

OFFER SUPPLEMENT TO THE  
PROSPECTUS DATED APRIL 24, 2019



**ARTHALAND CORPORATION**

Offer of 10,000,000 Series C Preferred Shares  
under its 30,000,000 Preferred Shares Shelf Registration

with a Dividend Rate of ●% per annum

at an Offer Price of ₱100.00 per Series C Preferred Share

to be listed and traded on the Main Board of the Philippine Stock Exchange, Inc.

**Sole Issue Manager, Sole Bookrunner Sole Underwriter**



**Selling Agents**

The Trading Participants of the Philippine Stock Exchange, Inc.

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

The date of this Offer Supplement is April 24, 2019

**ARTHALAND CORPORATION**

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5<sup>th</sup> Avenue corner 30<sup>th</sup> Street  
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Arthaland Corporation ("**ALCO**", the "**Company**" or the "**Issuer**"), a corporation duly organized and existing under Philippine law, has prepared a Prospectus dated April 24, 2019 (the "**Prospectus**") relating to the shelf registration and sale in the Philippines of up to 30,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable Peso-denominated preferred shares (the "**Preferred Shares**").

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

The registration statement filed by the Company covering the Preferred Shares was rendered effective by the SEC in its order and certificate of permit to offer securities for sale for the ₱2.0 Billion initial tranche of the Preferred Shares (the "**Initial Tranche**") issued on November 22, 2016.

The second tranche of the Preferred Shares to be offered and issued out of the shelf registration (the "**Offer**") will be denominated as "Series C Preferred Shares" (the "**Series C Preferred Shares**") and will consist of 10,000,000 Series C Preferred Shares. After the Offer, there will be no remaining Preferred Shares under shelf registration.

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

The Series C Preferred Shares, which have a par value of ₱1 per share, will be offered at an offer price of ₱100 per share, with an aggregate issue size of ₱1 Billion.

As of the date of this Offer Supplement, the Company has 5,318,095,199 outstanding common shares, 12,500,000 outstanding Series A Preferred Shares, and 20,000,000 outstanding Series B Preferred Shares. After the Offer, the Company will have 5,318,095,199 outstanding common shares, 12,500,000 outstanding Series A Preferred Shares, 20,000,000 outstanding Series B Preferred Shares and 10,000,000 outstanding Series C Preferred Shares.

The Company estimates that the net proceeds from the Offer shall amount to approximately ₱[984,040,072.83]million, after fees, commissions and expenses. The net proceeds of the Offer shall be used primarily to partially finance the acquisition and development of the Company's real estate

projects. For a more detailed discussion on the use of proceeds, see *"Use of Proceeds"* of this Offer Supplement.

Dividends may be declared at the discretion of the Board of Directors of the Company 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 Board of Directors may deem relevant. For a more detailed discussion on dividends and the dividend policy of the Company, see *"Dividends and Dividend Policy"* in the Prospectus.

The underwriting fees and any selling fees to be paid by the Company in relation to the Offer shall be equivalent to 55 basis points of the gross proceeds of the Offer. This shall be inclusive of underwriting fees to be paid to BDO Capital & Investment Corporation in its capacity as the sole underwriter (the **"Sole Underwriter"**). This shall also be inclusive of any commissions to be paid to the PSE Trading Participants (the **"Selling Agents"**), which shall be equivalent to [12.5] basis points (inclusive of Value Added Tax) of the total proceeds of the sale of the Series C Preferred Shares by such trading participant. For a more detailed discussion on the fees to be received by the Sole Underwriter and Selling Agents, see *"Plan of Distribution"* of this Offer Supplement.

On September 13, 2016, the Company filed an application with the Philippine Securities and Exchange Commission (**"SEC"**) to register the Preferred Shares under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799). The SEC has issued an order rendering the Registration Statement effective and has issued a corresponding permit to offer securities for sale covering the Initial Tranche on November 22, 2016. The SEC is expected to issue a corresponding permit to offer securities for sale covering the Offer. An application was likewise filed by the Company with the Philippine Stock Exchange (**"PSE"**) for the listing of the Series C Preferred Shares on the Main Board of the PSE. An approval for listing is permissive only and does not constitute a recommendation or endorsement by the PSE or the SEC of the Series C Preferred Shares. The PSE assumes no responsibility for the correctness of any of the statements made or opinions expressed in the Prospectus or this Offer Supplement. Furthermore, the PSE makes no representation as to the completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the contents of the Prospectus or this Offer Supplement.

Upon listing, the Series C Preferred Shares will be traded under the symbol **"ALCPC"**.

The Company reserves the right to withdraw the offer and sale of the Series C Preferred Shares at any time, and the right to reject any application to purchase the Series C Preferred Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Series C Preferred Shares sought by such purchaser. If the Offer is withdrawn or discontinued, the Company shall subsequently notify the SEC and the PSE. The Sole Underwriter, and the Selling Agents may acquire for their own account a portion of the Series C Preferred Shares.

It is expected that the Series C Preferred Shares will be delivered in book-entry form against payment thereof to the Philippine Depository & Trust Corp.

All disclosures, reports, and filings of the Company made after the date of the Prospectus (the **"Company Disclosures"**) and submitted to the SEC and/or the PSE pursuant to the Corporation Code, the Securities Regulation Code and its implementing regulations, and the Consolidated Listing and Disclosure Rules of the PSE are incorporated or deemed incorporated by reference in this Offer Supplement. Copies of the Company Disclosures may be viewed at the website of the Company at [www.arthaland.com](http://www.arthaland.com). The Company Disclosures contain material and meaningful information relating

to the Company and investors should review all information contained in the Prospectus, this Offer Supplement and the Company Disclosures incorporated or deemed incorporated herein by reference.

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

Unless otherwise indicated, all information in the Prospectus and this Offer Supplement is as of the date provided. Neither the delivery of the Prospectus and this Offer Supplement nor any sale made pursuant to the Prospectus and this Offer Supplement shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date.

Market data and certain industry forecasts used throughout the Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, the Company does not make any representation, undertaking or other assurance as to the accuracy or completeness of such information or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to the Offer.

Any reliance placed on any projections or forecasts is a matter of commercial judgment. Certain agreements are referred to in the Prospectus in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

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

[Signature page follows.]

**ARTHALAND CORPORATION**

By:

**JAIME C. GONZALEZ**  
*President*

SUBSCRIBED AND SWORN to before me this April [•], 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.

## Terms of the Offer

*The following discussion does not purport to be a complete listing of all the rights, obligations and privileges of the Series C Preferred Shares. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective shareholders are enjoined to perform their own independent investigation and analysis of the Issuer and the Series C Preferred Shares. Each prospective shareholder must rely on its own appraisal of the Issuer and the proposed equity raising and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to participate in the proposed equity raising and must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective shareholder's independent evaluation and analysis.*

*The following discussion should be read together with, and is qualified in its entirety by reference to, the additional information appearing elsewhere in the Prospectus, this Offer Supplement, including, but not limited to, the discussion on the "Description of the Series C Preferred Shares", the Articles of Incorporation and By-Laws of the Company (each as amended to date), the Deed Poll, 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 Series C Preferred Shares. Accordingly, any decision by a prospective investor to invest in the Series C Preferred Shares should be based on a consideration of the Prospectus, this Offer Supplement, the Articles of Incorporation and By-Laws of the Company (each as amended to date), the Deed Poll and the Application to Purchase and applicable laws and regulations as a whole. Should there be any inconsistency between the discussion below and the final documentation, the final documentation shall prevail.*

On September 7, 2016, the Board of Directors of the Company authorized the sale and offer of up to 30,000,000 Preferred Shares with a par value of ₱1 per share, under a shelf registration (the "**Shelf Registration**") to be issued within a period of three (3) years from the date of the effectivity of the Registration Statement (the "**Shelf Period**"). On April 23, 2019, the Board of Directors authorized the offer and sale of the second tranche of the Preferred Shares in the amount of ₱1,000,000,000 consisting of 10,000,000 Series C Preferred Shares, at an offer price of ₱100 per share. On [•], the Board of Directors approved the terms and conditions of the offer of the Series C Preferred Shares and authorized certain officers of the Company to approve and confirm the final dividend rate based on the formula approved by the Board of Directors, the adjustments to the timetable and other minor changes to the terms and conditions as such signatories may deem necessary. The said enabling resolutions were filed with the SEC Company Registration and Monitoring Department on [•], pursuant to the Corporation Code of the Philippines.

The final terms and conditions of this Offer are as follows:

1	Issuer.....	ArthaLand Corporation ("ALCO", the "Company" or the "Issuer").
2	Offer Size.....	₱1,000,000,000 (the "Firm Offer")
3	Instrument.....	Cumulative, non-voting, non-participating, non-convertible, redeemable Peso-denominated preferred shares (the "Series C Preferred Shares").
4	Offer and Offer Price .....	ALCO, through the Sole Underwriter, and the Selling Agents, is offering 10,000,000 Series C Preferred Shares at an offer price of ₱100 per Share (the "Offer Price").

5	Registration and Listing.....	<p>The Securities and Exchange Commission (“SEC”) has approved the shelf registration of 30,000,000 cumulative, non-voting, non-participating, non-convertible Peso-denominated Preferred Shares on November 22, 2016, pursuant to the Securities Regulation Code and its implementing rules and regulations. The Preferred Shares will be issued in tranches within the Shelf Period, and a permit to offer securities for sale will be issued by the SEC for each tranche.</p> <p>The Company has likewise applied with the Philippine Stock Exchange (“PSE”) for the listing of the Series C Preferred Shares. Upon listing, the Series C Preferred Shares will be traded under the symbol “ALCPC”.</p>
6	Issue Date .....	[●]
7	Use of Proceeds	The net proceeds of the Offer (i.e., after deducting expenses in relation to the Offer) will be used to partially finance the acquisition and development of the Company’s real estate projects, and for general corporate purposes. Please refer to the section “Use of Proceeds” of this Offer Supplement for further discussion of the use of proceeds of the Offer.
8	Par Value.....	The Series C Preferred Shares have a par value of ₱1 per share.
9	Offer Price.....	The Series C Preferred Shares will be offered at a price of ₱100 per share.
10	Dividend Rate .....	<p>The Series C Preferred Shares will, subject to certain dividend payment conditions (see “<i>Conditions for the Declaration and Payment of Cash Dividends</i>” in this Offer Supplement), bear cumulative, non-participating cash dividends (the “<b>Dividends</b>”) based on the Offer Price, payable quarterly in arrears every Dividend Payment Date (as defined below) at the Dividend Rate <i>per annum</i> reckoned from Issue Date. Dividends will be calculated on a 30/360-day basis.</p> <p>The term “<b>Dividend Rate</b>” means (a) from the Issue Date up to the Initial Optional Redemption Date, the Original Dividend Rate, and (b) from the Initial Optional Redemption Date, the higher of the Original Dividend Rate and the Step Up Rate. (Please see below for the relevant definitions.)</p>
11	Original Dividend Rate and Original Spread	<p>The original dividend rate (the “<b>Original Dividend Rate</b>”) shall be at the fixed rate of [●]% <i>per annum</i>.</p> <p>The Original Dividend Rate is equivalent to the sum of the 3-day average of the 5-year BVAL (or such successor rate) as of</p>

		<p>[●], the dividend rate setting date, and a spread of [●] bps (the “<b>Original Spread</b>”) <i>per annum</i>.</p> <p>BVAL shall refer to the reference rates of Republic of the Philippines Peso-denominated domestic government bonds, as published on the relevant page of Bloomberg (or its successor entity) at approximately 5:00 p.m. (Philippine Standard Time).</p>
12	Dividend Rate Step-Up .....	<p>Unless the Series C Preferred Shares are redeemed by ALCO on the fifth (5<sup>th</sup>) anniversary of the Listing Date (the “<b>Initial Optional Redemption Date</b>”), the Dividend Rate shall be adjusted thereafter to the higher of:</p> <ul style="list-style-type: none"> <li>a. Original Dividend Rate, or</li> <li>b. the sum of: <ul style="list-style-type: none"> <li>i. the 3-day average of the 10-year BVAL preceding and including the Initial Optional Redemption Date, and</li> <li>ii. the Original Spread x 150%</li> </ul> </li> </ul> <p>(this item b, the “<b>Step Up Rate</b>”).</p> <p>For the avoidance of doubt, if the Original Dividend Rate is higher than the Step Up Rate, there shall be no adjustment on the Dividend Rate, and the Original Dividend Rate shall continue to be the Dividend Rate.</p>
13	Dividend Payment Dates .....	<p>As and if declared by ALCO, and in accordance with the terms and conditions of the Series C Preferred Shares, dividends will be payable starting on [●] and every [●], [●], [●] and [●] of each year (each, a “<b>Dividend Payment Date</b>”), being the last day of each 3-month dividend period (a “<b>Dividend Period</b>”). If the Dividend Payment Date is not a Banking Day, Dividends will be paid on the next succeeding Banking Day, without adjustment as to the amount of Dividends to be paid.</p> <p>A “<b>Banking Day</b>” means a day, except Saturday or Sunday or legal holidays, when banks are open for business in Metro Manila, Philippines during which facilities of the Philippine banking system are open and available for clearing; provided that all other days unless otherwise specified herein shall mean calendar days which shall be construed as successive periods of twenty-four (24) hours each.</p>



14	<p>Conditions for the Declaration and Payment of Cash Dividends .....</p>	<p>ALCO's Board of Directors has full discretion over the declaration and payment of cash dividends on the Series C Preferred Shares, to the extent permitted by law.</p> <p>ALCO's Board of Directors will not declare and pay cash dividends on any Dividend Payment Date where, in its opinion:</p> <ul style="list-style-type: none"> <li>(a) Payment of the cash dividend would cause ALCO to breach any of its financial covenants; or</li> <li>(b) The unrestricted retained earnings available to ALCO for distribution as dividends are not sufficient to enable ALCO to pay cash dividends in full on all other classes of ALCO's outstanding shares that are scheduled to be paid on or before any Dividend Payment Date and that have an equal right and priority to dividends as the Series C Preferred Shares.</li> </ul> <p>If the unrestricted retained earnings available to distribute as dividends are, in ALCO's Board of Directors' opinion, not sufficient to enable ALCO to pay both dividends on the Series C Preferred Shares and the dividends on other shares that have an equal right and priority to dividends as the Series C Preferred Shares, in full and on the relevant dates, then ALCO is required to:</p> <ul style="list-style-type: none"> <li>(1) first, pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that Dividend Payment Date on any shares with a right to dividends ranking higher in priority to that of the Series C Preferred Shares; and</li> <li>(2) second, to pay dividends on the Series C Preferred Shares and any other shares ranking equally with the Series C Preferred Shares as to participation in such retained earnings <i>pro rata</i> to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividend payable on that date and any arrears on any past cumulative dividends on any shares ranking equal in priority with the Series C Preferred Shares to receive dividends.</li> </ul> <p>Any such cash dividends deferred or not declared in accordance with the above provisions shall constitute <b>"Arrears of Dividends"</b>.</p>
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	<p>The unrestricted retained earnings available for distribution are, in general and with some adjustments, equal to ALCO's accumulated profits, less accumulated realized losses. In general, under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings. Unrestricted retained earnings represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purposes and which are free for distribution to the shareholders as dividends.</p> <p>Cash dividends on the Series C Preferred Shares will be cumulative. If for any reason the Board of Directors of ALCO does not declare cash dividends on the Series C Preferred Shares for a Dividend Period, ALCO will not pay cash dividends on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which cash dividends are declared, holders of the Series C Preferred Shares must receive the accrued and unpaid cash dividends due them on such Dividend Payment Date as well as all Arrears of Dividends to the holders of the Series C Preferred Shares prior to such Dividend Payment Date.</p> <p>Holders of the Series C Preferred Shares shall not be entitled to participate in any other or further dividends, cash, property or stock beyond the dividends specifically payable on the Series C Preferred Shares.</p> <p>ALCO covenants that, in the event:</p> <ul style="list-style-type: none"> <li>(a) any cash dividends due with respect to any Series C Preferred Shares then outstanding for any period are not declared and paid in full when due;</li> <li>(b) where there remains outstanding Arrears of Dividends; or</li> <li>(c) any other amounts payable under the terms and conditions of the Series C Preferred Shares are not paid in full when due for any reason,</li> </ul> <p>then it will not declare or pay any dividends or other distributions in respect of, or repurchase or redeem, securities ranking <i>pari passu</i> with, or junior to, the Series C Preferred Shares (or contribute any money to a sinking fund for the redemption of any securities ranking <i>pari passu</i> with, or junior to, the Series C Preferred Shares) until any and all Arrears of Dividends and accrued but unpaid cash dividends have been paid to the holders of the Series C Preferred Shares (unless such declaration or payment of dividends or distributions in respect of <i>pari passu</i> securities shall be in</p>
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		<p>accordance with the paragraph numbered (2) of this section in respect of <i>pro rata</i> payment between the Series C Preferred Shares and any other shares ranking equally with the Series C Preferred Shares as to participation in the retained earnings).</p>
15	Payments of Dividends and Other Amounts .....	<p>All payments of dividends and any other amounts under the Series C Preferred Shares shall be paid by ALCO in Philippine Pesos.</p> <p>On the relevant payment dates, the Paying Agent shall make available to the holders of the Series C Preferred Shares as of the relevant record date, checks drawn against the relevant payment settlement account in the amount due to each of such holders of record, either (i) for pick-up by the relevant holder of record of the Series C Preferred Shares or its duly authorized representative at the office of the Paying Agent, or (ii) delivery via courier or, if courier service is unavailable for delivery to the address of the relevant holder of record of the Series C Preferred Shares via mail, at such holder's risk, to the address of such holder appearing in the Registry of Shareholders.</p>
16	Optional Redemption .....	<p>As and if approved by the Board of Directors of ALCO and subject to the requirements of applicable laws and regulations, and ALCO's financial covenants, ALCO has the sole option, but not the obligation, to redeem all (but not part) of the outstanding Series C Preferred Shares, having given to the Stock Transfer Agent, the SEC and the PSE not less than thirty (30) days' written notice prior to the intended date of redemption, on:</p> <p>(a) the Initial Optional Redemption Date; or</p> <p>(b) any Dividend Payment Date after the Initial Optional Redemption Date</p> <p>(each, an "<b>Optional Redemption Date</b>"),</p> <p>at a redemption price equal to the Offer Price of the Series C Preferred Shares, plus any accrued and unpaid cash dividends due them on such Dividend Payment Date as well as all Arrears of Dividends outstanding, after deduction of transfer costs customarily chargeable to stockholders, as applicable, to</p>

		<p>effect the redemption (the “<b>Redemption Price</b>”). The Redemption Price shall be paid to holders of the Series C Preferred Shares as of the relevant record date set by ALCO for such redemption.</p> <p>ALCO may, at its sole option, subject to the requirements of applicable laws and regulations and ALCO’s financial covenants, also redeem the Series C Preferred Shares, in whole but not in part, at any time if an Accounting Event, a Tax Event or a Change in Control Event (each as defined below) has occurred, having given not less than thirty (30) days’ written notice to the Stock Transfer Agent, the PSE and the SEC prior to the intended date of redemption.</p> <p>The redemption due to an Accounting Event or a Tax Event shall be made by ALCO at the Redemption Price, which shall be paid on the date of redemption set out in the notice.</p> <p>Upon the occurrence of a Change in Control Event, ALCO may elect to redeem the Series C Preferred Shares. If ALCO redeems the Series C Preferred Shares within a period not exceeding thirty (30) days from the occurrence of a Change in Control Event, the redemption shall be made by ALCO at the Redemption Price prevailing immediately prior to the Change in Control Event.</p> <p>If ALCO does not redeem the Series C Preferred Shares within thirty (30) days from the occurrence of a Change in Control Event:</p> <ul style="list-style-type: none"> <li>(a) the Dividend Rate will be increased by 400 basis points per annum, commencing on and including the day on which a Change in Control Event has occurred; and</li> <li>(b) ALCO may still redeem at any time the Series C Preferred Shares at the Redemption Price. For the avoidance of doubt, the Redemption Price shall include the additional 400 basis points per annum constituting the increase in Dividend Rate, commencing on and including the day on which a Change in Control Event has occurred until the date of redemption, as provided under item (a) above.</li> </ul>
17	Accounting Event	<p>An accounting event (“<b>Accounting Event</b>”) shall occur if, in the opinion of ALCO, with due consultation with its independent auditors at the relevant time, there is more than an insubstantial risk that the Series C Preferred Shares or the funds raised through the issuance of the Series C Preferred Shares may no longer be recorded as “equity” to the full extent as at the Issue Date pursuant to the Philippine Financial</p>

		Recording Standards (" <b>PFRS</b> "), or such other accounting standards which succeed PFRS, as adopted by the Republic of the Philippines and applied by ALCO for drawing up its consolidated financial statements for the relevant financial year.
18	Tax Event	A tax event (" <b>Tax Event</b> ") shall occur if dividend payments or other amounts payable on the Series C Preferred Shares become subject to higher withholding tax or any new tax (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof.
19	Change in Control Event	<p>A change in control event ("<b>Change in Control Event</b>") shall be deemed to have occurred when:</p> <ul style="list-style-type: none"> <li>(a) CPG Holdings, Inc. ("<b>CPG</b>") and AO Capital Holdings 1 ("<b>AOCH1</b>") (or together with any of their respective affiliates) collectively cease to own 51% of the voting capital stock of ALCO and to retain the power to elect a majority of the Board of Directors; or</li> <li>(b) CPG (alone or together with any affiliate) ceases to own at least 31% of the voting capital stock of ALCO; or</li> <li>(c) AOCH1 (alone or together with any affiliate) ceases to own at least 20% of the voting capital stock of ALCO.</li> </ul> <p>The term "affiliate" for purposes of the definition of the Change in Control Event, means a corporation (i) at least sixty-seven percent (67%) of the total issued and outstanding voting capital stock is directly or indirectly (computed in the same manner as the grandfather rule), owned by, and (ii) which is controlled by, directly or indirectly, the individuals who, as of Issue Date, are the ultimate owners of CPG or AOCH1, as applicable.</p> <p>For purposes of this definition, "control" means the possession, directly or indirectly, by a person of the power to elect and remove at least a majority of the total number of the board of directors or other governing body of the corporation, or otherwise direct or cause the direction of management and policies of the corporation, whether through ownership of voting securities, contract or otherwise; provided, that a person's direct ownership of voting securities of over fifty percent (50%) of the issued and outstanding voting capital stock of the corporation is deemed to constitute control of that corporation. "Controlled by" shall have the corresponding meaning.</p>

		<p>If a Change in Control Event has occurred, ALCO may at any time redeem the Series C Preferred Shares, subject to the conditions stated under "<i>Optional Redemption</i>". Unless the Series C Preferred Shares are redeemed within thirty (30) days from the occurrence of a Change in Control Event, the Dividend Rate will be increased as provided under "<i>Optional Redemption</i>".</p> <p>At any time before the occurrence of Change in Control Event, or on the date of such occurrence, or within seven (7) Banking Days from the occurrence of a Change in Control Event, ALCO, acting through its Corporate Secretary or through such other officer as may be authorized by its Board of Directors, shall give written notice to the Stock Transfer Agent, the SEC and the PSE, of the Change in Control Event. As applicable, the said notice may likewise indicate that ALCO will redeem the Series C Preferred Shares pursuant to the provisions and subject to the conditions stated under "<i>Optional Redemption</i>".</p>
20	No Sinking Fund	ALCO has not established, and currently has no plans to establish, a sinking fund for the redemption of the Series C Preferred Shares.
21	Purchase of the Series C Preferred Shares	<p>Subsequent to the listing of the Series C Preferred Shares on the PSE, and subject to compliance with applicable law and rules of the PSE, ALCO may purchase the Series C Preferred Shares at any time at market prices through the facilities of the PSE, or by tender offer or negotiated sale, subject, however, to the relevant PSE approval for a regular or special block sale (as applicable), without the obligation to purchase or redeem the other Series C Preferred Shares.</p> <p>Any Series C Preferred Shares redeemed or purchased by ALCO shall be recorded as treasury stock of ALCO and will be cancelled.</p>
22	Taxation.....	<p>Subject to the provisions set forth below, all payments in respect of the Series C Preferred Shares are to be made free and clear of any deductions or withholding for or on account of any future taxes or duties imposed by or on behalf of the Philippines, including but not limited to, documentary stamp, issue, registration, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, ALCO will pay additional amounts so that holders of the Series C Preferred Shares will receive the full amount of the relevant payment which otherwise would have been due and payable.</p> <p>Notwithstanding the foregoing, ALCO shall not be liable for, and the foregoing payment undertaking of ALCO shall not apply to:</p>

		<p>(a) any withholding tax applicable to dividends earned by or any amounts payable to holders of the Series C Preferred Shares;</p> <p>(b) any income tax (whether or not subject to withholding), percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the Redemption Price) or buy back of the Series C Preferred Shares, or on the liquidating distributions as may be received by a holder of Series C Preferred Shares,</p> <p>(c) any expanded value added tax which may be payable by any holder of the Series C Preferred Shares on any amount to be received from ALCO under the terms and conditions of the Series C Preferred Shares;</p> <p>(d) any withholding tax on any amount payable to any holder of Series C Preferred Shares which is a non-resident holder; and</p> <p>(e) applicable taxes on any subsequent sale or transfer of the Series C Preferred Shares by any holder of the Series C Preferred Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).</p> <p>Documentary stamp tax for the primary issue of the Series C Preferred Shares and the documentation, if any, shall be for the account of ALCO.</p> <p>Please see "<i>Taxation</i>" in the Prospectus for the Philippine tax consequences of the acquisition, ownership and disposition of Series C Preferred Shares.</p>
23	Tax-Exempt Status or Entitlement to Preferential Tax Rate .....	<p>An investor or holder of Series [C] Preferred Shares who is availing of a preferential withholding tax rate on dividends or of exemption from income tax on dividends shall be required to submit the following requirements to BDO Unibank, Inc. — Trust and Investments Group as the stock transfer agent of the Series [C] Preferred Shares or any entity who may succeed to the functions thereof (the "<b>Stock Transfer Agent</b>"), subject to acceptance by ALCO, as being sufficient in form and substance:</p> <p>(i) For those claiming exemption from income tax: a current and valid Bureau of Internal Revenue ("BIR") certified true copy of the tax exemption certificate, ruling or opinion</p>

	<p>addressed to the relevant applicant or holder of Series [C] Preferred Shares, confirming its exemption, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;</p> <p>(ii) For those claiming preferential tax treatment on income tax on dividends based on a tax treaty:</p> <p>(a) Applicant investors</p> <p>A non-resident holder of Preferred Shares that opts to avail of preferential tax treatment with respect to income tax on dividends based on an applicable tax treaty must provide the Issuer with 2 originals of the Certificate of Residence for Tax Treaty Relief ("<b>CORTT</b>") Forms duly filled up in accordance with Revenue Memorandum Order No. 8-2017 upon submission of the Application to Purchase and in any case no later than the deadline under tax regulations for the remittance of the withholding tax on the dividends (e.g., 10<sup>th</sup> day of the month following the month when the dividends were declared even if the dividends have yet to be paid if the Issuer has accrued the liability to pay the dividends upon declaration), unless the Issuer requires the non-resident holder to submit the CORTT Forms at an earlier date.</p> <p>The non-resident holder must accomplish Parts I and II of the CORTT Form, except Parts I(D) and II(E). Part I(D) is to be accomplished by the competent tax authority of the non-resident holder's country of residence (the "<b>Foreign Tax Authority</b>"); if a CORTT Form is accomplished in this manner, it shall be valid for all dividends declared for two years.</p> <p>Alternatively, if the Foreign Tax Authority does not agree to sign Part I(D) of the CORTT Form, the non-resident holder must instead attach to the CORTT Form an original Certificate of Residence ("<b>COR</b>") issued by the Foreign Tax Authority; if a CORTT Form is accomplished in this manner, it shall be valid for all dividends declared for one year, unless the COR provides a shorter period of validity, in which case such shorter period of validity will apply.</p> <p>The Issuer shall accomplish Part II(E) of the CORTT Form.</p> <p>If an authorized representative will be signing the CORTT Form on behalf of the non-resident holder, the non-resident holder must provide the Issuer, together with the CORTT Forms, with 2 originals of a special power of attorney ("<b>SPA</b>") granting such authority. The SPA must be notarized and, if executed abroad, consularized.</p>
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	<p>The Issuer shall file the relevant withholding tax return and remit the withholding tax on dividends on or before the deadline under tax regulations for the remittance of the withholding tax on the dividends. If the non-resident holder submitted the duly filled up CORTT Forms and all other documents required by the Issuer prior to such deadline, the Issuer shall utilize the preferential tax rate under the applicable tax treaty in relation to the withholding tax on the dividends payable to the non-resident holder.</p> <p>The Issuer shall also submit all original CORTT Forms, CORs and SPAs to BIR's International Tax Affairs Division within 30 days after remittance to the BIR of withholding taxes.</p> <p>For subsequent declarations of dividends for the duration of the validity of the non-resident holder's CORTT Form, the non-resident holder shall provide the Issuer with 2 originals of the updated Part II of the CORTT Form on or before the deadline under tax regulations for the remittance of the withholding tax on the dividends.</p> <p>(b) Transferee holders</p> <p>A non-resident holder who is a transferee of Preferred Shares that opts to avail of preferential tax treatment with respect to income tax on dividends based on an applicable tax treaty must provide the Issuer through the Paying Agent with 2 originals of the CORTT Forms duly filled up in accordance with Revenue Memorandum Order No. 8-2017 upon the submission of the account opening documents and in any case no later than the deadline under tax regulations for the remittance of the withholding tax on the dividends (e.g., 10<sup>th</sup> day of the month following the month when the dividends were declared even if the dividends have yet to be paid if the Issuer has accrued the liability to pay the dividends upon declaration), unless the Issuer requires the non-resident holder to submit the CORTT Forms at an earlier date.</p> <p>The non-resident holder must accomplish Parts I and II of the CORTT Form, except Parts I(D) and II(E). Part I(D) is to be accomplished by the Foreign Tax Authority; if a CORTT Form is accomplished in this manner, it shall be valid for all dividends declared for two years.</p> <p>Alternatively, if the Foreign Tax Authority does not agree to sign Part I(D) of the CORTT Form, the non-resident holder must instead attach to the CORTT Form an original COR issued by the Foreign Tax Authority; if a CORTT Form is accomplished in this manner, it shall be valid for all dividends declared for</p>
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	<p>one year, unless the COR provides a shorter period of validity, in which case such shorter period of validity will apply.</p> <p>The Issuer shall accomplish Part II(E) of the CORTT Form.</p> <p>If an authorized representative will be signing the CORTT Form on behalf of the non-resident holder, the non-resident holder must provide the Issuer, together with the CORTT Forms, with 2 originals of an SPA granting such authority. The SPA must be notarized and, if executed abroad, consularized.</p> <p>The Issuer shall file the relevant withholding tax return and remit the withholding tax on dividends on or before the deadline under tax regulations for the remittance of the withholding tax on the dividends. If the non-resident holder submitted the duly filled up CORTT Forms and all other documents required by the Issuer prior to such deadline, the Issuer shall utilize the preferential tax rate under the applicable tax treaty in relation to the withholding tax on the dividends payable to the non-resident holder.</p> <p>The Issuer shall also submit all original CORTT Forms, CORs and SPAs to BIR's International Tax Affairs Division within 30 days after remittance to the BIR of withholding taxes.</p> <p>For subsequent declarations of dividends for the duration of the validity of the non-resident holder's CORTT Form, the non-resident holder shall provide the Issuer through the Paying Agent with 2 originals of the updated Part II of the CORTT Form on or before the deadline under tax regulations for the remittance of the withholding tax on the dividends.</p> <p>Whether or not a tax treaty relief should be submitted by an investor or holder of Series [C] Preferred Shares who is exempt from the withholding tax shall be at the sole discretion of ALCO;</p> <p>(iii) For those claiming exemption from income tax as a BIR-qualified employees' retirement fund (in addition to the requirements under (i) above): a duly notarized undertaking (in form and substance prescribed by ALCO) executed by (1) the corporate secretary or any authorized representative of such applicant or holder of Series [C] Preferred Shares, who has personal knowledge of the exemption based on his official functions, if the applicant purchases, or the holder of Series [C] Preferred Shares holds, the Series [C] Preferred Shares for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Series [C] Preferred Shares pursuant to its management of tax-exempt entities (<i>i.e.</i>, Employee Retirement Fund, etc.), declaring and</p>
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		<p>warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify ALCO, the Stock Transfer Agent and the Paying Agent of any suspension or revocation of the tax exemption certificate, certificate, ruling or opinion issued by the BIR, executed using the prescribed form, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold ALCO, the Stock Transfer Agent 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; and</p> <p>(iv) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming exemption from withholding tax, preferential tax treaty rates or the special 15% tax sparing rate on dividends, shall include evidence of exemption from withholding tax, or of the applicability of a tax treaty or of the tax sparing rate, with consularized proof of the applicant's or holder's legal domicile in the relevant treaty state, and confirmation acceptable to ALCO that such applicant or holder of Series [C] Preferred Shares is not doing business in the Philippines; provided that ALCO, the Stock Transfer Agent 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 applicant or the holder of Series [C] Preferred Shares on the interest payments to be made to such applicant or holder.</p> <p>The foregoing requirements shall be submitted, (i) in respect of an initial issuance of the Series [C] Preferred Shares, to the Sole Underwriter, or Selling Agents who shall then forward the same with the Application to Purchase to the Stock Transfer Agent; or (ii) in respect of a transfer from a holder of Series [C] Preferred Shares to a purchaser, to the Stock Transfer Agent within three (3) days from settlement date.</p> <p>Unless properly provided with satisfactory proof of the tax-exempt status or entitlement to preferential tax treatment of an applicant or a holder of the Series [C] Preferred Shares, the Stock Transfer Agent and Paying Agent may assume that said applicant or holder is taxable and proceed to apply the tax due on the Series [C] Preferred Shares. Notwithstanding the submission by the applicant or holder, or the receipt by ALCO or any of its agents, of documentary proof of the tax-exempt status or entitlement to preferential tax treatment of an applicant or holder, ALCO may, in its sole and reasonable discretion, determine that such shareholder is taxable and require the Stock Transfer Agent and Paying Agent to proceed</p>
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		to apply the tax due on the Series [C] Preferred Shares. Any question on such determination shall be referred to ALCO.
24	Liquidation Rights .....	<p>In the event of a return of capital in respect of ALCO's winding up or otherwise (whether voluntarily or involuntarily) (but not on a redemption or purchase by ALCO of any of its share capital), the holders of the Series [C] Preferred Shares at the time outstanding will be entitled to receive, in Philippine Pesos out of the assets of ALCO available for distribution to shareholders, together with the holders of any other shares of ALCO ranking, as regards repayment of capital, <i>pari passu</i> with the Series [C] Preferred Shares and before any distribution of assets is made to holders of any class of ALCO shares ranking junior to the Series [C] Preferred Shares as regards repayment of capital, liquidating distributions in an amount equal to the Offer Price per share plus an amount equal to the Arrears in Dividends, any dividends declared unpaid in respect of the previous dividend period, and any accrued and unpaid dividends for the then current dividend period to (and including) the date of commencement of ALCO's winding up or the date of any such other return of capital, as the case may be. If, upon any return of capital in the winding up of ALCO, the amount payable with respect to the Series [C] Preferred Shares and any other shares of ALCO ranking as to any such distribution <i>pari passu</i> with the Series [C] Preferred Shares are not paid in full, the holders of the Series [C] Preferred Shares and of such other shares will share proportionately in any such distribution of the assets of ALCO in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Series [C] Preferred Shares will have no right or claim to any of the remaining assets of ALCO and will not be entitled to any further participation or return of capital in a winding up.</p>
25	Form, Title and Registration of the Series C Preferred Shares.....	<p>The Series C Preferred Shares will be issued in scripless form through the electronic book-entry system of BDO Unibank, Inc.— Trust and Investments Group as the Stock Transfer Agent, and lodged with the Philippine Depository Trust Corporation ("PDTC") as depository agent on Listing Date through PSE trading participants nominated by the applicants. For this purpose, applicants shall indicate in the proper space provided for in the Application to Purchase (as defined below) the name of a PSE trading participant under whose name their Series C Preferred Shares will be registered.</p> <p>After Listing Date, shareholders may request their nominated PSE trading participant, to uplift their shares and issue stock</p>

		<p>certificates evidencing their investment in the Series C Preferred Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting shareholder.</p> <p>Legal title to the Series C Preferred Shares will be shown in the Registry of Shareholders which shall be maintained by the Stock Transfer Agent. The Stock Transfer Agent shall send a transaction confirmation advice confirming every receipt or transfer of the Series C Preferred Shares. Any request by shareholders for certifications, reports or other documents from the Stock Transfer Agent, except as provided herein, shall be for the account of the requesting shareholder.</p> <p>For scripless shares, the maintenance and custody fee payable to the PDTC shall be for the account of the shareholder.</p> <p>Initial placement of the Series C Preferred Shares and subsequent transfers of interests in the Series C Preferred Shares shall be subject to normal Philippine selling restrictions for listed securities as may prevail from time to time.</p> <p>Philippine law does not require transfers of the Series C Preferred Shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the stock transfer tax applicable to transfers effected on an exchange. Please see "Taxation" in this Offer Supplement and the Prospectus. All transfers of shares on the PSE must be effected through a licensed stock broker in the Philippines.</p>
26	Title and Transfer.....	<p>Legal title to the Series C Preferred Shares shall pass by endorsement and delivery to the transferee and registration in the Registry of Shareholders to be maintained by the Stock Transfer Agent. Settlement in respect of such transfer or change of title to the Series C Preferred Shares, including the settlement of documentary stamp taxes, if any, arising from subsequent transfers, shall be similar to the transfer of title and settlement procedures for listed securities in the PSE.</p>
27	Status of the Series C Preferred Shares in the Distribution of Assets in the Event of Dissolution.....	<p>The Series C Preferred Shares will constitute the direct and unsecured subordinated obligations of ALCO ranking at least <i>pari passu</i> in all respects and ratably without preference or priority among themselves.</p> <p>The Series C Preferred Shares rank junior in right of payment to all indebtedness of the Company and claims against the Company which rank or are expressed to rank senior to the Series C Preferred Shares. Accordingly, the obligations of the Company under the Series C Preferred Shares will not be</p>

		<p>satisfied unless the Company can satisfy in full all of its other obligations ranking senior to the Series C Preferred Shares.</p> <p>There is no agreement or instrument that limits or prohibits the ability of the ALCO to issue Series C Preferred Shares or other securities that rank <i>pari passu</i> with the Series C Preferred Shares or with terms and conditions different from the Series C Preferred Shares.</p> <p>For the avoidance of doubt, the Series A Preferred Shares rank junior in right of payment and claims against the Company to the Series B and Series C Preferred Shares.</p>
28	Selling and Transfer Restrictions.....	After listing, the subsequent transfers of interests in the Series C Preferred Shares shall be subject to normal selling restrictions for listed securities as may prevail in the Philippines from time to time.
29	Other Terms and Conditions.....	Please refer to page 28 of this Offer Supplement for additional features, rights and privileges of, and information on, the Series C Preferred Shares.
30	Governing Law.....	The Series C Preferred Shares will be issued pursuant to the laws of the Republic of the Philippines.
<b>Other Terms of the Offer</b>		
31	Offer Period.....	<p>The offer period of this Offer shall commence at 9:00 a.m., Manila Time on [●] and end at 12:00 p.m., Manila Time on [[●]] (the “Offer Period”). Applications shall be accepted on each Banking Day of the Offer Period commencing from 9:00 a.m. to 5:00 p.m., except on the last Banking Day of the Offer Period where applications shall be accepted from 9:00 a.m. to 12 p.m. only. ALCO and the Sole Underwriter reserve the right to extend or terminate the Offer Period with the approval of the SEC and, as applicable, the PSE.</p> <p>Applications shall be considered irrevocable upon submission to the Sole Underwriter, or Selling Agents, and shall be subject to the terms and conditions of the Offer as stated in the Prospectus, this Offer Supplement and in the application form to subscribe to the Series C Preferred Shares (the “<b>Application to Purchase</b>”). Applications to Purchase the Series C Preferred Shares, together with the required documents (each, an “<b>Application</b>”), must be received by the Sole Underwriter, or Selling Agents not later than 12:00 p.m. Manila time on [●]. Applications received thereafter or without the required documents and/or full payments will be rejected. ALCO reserves the right to waive any requirement for the acceptance of the Applications.</p>

32	Minimum Subscription to the Series C Preferred Shares.....	Each Application shall be for a minimum of 500 Series C Preferred Shares, and thereafter, in multiples of 100 Series C Preferred Shares. No Application for multiples of any other number of Series C Preferred Shares will be considered.
33	Eligible Investors.....	<p>The Series C Preferred Shares may be owned or subscribed to by any person, partnership, association or corporation regardless of nationality, subject to limits under Philippine law. However, under certain circumstances, ALCO may reject an Application or reduce the number of the Series C Preferred Shares applied for subscription.</p> <p>Subscription to the Series C Preferred Shares may be restricted in certain jurisdictions. Foreign investors interested in subscribing or purchasing the Series C Preferred Shares should 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. Foreign investors, both corporate and individual, warrant that their purchase of the Series C Preferred Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Series C Preferred Shares.</p>
34	Procedure for Application.....	<p>Applications to Purchase the Series C Preferred Shares may be obtained from any of the Sole Underwriter, or Selling Agents. The Application to Purchase may also be obtained from the website of ALCO at <a href="http://www.arthaland.com">www.arthaland.com</a>. All Applications shall be evidenced by the Application to Purchase, duly executed in each case by an authorized signatory of the applicant and accompanied by:</p> <p>(a) two (2) duly accomplished signature cards containing (i) if applicant is a natural person, the specimen signature of the applicant, and (ii) if applicant is a corporation, partnership or trust account, the specimen signatures of the applicant's authorized signatories, validated by its Corporate Secretary or by an equivalent officer or officers who is or are authorized signatory or signatories, and in respect of each of item (i) and (ii), validated/signed by the Sole Underwriter's authorized signatory or signatories whose authority and specimen signatures have been submitted to the Stock Transfer Agent, and</p> <p>(b) the corresponding payment for the Series C Preferred Shares covered by the Application and all other required documents including documents required</p>

		<p>for registry with the Stock Transfer Agent and Depository Agent.</p> <p>The duly executed Application to Purchase and required documents should be submitted to the Sole Underwriter, or Selling Agents within the deadline as set out in this Offer Supplement.</p> <p>If the applicant is a corporation, partnership, or trust account, the Application must be accompanied by the following documents:</p> <ul style="list-style-type: none"> <li>(a) a certified true copy of the applicant's latest articles of incorporation and by-laws and other constitutive documents, each as amended to date, duly certified by the corporate secretary;</li> <li>(b) applicant's SEC certificate of registration, duly certified by the corporate secretary; and</li> <li>(c) a duly notarized corporate secretary's certificate setting forth the resolution of the applicant's board of directors or equivalent body authorizing (i) the purchase of the Series C Preferred Shares indicated in the Application and (ii) the designated signatories for the purpose, including their respective specimen signatures.</li> </ul> <p>Individual applicants must also submit a photocopy of any one (1) of the following identification cards ("ID") bearing a signature and recent photo, and which is not expired: passport/driver's license, company ID issued by private entities or institutions registered with or supervised or regulated either by the Bangko Sentral ng Pilipinas ("BSP"), SEC or Insurance Commission, Social Security System card, Government Service and Insurance System e-card and/or Senior Citizen's ID or such other IDs enumerated in the Application to Purchase. Individual applicants must also submit such other documents as may be reasonably required by any of the Sole Underwriter, or Selling Agents in implementation of its internal policies regarding "knowing your customer" and anti-money laundering.</p> <p>An applicant who is exempt from or is not subject to withholding tax or who claims reduced tax treaty rates must indicate such exemption or entitlement in the Application to Purchase and also submit additional documents as may be required by the Issuer, including but not limited to, the documents described under <i>"Tax-Exempt Status or Entitlement to Preferential Tax Rate"</i> in this Offer Supplement.</p>
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35	Payment for the Series C Preferred Shares	<p>The Offer Price of the Series C Preferred Shares subscribed for must be paid in full in Philippine Pesos upon submission of the Application.</p> <p>Payment shall be in the form of either:</p> <ul style="list-style-type: none"> <li>(a) a Metro Manila clearing cashier's/manager's or corporate check or personal check drawn against a bank account with a BSP-authorized agent bank located in Metro Manila and dated as of the date of submission of the Application to Purchase covering the entire number of the Series C Preferred Shares covered by the same Application. Checks should be made payable to "ALCO Preferred Shares Offer 2" and crossed "For Payee's Account only". Applications and the related payments shall be received by the Receiving Agent at its offices or other designated places during the Offer Period; or</li> <li>(b) for applicants directly submitting their Application to Purchase to any of the Sole Underwriter, or Selling Agents: <ul style="list-style-type: none"> <li>(i) through the Real Time Gross Settlement facility of the BSP to the Sole Underwriter, or Selling Agent to whom such Application was submitted, or</li> <li>(ii) via direct debit from their deposit account maintained with the Sole Underwriter, or Selling Agents.</li> </ul> </li> </ul>
36	Acceptance/Rejection of Applications.....	<p>The actual number of Series C Preferred Shares that an Applicant will be allowed to subscribe to is subject to the confirmation of the Sole Underwriter. ALCO reserves the right to accept or reject, in whole or in part, or to reduce any Application due to any grounds specified in the Underwriting Agreement entered into by ALCO, the Issue Manager and Sole Underwriter. Applications which were unpaid or where</p>

		<p>payments were insufficient and those that do not comply with the Terms of the Offer shall be rejected. Moreover, any payment received pursuant to the Application does not ensure or indicate approval or acceptance by ALCO of the Application.</p> <p>An Application, when accepted, shall constitute an agreement between the Applicant and ALCO for the subscription to the Series C Preferred Shares at the time, in the manner and subject to terms and conditions set forth in the Application to Purchase and those described in the Prospectus and this Offer Supplement. Notwithstanding the acceptance of any Application by ALCO, the actual subscription by the Applicant for the Series C Preferred Shares will become effective only upon listing of the Series C Preferred Shares on the PSE and upon the obligations of the Sole Underwriter under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled, on or before the Listing Date, in accordance with the provision of the said agreement. If such conditions have not been fulfilled on or before the periods provided above, all Application payments will be returned to the Applicants without interest.</p>
37	Refunds of Application Payments.....	<p>In the event that the number of Series C Preferred Shares to be allotted to an Applicant, as confirmed by a Sole Underwriter, is less than the number covered by its Application, or if an Application is wholly or partially rejected by ALCO, then ALCO shall refund, without interest, within five (5) Banking Days from the end of the Offer Period, all or a portion of the payment corresponding to the number of Series C Preferred Shares wholly or partially rejected. All refunds shall be made through the Sole Underwriter, or Selling Agents with whom the Applicant has filed the Application at the risk of the applicant.</p>

38	Timetable.....	<p>The timetable of this Offer is as follows:</p> <table><tr><td>Dividend Rate Setting</td><td>[●], 2019</td></tr><tr><td>Dividend Rate Announcement</td><td>[●], 2019</td></tr><tr><td>Offer Period</td><td>[●] to [●], 2019</td></tr><tr><td>PSE Trading Participants’ Commitment Deadline</td><td>[●], 2019</td></tr><tr><td>PSE Trading Participants’ Allocation</td><td>[●], 2019</td></tr><tr><td>Issue Date</td><td>[●], 2019</td></tr><tr><td>Listing Date, and Commencement of Trading on the PSE</td><td>[●], 2019</td></tr></table> <p>The dates indicated above are subject to the approval of the PSE and the SEC, market and other conditions, and may be changed.</p>	Dividend Rate Setting	[●], 2019	Dividend Rate Announcement	[●], 2019	Offer Period	[●] to [●], 2019	PSE Trading Participants’ Commitment Deadline	[●], 2019	PSE Trading Participants’ Allocation	[●], 2019	Issue Date	[●], 2019	Listing Date, and Commencement of Trading on the PSE	[●], 2019
Dividend Rate Setting	[●], 2019															
Dividend Rate Announcement	[●], 2019															
Offer Period	[●] to [●], 2019															
PSE Trading Participants’ Commitment Deadline	[●], 2019															
PSE Trading Participants’ Allocation	[●], 2019															
Issue Date	[●], 2019															
Listing Date, and Commencement of Trading on the PSE	[●], 2019															
39	Issue Manager, Sole Bookrunner and Sole Underwriter .....	BDO Capital & Investment Corporation														
40	Selling Agents .....	Trading Participants of The Philippine Stock Exchange, Inc.														
41	Depository Agent .....	Philippine Depository and Trust Corporation														
42	Receiving Agent, Stock Transfer Agent, and Paying Agent.....	BDO Unibank, Inc. – Trust and Investments Group														
43	Counsel to ALCO.....	SyCip Salazar Hernandez & Gatmaitan														
44	Counsel to the Issue Manager, Sole Bookrunner and Sole Underwriter .....	Quiason Makalintal Barot Torres Ibarra Sison & Damaso														

### **Description of the Series C Preferred Shares**

*Set forth below are additional information relating the Series C Preferred Shares. The following discussion should be read together with, and is qualified in its entirety by reference to, the additional information appearing elsewhere in the Prospectus, this Offer Supplement, including, but not limited to, the discussion on the "Terms of the Offer", the Articles of Incorporation and By-Laws of the Company (each as amended to date), the Deed Poll, the Application to Purchase and applicable laws and regulations.*

### **THE COMPANY'S SHARE CAPITAL**

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in its articles of incorporation and the by-laws.

On September 7, 2016, the Board of Directors of the Company and shareholders representing at least 2/3 of the outstanding capital stock of the Company, approved the increase of the authorized capital stock by ₱50,000,000.00 from ₱2,946,257,135.82 to ₱2,996,257,135.82 with the creation of 50,000,000 preferred shares with a par value of ₱1.00 per share.

On September 13, 2016, the Company filed an application with the SEC for the approval of the foregoing amendment, which was approved by the SEC on September 22, 2016.

The current authorized capital stock of the Company is ₱2,996,257,135.82 divided into 16,368,095,199 common shares with a par value of ₱0.18 per share and 50,000,000 Preferred Shares with a par value of ₱1.00 per share. As of the date of this Offer Supplement, 5,318,095,199 common shares , 12,500,000 Series A Preferred Shares and 20,000,000 Series B Preferred Shares are issued and outstanding.

Following the Offer, the Company will have the following issued and outstanding common shares and preferred shares:

- (a) 5,318,095,199 common shares;
- (b) 12,500,000 Series A Preferred Shares;
- (c) 20,000,000 Series B Preferred Shares; and
- (d) 10,000,000 Series C Preferred Shares.

The holders of the Series C Preferred Shares do not have identical rights and privileges with holders of the existing common shares nor with the holders of the Series A Preferred Shares of the Company.

For further information on the outstanding common shares, Series A Preferred Shares, and Series B Preferred Shares, please see "*Description of the Securities*" in the Prospectus.

### **THE SERIES C PREFERRED SHARES**

Under the Seventh Article of the amended Articles of Incorporation of the Company, the preferred shares shall have such features as the Board of Directors may prescribe, provided that, such preferred shares shall be redeemable and in no case shall such preferred shares be voting or participating. The said article further provides that the shares of stock of the Company are not subject to pre-emptive rights of stockholders, and may be issued from the unissued portion of authorized capital stock in such quantities, at such times, and under such terms as the Board of Directors shall determine.

Pursuant to the said seventh Article of the amended Articles of Incorporation of the Company, the resolutions approved by the Board of Directors of the Company on April 23, 2019, the authority granted to certain signatories pursuant to such board resolutions, and as applicable, pursuant to law, the Series C Preferred Shares shall have the features, rights and privileges as set out under the “*Terms of the Offer*”.

In addition, pursuant to the above-mentioned Articles of Incorporation, the board resolutions and pursuant to law, the Series C Preferred Shares shall have the following additional features, rights and privileges:

***Not Convertible into Common Shares***

The Series C Preferred Shares shall not be convertible into ALCO’s common shares.

***No Voting Rights***

Holders of the Series C Preferred Shares shall have no voting rights except as specifically provided by law. Thus, holders of the Series C Preferred Shares shall not be eligible, for example, to vote for or elect the Company’s Directors or to vote for or against the issuance of a stock dividend.

Holders of Series C Preferred Shares, however, may vote on matters which the Corporation Code considers significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the Articles of Incorporation. Under the Corporation Code, when the articles of incorporation provide for non-voting shares in the cases allowed by such code, the holders of such shares shall nevertheless be entitled to vote on the following matters:

- Amendment of the articles of incorporation (including any increase or decrease in capital stock);
- Adoption and amendment of by-laws;
- Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the corporate property;
- Incurring, creating or increasing bonded indebtedness;
- Increase or decrease of capital stock;
- Merger or consolidation of the corporation with another corporation or other corporations;
- Investment of corporate funds in another corporation or business in accordance with the Corporation Code; and
- Dissolution of the corporation.

**Other Rights and Incidents Relating to the Series C Preferred Shares**

The following are other features which may apply to the Series C Preferred Shares (and other classes of ALCO's stock). The following discussion does not purport to be a complete listing of features as may be applicable to the Series C Preferred Shares, and should be read together with, and is qualified in its entirety by reference to, the additional information appearing elsewhere in the Prospectus, this Offer Supplement, including, but not limited to, the discussion on the "Terms of the Offer", the Articles of Incorporation and By-Laws of the Company (each as amended to date), the Application to Purchase and applicable laws and regulations.

### ***No Pre-emptive Rights***

The Articles of Incorporation of the Company currently deny pre-emptive rights to holders of shares of stock of the Company, and hence, including holders of Series C Preferred Shares, over all issuances of the Company's shares. However, shareholders representing at least two-thirds of the Company's issued and outstanding capital stock voting at a shareholders' meeting duly called for the purpose may amend the Articles of Incorporation to grant pre-emptive rights to subscribe to a particular issue or other disposition of shares from the Company's capital. Pre-emptive rights shall not extend to shares to be issued in compliance with laws requiring stock offerings or minimum stock ownership by the public; or to shares to be issued in good faith with the approval of the shareholders representing two-thirds of the outstanding capital stock in exchange for property needed for corporate purposes or in payment of a previously contracted debt.

### ***Restrictions on Ownership of ALCO's Shares by Non-Philippine Nationals***

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. Foreign ownership in the Company shall be limited to a maximum of 40% of the Company's total issued and outstanding capital stock entitled to vote in the election of directors and total issued and outstanding capital stock, whether or not entitled to vote. Accordingly, the Company cannot allow the issuance or the transfer of Preferred Shares and cannot record transfers in the books of the Company if such issuance or transfer would cause the Company to be in breach of the restrictions on foreign land ownership discussed above.

ALCO is engaged in real estate business, the nature of which necessitates it to own land. Accordingly, the Series C Preferred Shares and ALCO's other shares may be owned or subscribed by or transferred to any person, partnership, association or corporation regardless of nationality, provided that ALCO does not breach the nationality requirement under the Philippine constitution and other applicable laws.

### ***Appraisal Rights***

The Corporation Code grants a stockholder a right of appraisal in certain circumstances where such stockholder has dissented and voted against a proposed corporate action, including:

- An amendment to the Articles of Incorporation which has the effect of changing or restricting of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence of the corporation;
- The sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all of the corporate property and assets as provided under the Revised Corporation Code;
- The investment of corporate funds for any purpose other than the primary purpose for which the corporation; and
- A merger or consolidation.

In these circumstances, the dissenting stockholder may by making a written demand on the Company for the payment of the fair value of shares held within thirty (30) days from the date the vote was taken. If within sixty (60) days from approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, one by the corporation, and the third by the two thus chosen.

The dissenting stockholder will be paid the fair value of the shares as of the day before the vote was taken, upon surrender of the stock certificates representing the stockholder's shares, if the corporate action in question is implemented and the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting stockholders.

#### **Right of Inspection and Disclosure Requirements**

Philippine stock corporations are required to file an annual General Information Sheet, which sets forth data on their management and capital structure, and copies of their annual financial statements with the SEC. Corporations must also submit their annual financial statements to the SEC and the BIR. Corporations whose shares are listed on the PSE are also required to file current, quarterly and annual reports with the SEC and the PSE. Stockholders are entitled to require copies of the most recent financial statements of the corporation in the form and substance of financial reporting required by the SEC, within ten (10) days from receipt of a written request. Stockholders are also entitled to inspect and examine the books and records which the corporation is required by law to maintain.

#### **MEETINGS OF THE SHAREHOLDERS**

##### **Annual Meeting of Stockholders**

Annual Meeting of the stockholders of the Company is held every last Friday of June each year. Before the date of the Annual Meeting, written notice stating the date, time, and place of the meeting shall be sent to each registered stockholder through personal service, fax or ordinary mail at least fifteen (15) business days prior to the date of the meeting, or published in a newspaper of general circulation at least once and at least fifteen (15) business days prior to the date of the meeting.

##### **Special Meetings of Stockholders**

Special meetings of the stockholders may be called by the Board of Directors, the Chairman, the President or upon written demand to the Corporate Secretary by stockholders owning a majority of

the outstanding voting stock. In case of the latter, the Board of Directors shall set the date, time and place for the meetings, which date shall be within forty (40) business days from receipt by the Corporate Secretary of such written demand by the stockholders. In all other cases, written notice stating the date, time, place and purpose of the meeting shall be sent to each registered stockholder through personal service, fax or ordinary mail at least fifteen (15) business days prior to the date of the special meeting, or published in a newspaper of general circulation at least once and at least fifteen (15) business days prior to the date of the meeting.

#### **Place of Meetings**

All meetings of the stockholders shall be held at the principal office of the Company or at such places within Metro Manila as the Board of Directors may determine.

#### **Proxy**

Subject to the discussion under *"No Voting Rights"*, stockholders entitled to vote may vote in all meetings either in person or by proxy given in writing and signed by the stockholders concerned and presented to the Corporate Secretary at least five (5) business days prior to the date of the meeting for verification and record purposes. Such proxies may be revoked either in an instrument in writing duly presented and recorded with the Corporate Secretary prior to the scheduled meeting, or by their personal presence at the meeting.



## Capitalization

The following table sets forth the unaudited **consolidated debt and capitalization** of ALCO as of December 31, 2018. This table should be read in conjunction with the more detailed information and unaudited consolidated financial statements, including notes thereto, found in Appendix "A" of the Prospectus.

	As of December 31, 2018 (Audited)	Adjustments <sup>1</sup>	As adjusted for a maximum Issue Size of Php 2 Billion
Loans Payable	4,169,976,102	-	4,169,976,102
Accounts payable and other liabilities	2,062,899,984	-	2,062,899,984
Retirement liability	66,088,998	-	66,088,998
Net deferred tax liabilities	779,222,593	-	779,222,593
<b>Total Liabilities</b>	<b>7,078,187,677</b>	-	<b>7,078,187,677</b>
Capital stock	989,757,136	10,000,000	999,757,136
Additional paid-in capital	2,031,441,541	976,716,073	3,008,157,614
Retained earnings	2,214,144,875	-2,676,000	2,211,468,875
Cumulative measurement gains (losses) on retirement liability	18,169,495		18,169,495
Parent Company's shares held by a subsidiary	(12,500,000)		(12,500,000)
Non-controlling interests	17,265,039		17,265,039
<b>Total Equity</b>	<b>5,258,278,086</b>	<b>984,040,073</b>	<b>6,242,318,159</b>
<b>Total Capitalization</b>	<b>12,336,465,763</b>	<b>984,040,073</b>	<b>13,320,505,836</b>

<sup>1</sup> Presented on a consolidated basis

## Use of Proceeds

The Company estimates that the net proceeds from the Offer shall amount to approximately Php984,040,072.83, after fees, commissions and expenses.

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

<b>Estimated Gross Proceeds from the Offer</b>	<b>Php1,000,000,000.00</b>
Underwriting and Selling Fees	Php5,913,978.49
Documentary Stamp Taxes to be paid by the Company	Php50,000.00
Philippine SEC filing and legal research fees	Php252,500.00
PSE listing and processing fees	Php1,176,000.00
Legal and other professional fees	7,067,448.68
Other expenses	1,500,000.00
<b>Total Estimated Expenses</b>	<b>15,959,927.17</b>

**Estimated net proceeds** **984,040,072.83**

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

The net proceeds will be used to partially finance the acquisition and development of the Company's real estate projects in the following estimated amounts and under the following estimated disbursement schedule:

*Table 1: Allocation of Net Proceeds from Offer*

Purpose	Estimated Amount	Disbursement Schedule
Cebu Residential Project	300,000,000.00	Q3 2019 to Q4 2019
Makati Residential Project 2	530,000,000.00	Q4 2019 to Q1 2020
General Corporate Purposes	154,040,072.83	Q3 2019 to Q1 2020
<b>TOTAL</b>	<b>984,040,072.83</b>	

### Use of Proceeds from the Offer

#### *Cebu Residential Project*

ALCO is in discussions with the owner of a prime property located inside the foremost business district of Cebu City to jointly develop the property into the first premier, dual certified, sustainable residential condominium in Cebu City. The property is in excess of 2,000 sqm and is expected to be developed into approximately 27,000 sqm of GFA and approximately 21,000 sqm of NSA. The Cebu Residential Project is intended to be funded through an optimal mix of term loans, pre-selling and equity or shareholder loans from ALCO and a possible strategic partner for the project.

To fund its estimated share in the Cebu Residential Project, ALCO is allocating Php300 million from the proceeds of the Offer and estimates that this will be disbursed between Q3 2019 and Q4 2019.

### *Makati 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 1,800 sqm and is expected to be developed into approximately 29,000 sqm of GFA and approximately 22,500 sqm of NSA. The Makati Residential Project 2 is intended to be funded through an optimal mix of term loans, pre-selling and equity or shareholder loans from ALCO and a possible strategic partner for the project.

To fund its estimated share in the Makati Residential Project 2, ALCO is allocating Php5530 million from the proceeds of the Offer and estimates that this will be disbursed between Q4 2019 and Q1 2020.

### *General Corporate Purposes*

The Company plans to allocate the balance of the net proceeds from the Offer of Php154,040,072.83 for general corporate purposes which may include funding working capital requirements, funding for future acquisition of properties when the opportunities arise or earmarking of funds for the retention of retail or commercial units in any of the Company's projects to increase recurring lease revenues. The Company expects to disburse this between Q3 2019 to Q1 2020.

All the foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Company's current plans and anticipated expenditures, and the actual amount and timing of disbursement of the net proceeds from the Offer will depend on various factors which include, among others, changing market conditions or new information regarding the cost or feasibility of the Company's plans and projects. Actual allocation of net proceeds by the Company may vary from the foregoing discussion as the Company's management may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use such net proceeds for other corporate purposes. Likewise, it is possible that the timeline for the implementation of the projects or otherwise the use of the proceeds as discussed above may be delayed. In the event that there is any change in the Company's development plan, including *force majeure* and circumstances, such as (i) failure to acquire the intended property for any of the projects, (ii) failure to obtain requisite approvals, (iii) changes in government policies that would render any of the above plans not commercially viable and (iv) changes in market conditions, the Company will carefully evaluate the situation and may reallocate the proceeds for other projects or for future investments and/or hold such funds on short term deposit, whichever is better for the Company's and its shareholders' collective interest. In such event, the Company will issue a public disclosure if there is any change in the above proposed use of proceeds and shall accordingly inform the SEC, the PSE and its shareholders at least thirty (30) days prior to its implementation.

In the event that the actual expenses are more than the estimates, or the actual net proceeds are less than the projected net proceeds, the Company will utilize said net proceeds based on their order of priority and will use internally-generated funds and bank loans to finance the shortfall, or delay or abandon one or more of the components of its plans. In such an event, the Company shall inform the SEC, the PSE and its shareholders at least thirty (30) days prior to its implementation.

In the event of any significant deviation, material adjustment or reallocation in the planned use of proceeds, the Company will secure the approval of its Board of Directors for such deviation, adjustment or reallocation and promptly make the appropriate disclosures to the SEC and the PSE. The Company shall regularly disclose to the PSE, through the PSE Electronic Disclosure Generation Technology ("PSE EDGE"), any disbursements from the proceeds generated from the Offer. In

addition, the Company shall likewise submit via the PSE EDGE the following disclosure to ensure transparency in the use of proceeds:

- (i) Any disbursements made in connection with the planned use of proceeds from the Offer;
- (ii) Quarterly Progress Report on the application of the proceeds from the Offer on or before the first fifteen (15) days of the following quarter. The quarterly progress report should be certified by the Company's Chief Financial Officer or Treasurer and external auditor;
- (iii) Annual Summary of the application of proceeds on or before January 31 of the year following the initial public offering. The annual summary report should be certified by the Company's Chief Financial Officer or Treasurer and external auditor; and
- (iv) Approval by the Company's Board of Directors of any reallocation on the planned use of proceeds, or of any change in the work program. The actual disbursement or implementation of such reallocation will be disclosed by the Company at least thirty (30) days prior to the said actual disbursement or implementation.

The quarterly and annual reports of the Company as required in items (ii) and (iii) above must include a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in this Offer Supplement. Such detailed explanation will state the approval of the Board of Directors as required in item (iv) above.

Except as otherwise disclosed in this Offer Supplement, none of the proceeds from the Offer will be used to reimburse any officer, director, employee or shareholder of the Company for services, assets or money previously rendered, transferred, advanced or otherwise, or to repay any of the Company's debt or liabilities to BDO Capital or any of its affiliates.

### **Determination of Offer Price**

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The Offer Price of ₦100.00 is at a premium to the Series C Preferred Shares' par value per share of ₦1.00.

The Offer Price was arrived at by dividing the desired gross proceeds of ₦1 billion, by the amount of Series C Preferred Shares allocated for this offering.

## Plan of Distribution

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ALCO plans to issue the Series C Preferred Shares to institutional and retail investors in the Philippines through a public offering to be conducted through the Sole Underwriter, and the Selling Agents. The Offer does not include an international offering.

### Sole Underwriter

BDO Capital & Investment Corporation, (the “Sole Underwriter” or “BDO Capital”) has agreed to distribute and sell the Series C Preferred Shares at the Offer Price, pursuant to an Underwriting Agreement with ALCO dated [●] (the “Underwriting Agreement”). Subject to the fulfillment of the conditions provided in the Underwriting Agreement, the Sole Underwriter has committed to underwrite the following amounts on a firm basis:

Sole Underwriter	Underwriting Commitment	Number of Shares Underwritten
BDO Capital & Investment Corporation	₱1,000,000,000.00	10,000,000
<b>Total</b>	<b>₱ 1,000,000,000.00</b>	<b>10,000,000</b>

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to ALCO of the net proceeds of the Series C Preferred Shares.

The underwriting fees and any selling fees to be paid by the Company in relation to the Offer shall be equivalent to 55 basis points of the gross proceeds of the Offer. This shall be inclusive of underwriting fees to be paid to the Sole Underwriter and any commissions to be paid to the Selling Agents, which shall be equivalent to [12.5] basis points (inclusive of VAT) of the total proceeds of the sale of the Series C Preferred Shares by such trading participant.

The Sole Underwriter is duly-licensed by the SEC to engage in the underwriting or distribution of the Series C Preferred Shares. The Sole Underwriter may, from time to time, engage in transactions with and perform services in the ordinary course of its business, for ALCO or any of its subsidiaries.

The Sole Underwriter has no direct relations with ALCO in terms of ownership by either of their respective major shareholder/s and has no right to designate or nominate any member of the Board of Directors of ALCO.

The Sole Underwriter has no contract or other arrangement with ALCO by which it may return to ALCO any unsold Series C Preferred Shares that form part of the Firm Offer.

BDO Capital is a leading investment bank in Philippines and was incorporated in the Philippines on September 8, 1998 as a wholly owned subsidiary of BDO Unibank, Inc. BDO Capital presently conducts business as a full service investment house with the following functions, among others: securities underwriting and trading; loan syndication; financial advisory; and private placement of debt and equity. As of December 31, 2018, it had total assets of ₱3.01 billion, total liabilities of ₱0.06 billion and total equity of ₱2.95 billion.

## **Sale and Distribution**

The distribution and sale of the Series C Preferred Shares shall be undertaken by the Sole Underwriter who shall sell and distribute the Series C Preferred Shares to third party buyers/investors. The Sole Underwriter is authorized, in its sole discretion, to organize a syndicate of Co-Lead Managers and/or Selling Agents for the purpose of the Offer. In connection with the foregoing, the Sole Underwriter may enter into agreements, participation agreements or like agreements with other Co-Lead Managers (who may be named or have been named herein) and/or Selling Agents, as necessary. There is nothing in such agreements that allow the Sole Underwriter to return to ALCO any unsold underwritten Series C Preferred Shares.

Of the 10,000,000 Firm Offer, 80% or 8,000,000 Series C Preferred Shares are being offered through the Sole Underwriter for subscription and sale to Qualified Institutional Buyers and the general public. The Company plans to make 20% or 2,000,000 Series C Preferred Shares for distribution to respective clients of the [●] trading participants of the PSE, acting as Selling Agents. Each trading participant shall be allocated [●] Series C Preferred Shares (computed by dividing the Series C Preferred Shares allocated to the trading participants by [●]), subject to reallocation as may be determined by the Sole Underwriter. The balance of [●] shares shall be allocated by the Sole Underwriter among the Trading Participants that have demand in excess of [●] Series C Preferred Shares. Trading participants may undertake to purchase more than their allocation of [●] Series C Preferred Shares. Any requests for Series C Preferred Shares in excess of [●] Series C Preferred Shares may be satisfied via the reallocation of any Series C Preferred Shares not taken up by other trading participants.

The Company will not allocate any Series C Preferred Shares for Local Small Investors as such is only applicable to initial public offerings.

Prior to close of the Offer Period, any Series C Preferred Shares not taken up by the trading participants shall be distributed by the Sole Underwriter directly to their clients and the general public. All Series C Preferred Shares that form part of the Firm Offer not taken up by the trading participants, general public, and the Sole Underwriter's clients shall be purchased by the Sole Underwriter pursuant to the terms and conditions of the Underwriting Agreement.

## **Term of Appointment**

The engagement of the Sole Underwriter shall subsist so long as the SEC Permit to Sell relating to the Series C Preferred Shares remains valid, unless otherwise terminated pursuant to the Underwriting Agreement.

## **Manner of Distribution**

The Sole Underwriter shall, at their discretion, determine the manner by which proposals for subscriptions to, and issuances of, the Series C Preferred Shares shall be solicited, with the sale of the Series C Preferred Shares to be effected only through the Sole Underwriter. The Sole Underwriter has been authorized to appoint other entities, in particular, Co-Lead Managers and/or Selling Agents, to sell on their behalf.

#### **Expenses**

All out-of-pocket expenses, including but not limited to, registration with the SEC, printing, publication, communication and signing expenses incurred by the Sole Underwriter in the negotiation and execution of the transaction will be for the account of ALCO irrespective of whether the transaction contemplated herein is completed. Such expenses are to be reimbursed upon presentation of a composite statement of account. See "Use of Proceeds" above for details of expenses.



## Interests of Counsel

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### Legal Matters

All legal opinions/matters in connection with the issuance of the Series C Preferred Shares will be passed upon by SyCip Salazar Hernandez & Gatmaitan ("**SyCipLaw**") for the Company and Quiason Makalintal Barot Torres Ibarra Sison and Damaso ("**QMBTISD**") for the Sole Underwriter. SyCipLaw and QMBTISD have no direct interest in the Company.

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

# EXHIBIT TABLE

	DESCRIPTION	STATUS/REMARKS
1	Undertaking to Publish Notice of Filing with Draft Notice of Filing	Attached
2	Audited Financial Statements as of December 31, 2018	Attached
3	Mandate Letter	Attached Attached
4	Draft Underwriting Agreement	Attached
5	Certification on: (A) Knowledge of RS Submissions (Underwriter) (B) Knowledge of RS Submissions (Issuer)	Attached Attached
6	Certificate of Conduct of Due Diligence by the Underwriter	Attached
7	Notarized Curriculum Vitae of New officers and members of the Board of Directors	Attached
8	Tabular Summary of Material Contracts	Attached
	Copies of Material Contracts	Attached