shall be bound by the shorter period.

The Guidelines also provides that the Time of Completion which shall include the date, time and year shall be indicated in the license to sell of the project, which shall be binding and obligatory on the part of the owner or developer, unless a shorter period of completion or delivery is represented in any form of advertisement. The Time of Completion should be indicated in any advertisement of a project.

As a general rule, the Time of Completion is non-extendible, except in the following instances and upon the posting of a bond or security:

1. Existence of sub-soil conditions discoverable only after actual excavation and would require additional excavation time;

2. Occurrence of a fortuitous event completely independent of the will of the owner or developer, that requires reconstruction or causes delays in the project, and renders its completion within the original approved period impossible in a normal manner;

3. Issuance of a lawful order of a court, other government agency or local government unit that temporarily enjoins the development of the project, unless such issuance is caused by the fault, mistake or negligence of the owner or developer.

If an owner or developer wishes to apply for additional time due to the foregoing grounds, it shall file a sworn application with the Regional Field Office of the HLURB where the project is registered, including a proof of notice to all lot or unit buyers, a revised work program with computation of remaining cost of completion and other requirements, within 60 days from the discovery of the unfavorable sub-soil conditions, the occurrence of the fortuitous event, or from receipt of the order or issuance of a court or government body.

The owner or developer of a project that is not completed on time will be given a Notice of Alleged Reported Violation requiring it to explain under oath why no administrative fine and sanctions and cease and desist order should be imposed against it. Should the owner or developer fail to comply with the order or justify the non-completion of a project, an order imposing administrative fines and sanction shall be issued, and the owner or developer shall be required to submit additional documentations on the project.

Upon review of the submitted documents, a final order shall be issued requiring the completion of the project within such period as may be fixed by the HLURB, and a performance bond shall be secured conditioned on this undertaking. In case of non-completion of the project within the approved Time of Completion, an administrative fine shall be imposed in accordance with the approved Schedule of Fines and other existing HLURB guidelines, the license to sell shall be suspended, and a cease and desist order shall be issued enjoining the owner or developer from further selling any lot, including any building or improvement thereon, or any unit in a project, from advertising the project, and from collecting amortization payment, until the completion of the project and issuance of a Certificate of Completion.

Republic Act No. 11201: Department of Human Settlements and Urban Development Act

Republic Act No. 11201 or the Department of Human Settlements and Urban Development Act, creates the Department of Human Settlements and Urban Development (the "Department"), through the consolidation of the HLURB and the Housing and Urban Development Coordinating Council ("HUDCC"). It shall act as the primary national government entity responsible for the management of housing, human settlement and urban development. It shall be the sole and main planning and policy-making, regulatory, program coordination, and performance monitoring entity for all housing, human settlement and urban development concerns, primarily focusing on the access to and the affordability of basic human needs.

The Deparment shall exercise administrative supervision over the following housing agencies, which shall remain to be attached for purposes of policy and program coordination, monitoring and evaluation: (a) National Housing Authority (NHA), (b) National Home Mortgage Finance Corporation (NHMFC), (c) Home Development Mutual Fund (HDMF), and (d) Social Housing Finance Corporation (SHFC).

The HLURB is reconstituted and shall be known as Human Settlements Adjudication Commission (the "Commission"). The adjudicatory functions of the HLURB are transferred to the Commission, and is attached to the Department for policy, planning and program determination only.

On July 19, 2019, the implementing rules and regulations ("**IRR**") of R.A. No. 11201 were approved. These describe in more detail the functions of the Department and enumerates the functions of the HLURB that were transferred to it, such as, among others, its regulatory function, including the formulation, promulgation, and enforcement of rules, standards and guidelines over subdivitions, condominiums and similar real estate developments. The IRR also enumerates the oversight and monitoring functions of the Department and its powers and functions in relation to public housing and urban development.

HLURB Resolution No. 985, Series of 2019: 2019 Real Estate Development Monitoring Rules of HLURB

On June 17, 2019 the HLURB released HLURB Resolution No. 895 entitled approving the 2019 Administrative Rules of Procedure in the Monitoring of Real Estate Development Projects and Imposition of Sanctions for Violation of Presidential Decree No. 957 and Other Related Laws and their Implementing Rules and Regulations. This is primarily aimed at ensuring the faithful observance by owners and/or developers of their obligation to fully develop the project on time and in accordance with the approved development plan, contractual stipulations, sales representations, and pertinent conditions imposed in clearances, permits and licenses.

The Regional Officer shall have jurisdiction and power to investigate land use or development projects in real estate transactions and verify reports of alleged violations of the laws, rules and regulations implemented by the HLURB. The Regional Officer may issue Authority to Monitor specific projects, cease-and-desist orders restraining the commission or continuance of acts, impose fines and penalties for violations of law, rules and regulation, cite any person in direct contempt, and issue writs or alias writs of execution to enforce orders and rulings of the Regional Office.

Real estate sales on installments

Republic Act No. 6552: Maceda Law

The provisions of Republic Act No. 6552, or the Maceda Law, apply to all transactions or contracts involving the sale or financing of real estate on installment payments (including residential condominium units but excluding industrial and commercial lots).

Under the provisions of the Maceda Law, where a buyer of real estate has paid at least two years of installments, the buyer is entitled to the following rights in case he/she defaults in the payment of succeeding

installments:

1. To pay, without additional interest, the unpaid installments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of installment payments made. However, the buyer may exercise this right only once every five years during the term of the contract and its extensions, if any.

2. If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50% of the total payments made, and in cases where five years of installments have been paid, an additional 5% every year (but with a total not to exceed 90% of the total payments); Provided, that the actual cancellation of the contract shall take place after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

The computation of the total number of installment payments made includes down payments, deposits, or options on the contract.

In the event that the buyer has paid less than two years of installments, the seller shall give the buyer a grace period of not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

Zoning and land use

Republic Act No. 7160: Local Government Code of the Philippines

A city or municipality may, through an ordinance passed by the Sanggunian, after conducting public hearings for the purpose, authorize the reclassification of agricultural lands and provide for the manner of their utilization or disposition in the following cases: (i) when the land ceases to be economically feasible and sound for agriculture or (ii) where the land shall have substantially greater economic value for residential, commercial or industrial purposes, as determined by the Sanggunian concerned; provided that such reclassification shall be limited to the following percentage of total agricultural land area at the time of the passage of the ordinance:

1. For Highly Urbanized and Independent Component Cities, fifteen percent (15%);

2. For Component Cities and First to Third Class Municipalities, ten percent (10%);

3. For Fourth to Sixth Class Municipalities, five percent (5%).

Zoning ordinances may also limit land use. Once enacted, a comprehensive land use plan approved by the relevant local government unit may restrict land use in accordance with such land use plan. Zoning ordinances may also classify lands as commercial, industrial, residential or agricultural. Lands may also be further re-classified based on a local government unit's future projection of needs.

Republic Act No. 6657: Comprehensive Agrarian Reform Law of 1988

Under Republic Act No. 6657, as amended, or the Comprehensive Agrarian Reform Law of 1988, and such other rules and regulations currently in effect in the Philippines, however, land classified for agricultural purposes as of or after June 1, 1988 cannot be converted to non-agricultural use without the prior approval of the DAR.

Republic Act No. 11231: Agricultural Free Patent Reform Act

This Act removes restrictions on free patents to allow the efficient and effective utilization of these lands. Under this Act, agricultural public lands alienated or disposed in favor of qualified public land applicants under Section 44 of Commonwealth Act No. 141, as amended, shall not be subject to restrictions imposed under Sections 118, 119 and 121 thereof regarding acquisitions, encumbrances, conveyances, transfers, or dispositions. Agricultural free patent shall now be considered as title in fee simple and shall not be subject to any restriction on encumbrance or alienation.

This Act has retroactive effect and any restriction regarding acquisitions, encumbrances, conveyances, transfers, or dispositions imposed on agricultural free patents issued under Section 44 of Commonwealth Act No. 141, as amended, before the effectivity of this Act shall be removed and are hereby immediately lifted.

Property registration and nationality restrictions

Presidential Decree No. 1529: Property Registration Decree

The Philippines has adopted a system of land registration, which evidences land ownership that is binding on all persons. Once registered, title to registered land becomes indefeasible after one year from the date of entry of the decree of registration except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription. Presidential Decree No. 1529, as amended, or the Property Registration Decree, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper surveying, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment to the Court of Appeals and ultimately to the Supreme Court within 15 days from receiving notice of judgment. Upon finality of judgment, the appropriate Register of Deeds ("RD") may issue an Original Certificate of Title ("OCT"). The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR's issuance of a patent. The patent becomes the basis for issuance of the OCT by the RD. All land patents (i.e., homestead, sales and free patents) must be registered with the appropriate RD since the conveyance of the title to the land covered thereby takes effect only upon such registration.

The act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned, and in all cases under the said decree, the registration shall be made in the office of the RD for the province or city where the land lies. Every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument or entry affecting registered land shall, if registered, filed or entered in the office of the RD for the province or city where the land to which it relates lies, be constructive notice to all persons from the time of such registering, filing or entering.

All interests in registered land less than ownership (such as liens created by mortgages and leases) shall be registered by filing with the RD the instrument which creates or transfers or claims such interests and by a brief memorandum thereof made by the RD upon the certificate of title, and signed by him. A similar memorandum shall also be made on the owner's duplicate.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the RD. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment

of the sales price. In the event a mortgage over the lot or unit is outstanding at the time of the issuance of the title to the buyer, the owner or developer shall redeem the mortgage or the corresponding portion thereof within six months from such issuance in order that the title over any fully paid lot or unit may be secured and delivered to the buyer. To evidence ownership of condominium units, the RD issues a Condominium Certificate of Title.

Article XII, Section 7 of the Constitution; Commonwealth Act No. 141

Article XII, Section 7 of the Constitution, in relation to Chapter 5 of the Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, pursuant to Republic Act No. 4726 (as amended), with respect to condominium developments, the ownership of condominium units where the common areas in the condominium project are co-owned by the owners of the separate units or owned by a corporation is limited to up to 40% foreign equity.

Environmental laws and safety standards

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate ("ECC") prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau ("EMB"), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement ("EIS") to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("IEE") to the proper DENR regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EIS and ECC are mandatory. In determining the scope of the EIS System, two factors are considered: (i) the nature of the project and its potential to cause significant negative environmental impacts, and (ii) the sensitivity or vulnerability of environmental resources in the project area.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the direct and indirect consequences of the project to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, as a minimum, each contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a government certification that the proposed project or undertaking will not cause a significant negative environmental impact, that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("EGF") when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The EGF is intended to meet any damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund ("EMF") when an ECC is eventually issued. In any case, the establishment of an EMF must not be later than the initial construction phase of the project. The EMF shall be used to support

the activities of a multi-partite monitoring team organized to monitor compliance with the ECC and applicable laws, rules and regulations.

While a development project may not fall under the categories wherein an ECC is required, it is still required to obtain a CNC from the EMB or the DENR Regional Office. The applicant must submit a Project Description to the EMB, which will then evaluate whether or not an ECC is required for the project. If an ECC is not required, then the EMB will issue a CNC to be submitted to the HLURB.

Aside from the EIS and IEE, engineering, geological and geo-hazard assessments are also required for ECC applications covering subdivisions, housing and other land development and infrastructure projects.

All development projects, installations and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay Region are also required to obtain a discharge permit from the Laguna Lake Development Authority.

All buildings or structures as well as accessory facilities thereto shall conform in all respects to the principles of safe construction under the National Building Code. Every applicant for a building permit under the National Building Code is likewise required to secure a Height Clearance Permit from the Civil Aviation Authority of the Philippines.

Real property taxation

Republic Act No. 7160: Local Government Code of the Philippines

Real property taxes are payable annually or quarterly based on the property's assessed value. Assessed values are determined by applying the assessment levels (fixed by ordinances of the concerned Sanggunian) against the fair market values of real property. Under Republic Act No. 7160, as amended, or the Local Government Code of the Philippines, the assessed value of property and improvements varies depending on the location, use and nature of the property. Land is ordinarily assessed at 20% to 50% of its fair market value; buildings may be assessed up to 80% of their fair market values; and machinery may be assessed at 40% to 80% of its fair market value. Real property taxes may not exceed 2% of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1% in all other areas. A province or city, or a municipality within Metro Manila may also levy and collect an annual tax of one percent (1%) on the assessed value of real property which shall be in addition to the basic real property tax to accrue exclusively to the Special Education Fund of the local government unit where the property is located.

Construction license

A regular contractor's license is required to be obtained from the Philippine Contractors Accreditation Board ("PCAB"). In applying for and granting such license, the PCAB takes into consideration the applicant-contractor's qualifications and compliance with certain minimum requirements in the following criteria: (i) financial capacity, (ii) equipment capacity, (iii) experience of the firm, and (iv) experience of technical personnel. Philippine laws also require a contractor to secure construction permits and environmental clearances from appropriate government agencies prior to actually undertaking each project.

ASEAN Green Bonds

SEC Memorandum Circular No. 12-18: Guidelines on the Issuance of Green Bonds under the ASEAN Green Bonds Standards in the Philippines

The issuance of ASEAN Green Bonds is subject to the requirements under the ASEAN Green Bonds Standards, as enumerated and incorporated in the *Guidelines on the Issuance of Green Bonds under the ASEAN Green Bonds Standards in the Philippines* issued by SEC in its Memorandum Circular No. 12-18 on August 31, 2018. These requirements shall be in addition to the applicable requirements under Sections 8 and 12 of the SRC, unless an exemption is available under Section 9 or 10 of the SRC.

ASEAN Green Bonds are bonds which comply with ASEAN Green Bonds Standards, the proceeds of which will be exclusively applied to finance or refinance, in part or in full, new and/or existing Green Projects. To be eligible to issue ASEAN Green Bonds, the issuer must be a member of the ASEAN. However, a non-member of the ASEAN can also issue ASEAN Green Bonds as long as the Eligible Green Projects it funds are located in any ASEAN member country. Eligible Green Projects are those that provide clear environmental benefits and address one or more key areas of environmental concern, except fossil fuel power generation.

The guidelines stipulate that the use of proceeds from ASEAN Green Bonds must be described in the documentation for issuance of the ASEAN Green Bonds. The issuer must also disclose information on the following: i) the categories of eligible Green Projects to which the ASEAN Green Bonds proceeds will be allocated; ii) information on specific Green Projects in cases where the Issuer has identified the specific Green Projects to which the ASEAN Green Bonds proceeds will be allocated; iii) the process for project evaluation and selection; iv) the process of managing the net proceeds from the ASEAN Green Bonds; and v) the intended types of temporary placement for the balance of unallocated proceeds.

It also recommends that the issuer's process of project evaluation and selection and its management of proceeds from the ASEAN Green Bonds be supported by external review or audit. Issuers of ASEAN Green Bonds must also continuously report to investors on the use of proceeds from the ASEAN Green Bonds and on material developments in a) the list of the projects to which the ASEAN Green Bonds proceeds have been allocated; b) brief description of the projects; and c) the amounts allocated and their expected impact. These reports must be done at least annually and are recommended to be confirmed by external review.

Issuers of ASEAN Green Bonds must make the external review reports on their project evaluation and selection process and auditor or third party reports on their management of proceeds publicly available on a website designated by the Issuer.

Appendix

Consolidated Audited Financial Statements for December 31, 2018, 2017 and 2016
Consolidated Unaudited Financial Statements for June 30, 2019 and 2018