

[Note: for the website only. NOT to be included in the printed version of the Prospectus:]

The Prospectus is being displayed on the website to make the Prospectus accessible to more investors. The Philippine Stock Exchange, Inc. ("PSE") assumes no responsibility for the correctness of any statements made or opinions or reports expressed in the Prospectus. Furthermore, the PSE makes no representation as to the completeness of the Prospectus and disclaims any liability whatsoever for any loss arising from or in reliance in whole or in part on the contents of the Prospectus.

PRELIMINARY PROSPECTUS



ARTHALAND

BUILDING SUSTAINABLE LEGACIES

ARTHALAND CORPORATION

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

Offer of up to 4,000,000 Series D Preferred Shares
with an Oversubscription Option of up to 2,000,000 Series D Preferred Shares

With a Dividend Rate of [●]% per annum
at an Offer Price of ₱[500.00] per Series D Preferred Share

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

Sole Issue Manager, Lead Underwriter and Bookrunner



Selling Agents

[●]

The Trading Participants of The Philippine Stock Exchange

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

This Preliminary Prospectus is dated [September [13], 2021]

ARTHALAND CORPORATION
7th Floor Arthaland Century Pacific Tower
5th Avenue Corner 30th Street
Bonifacio Global City, Taguig City
Telephone: (+632) 403 6910

<http://www.arthaland.com>

This Prospectus relates to the offer (the “Offer”) in the Philippines of cumulative, non-voting, non-participating, non-convertible, and redeemable Peso-denominated Preferred Shares (the “Series D Preferred Shares”) of ArthaLand Corporation (“ALCO”, the “Company”, or the “Issuer”), a corporation duly organized and existing under Philippine law, subject to the registration requirements of the Securities and Exchange Commission of the Philippines (the “SEC”).

The Offer shall consist of up to 4,000,000 Series D Preferred Shares, and in the event of an oversubscription, BDO Capital & Investment Corporation in its capacity as Lead Underwriter for the Offer, with the consent of the Company, may increase the size of the Offer by up to an additional 2,000,000 Series D Preferred Shares (the “Oversubscription Option”, and the Series D Preferred Shares pertaining to such option the “Oversubscription Option Shares”) resulting in an aggregate issue size of up to 6,000,000 Series D Preferred Shares. In the event that the Oversubscription Option is not exercised, the Oversubscription Option Shares will not be offered and remain unissued.

Pursuant to its amended Articles of Incorporation approved by the SEC on September 22, 2016, ALCO has an authorized capital stock of ₱2,996,257,135.82 consisting of 16,368,095,199 common shares with a par value of ₱0.18 per Common Share and 50,000,000 preferred shares with a par value of ₱1.00 per preferred share. Out of such authorized capital stock, (i) a total of 5,318,095,199 common shares have been subscribed and fully paid-up, (ii) a total of 12,500,000 preferred shares have been subscribed (the “Series A Preferred Shares”) and fully paid up, (iii) a total of 20,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable, Peso-denominated Preferred Shares (the “Series B Preferred Shares”) have been subscribed and fully paid up, and (iv) a total of 10,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable, Peso-denominated Preferred Shares (the “Series C Preferred Shares”) have been subscribed and fully paid up.

The Company estimates that, assuming the Oversubscription Option is not exercised, the net proceeds from the Offer shall amount to approximately ₱[1,971,129,260]), after deducting fees, commissions and expenses. The Company estimates that, assuming full exercise of the Oversubscription Option, the net proceeds from the Offer shall amount to approximately ₱2,963,740,839, after deducting fees, commissions and expenses. The net proceeds of the Offer shall be used to fund the redemption of the Series B Preferred Shares on December 6, 2021. Assuming the Oversubscription Option is fully exercised, the net proceeds shall be used primarily to redeem the Series B Preferred Shares and to fund additional investments in Cebu Exchange or Savva Financial Center to allow ALCO to retain office and retail units that will increase its recurring income base. For a more detailed discussion on the use of proceeds, see “Use of Proceeds” of this Prospectus.

Dividends may be declared at the discretion of the Board of Directors of the Company and will depend upon the future results of its 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 lead underwriter (the “Lead Underwriter”). This shall also be inclusive of any commissions to be paid to the PSE Trading Participants (the “Selling Agents”), which commissions shall be equivalent to [12.5 basis points] (inclusive of Value Added Tax) of the total proceeds of the sale of the Series D Preferred Shares by such trading participant. For a more detailed discussion on the fees to be received by the Lead Underwriter and the Selling Agents, see “Plan of Distribution” of this Prospectus.

On September [12], 2021, the Company filed an application with the SEC to register the Series D Preferred Shares under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799) and its implementing regulations. The SEC is expected to issue an order rendering the Registration Statement effective and 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”) on September [●], 2021 for the listing of the Series D 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 D Preferred Shares. The PSE assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus. 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 this Prospectus.

Upon listing, the Series D Preferred Shares will be traded under the symbol "ALCPD".

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

It is expected that the Series D 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 Revised 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 Prospectus. Copies of the Company Disclosures may be viewed at the website of the Company at www.arthaland.com.ph. The Company Disclosures contain material and meaningful information relating to the Company and investors should review all information contained in this Prospectus, and the Company Disclosures incorporated or deemed incorporated herein by reference.

The Company owns land as identified in the section on "Description of Property" on page [•]. In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60.0% of whose capital is owned by such citizens. Accordingly, ownership of shares by foreign nationals in the Company shall be subject to the applicable foreign equity ownership limitation.

No dealer, salesman or any other person has been authorized to give any information or to make any representation not contained in this Prospectus. If given or made, any such information or representation must not be relied upon as having been authorized by the Company or the Lead Underwriter, as well as any Selling Agents that may be engaged by the Company for the Offer.

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

Unless otherwise stated, the information contained in this Prospectus has been supplied by the Company. The Company (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in this Prospectus is correct, and that there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect.

The Company and the Lead Underwriter have exercised due diligence in ascertaining that all material representations contained in this Prospectus are true and correct and that no material information was omitted which was necessary in order to make the statements contained in said documents not misleading.

Unless otherwise indicated, all information in the Prospectus is as of the date hereof. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date. Market data and certain industry forecasts used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not

been independently verified, the Company does not make any representation, undertaking or other assurance as to the accuracy or completeness of such information or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to the Offer. Any reliance placed on any projections or forecasts is a matter of commercial judgment. Certain agreements are referred to in this Prospectus in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

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

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

[Signature page follows.]

ARTHALAND CORPORATION

By:

JAIME C. GONZÁLEZ

President

SUBSCRIBED AND SWORN to before me this November [•], 2021 in [•], affiant exhibiting to me his Passport No. [•] expiring on [•] as competent evidence of identity.

Doc No.

Page No.

Book No.

Series of 2021.

Table of Contents

TABLE OF CONTENTS	5
FORWARD-LOOKING STATEMENTS	6
DEFINITION OF TERMS.....	8
EXECUTIVE SUMMARY.....	12
SUMMARY OF FINANCIAL INFORMATION	20
TERMS OF THE OFFER	24
DESCRIPTION OF THE SECURITIES	43
RISK FACTORS	57
CAPITALIZATION.....	75
USE OF PROCEEDS	76
DILUTION	78
PLAN OF DISTRIBUTION	79
DETERMINATION OF THE OFFER PRICE	81
THE COMPANY	82
DESCRIPTION OF PROPERTY	134
LEGAL PROCEEDINGS.....	137
OWNERSHIP AND CAPITALIZATION.....	140
MARKET PRICE OF AND DIVIDENDS ON THE EQUITY OF ALCO AND RELATED SHAREHOLDER MATTERS.....	145
DIRECTORS AND EXECUTIVE OFFICERS & KEY PERSONS.....	147
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	164
MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION .	167
EXTERNAL AUDIT FEES AND SERVICES.....	186
CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	187
INTEREST OF NAMED EXPERTS.....	188
TAXATION	189
REGULATORY FRAMEWORK	198
THE PHILIPPINE STOCK MARKET	209
APPENDIX	216

Forward-looking Statements

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

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

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

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

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

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

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

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

Definition of Terms

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set forth below. Additional defined terms are set out in the section “Terms of the Offer” in this Prospectus.

AAA-Grade Buildings	: Also referred to as Premium Buildings, which are buildings that have the highest standard in terms of (i) design, (ii) location, (iii) property management, and (iv) amenities.
ACPT	: Arthaland Century Pacific Tower
ALCO, the Company, or the Issuer	: Arthaland Corporation
AOCH1	: AO Capital Holdings 1, Inc.
Application to Purchase	: The agreement by which the applicant agreed to purchase the Series D Preferred Shares
Arch Capital	: Arch Capital Management Company, Ltd.
Arch SPV	: Rock & Salt B.V.
Arcosouth	: Arcosouth Development Inc.
Arya	: Arya Residences
BERDE	: Building for Ecologically Responsive Design Excellence
BGC	: Bonifacio Global City
Bhavana	: Bhavana Properties, Inc.
Bhavya	: Bhavya Properties, Inc.
BIR	: Philippine Bureau of Internal Revenue
BOD	: Board of Directors of ALCO
BPO	: Business Process Outsourcing
Cazneau	: Cazneau, Inc.
CBD	: Central Business District
CLLC	: Cebu Lavana Land Corp.
CPG	: CPG Holdings, Inc.
CREATE Law	: Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises Act
ECC	: Environmental Compliance Certificates

EPMI	: Emera Property Management, Inc.
GDP	: Gross Domestic Product
GFA	: Gross Floor Area, which is the total floor space within the perimeter of the permanent external building walls (inclusive of main and auxiliary buildings) such as office areas, residential areas, corridors, lobbies and mezzanine level/s. The GFA shall also include building projections which may serve as floors or platforms that are directly connected to/integrated with areas within the building/structure, e.g., balconies and the GFA excludes the following: <ul style="list-style-type: none"> (a) Covered areas used for parking and driveways, services and utilities; (b) Vertical penetrations in parking floors where no residential or office units are present; and (c) Uncovered areas for helipads, air-conditioning cooling towers or air-conditioning condensing unit balconies, overhead water tanks, roof decks, laundry areas and cages, wading or swimming pools, whirlpool or jacuzzis, terraces, gardens, courts or plazas, balconies exceeding ten square meters, fire escape structures and the like.
H1	: First half
H2	: Second half
IFC	: International Finance Corporation
IFC EDGE	: International Finance Corporation's Excellence in Design for Greater Efficiencies
IFRS	: International Financial Reporting Standards
Issue Price	: ₱[500.00] per share
ITAD	: International Tax Affairs Division of the Bureau of Internal Revenue
IWBI	: International Well Building Institute
Kashtha	: Kashtha Holdings, Inc.
LEED	: US Green Building Council's Leadership in Energy and Environmental Design Program, a world standard for green buildings and sustainable developments
MPI	: Manchesterland Properties, Inc.
NAPOCOR	: National Power Corporation

NLA	:	Net Leasable Area, which is the total leasable area that includes but not limited to all internal walls, mezzanines, bathrooms, pipe chases, columns and balconies depending on a specific project's terms of reference
NSA	:	Net Saleable Area, which is the total saleable area that includes but is not limited to all internal walls, mezzanines, bathrooms, pipe chases, columns and balconies depending on a specific project's terms of reference
OLSA	:	Omnibus Loan and Security Agreement
PAS	:	Philippine Accounting Standards
Paying Agent	:	The party engaged by the Company to serve as paying agent for the Series D Preferred Shares
PDTC	:	Philippine Depository and Trust Corporation
Pesos, ₱, Php and Philippine Currency	:	The legal currency of the Republic of the Philippines
PEZA	:	Philippine Economic Zone Authority
PFRS	:	Philippine Financial Reporting Standards
PGBC	:	Philippine Green Building Council
Philippines	:	The Republic of the Philippines
Pradhana	:	Pradhana Land, Inc.
PSE	:	The Philippine Stock Exchange
PSE EDGE	:	Electronic Disclosure Generation Technology, the disclosure system of the PSE
Q1	:	First quarter
Q2	:	Second quarter
Q3	:	Third quarter
Q4	:	Fourth quarter
Receiving Agent	:	The party engaged by the Company to serve as receiving agent for the Series D Preferred Shares
Record Date	:	as used with respect to any Payment Date shall mean the day which is two (2) Banking Days prior to the relevant Interest Payment Date; provided that if such day falls on a non-Banking Day, the Record Date shall be the next Banking Day immediately preceding said date. The terms

“Payment Date”, “Banking Days” and “Interest Payment Date” shall have the meanings given to them under the “Terms of the Offer”.

Receiving Agency and Paying Agency Agreement	:	The document to be executed between the Company and the Receiving and Paying Agent for the Series D Preferred Shares.
SLDC	:	Savya Land Development Corporation
SEC	:	Philippine Securities and Exchange Commission
SEC Permit	:	The Permit to Sell issued by the SEC in connection with the Offer
SOM	:	Skidmore, Owings & Merrill
Sqm	:	Square meters
SRC	:	The Securities Regulation Code of the Philippines (Republic Act No. 8799)
Stock Transfer Agent	:	The party engaged by the Company to serve as the stock transfer agent for the Series D Preferred Shares
TTRA	:	Tax Treaty Relief Application
Trading Day	:	A day when the PDEX is open for business
UPHI	:	Urban Property Holdings, Inc.
WELL	:	WELL Building Standards, the certification program of the International Well Building Institute
ZLDC	:	Zileya Land Development Corporation

Executive Summary

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

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

BRIEF BACKGROUND OF THE COMPANY

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

ALCO was incorporated on August 10, 1994¹ for the primary purpose of engaging in the realty development business, including home building and development, and of dealing, engaging, investing and transacting, directly or indirectly, in all forms of business and mercantile acts and transactions concerning all kinds of real property, including but not limited to the acquisition, construction, utilization and disposition, sale, lease, exchange or any mode of transfer of residential, industrial or commercial property.

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

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

As of August 31, 2021, CPG and AOCH1 are the largest shareholders of ALCO with 40.3%² and 26.02%, respectively of ALCO's total issued and outstanding common shares. The Company's common shares, Series B Preferred Shares and Series C Preferred Shares are traded on the PSE with the trading symbol ALCO, ALCPB, and ALCPD respectively, while the Company's Series A Preferred Shares which are being held by a single shareholder remain unlisted.

ALCO's firm commitment to sustainability is manifested in its development portfolio which is composed entirely of certified sustainable projects. All its projects adhere to global and national standards for green buildings through the Leadership for Energy and Environmental Design (LEED) rating system of the U.S. Green Building Council (USGBC) and the Building for Ecologically Responsive Design Excellence (BERDE) rating system of the Philippine Green Building Council (PHILGBC). Since 2019, Arthaland has expanded its sustainability commitment by pursuing additional green building rating tools, specifically the Excellence for Design and Greater Efficiencies (EDGE) rating system of the IFC, and the WELL Building Standard (WELL) rating system of the International WELL Building Institute (IWBI).

¹ ALCO was originally registered as Urbancorp Realty Developers, Inc. but was renamed in 2003 as EIB Realty Developers, Inc. On January 26, 2009, the SEC approved anew the change of the corporate name to Arthaland Corporation.

² Including 125,000,000 indirectly owned shares

In September 2019, ALCO's flagship office development, the ACPT, was recognized as the first Net Zero Carbon Project in the world certified under the Excellence in Design for Greater Efficiencies ("EDGE") Green Building Program of the IFC. ALCO further cemented its commitment to sustainability by being the first real estate developer in Asia and the first signatory from the Philippines to the Net Zero Carbon Building Commitment of the World Green Building Council (WorldGBC). As a signatory to this program, ALCO has officially committed to decarbonizing its portfolio by 2030. By doing so, the Company has placed not only itself, but also the Philippines, in the forefront of the global initiative for climate action.

ALCO'S BUSINESS AND SUMMARY OF KEY PROJECTS

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

Project Name	GFA (in sqm)	NLA/NSA (in sqm)	Location	Development Type	Year of Completion or Expected Year of Completion
Arya Residences	76,284	67,876	BGC, Taguig City	Residential	Tower I - 2013 Tower II - 2016
ACPT	34,295	32,016	BGC, Taguig City	Office	2019
Cebu Exchange	108,564	89,018	Salinas Drive, Cebu City	Office	2021
Savya Financial Center	59,763	49,078	Arca South, Taguig City	Office	North Tower - 2021 South Tower - 2022
Sevina Park	135,393	113,093	Biñan, Laguna	Mixed use	In phases from 2021 onward
Lucima	28,063	21,927	Cebu Business Park, Cebu City	Residential	2024
Makati CBD Residential 1	15,305	11,938	Makati CBD	Residential	2027
Makati CBD Residential 2	14,656	11,729	Makati CBD	Residential	2025
Project Olive	237,500	187,625	Metro Manila	Mixed Use	In phases from 2025 onward
Project Midtown	160,750	129,430	Cebu City	Mixed Use	In phases from 2028 onward

Arya

Arya is a multi-awarded, two-tower, high-end residential project located at the corner of 8th Avenue and McKinley Parkway, BGC, Taguig City. Tower 1 commenced construction in 2010, was completed in 2013 and was handed over to buyers in 2014. Tower 2's construction commenced in 2012, and it was handed over to buyers in 2016. All the residential units in both Tower 1 and Tower 2 have been sold. At the ground floor of Arya is Arya Plaza, a canopied alfresco destination area in which a curated selection of restaurants, cafes and other retail establishments is located. ALCO retains ownership over the Arya Plaza and recognizes lease income from it.

Arya has the distinction of being the first and only residential building in the Philippines to have received LEED Gold certification from the USGBC as well as BERDE 4-Star certification from the PGBC. It was also awarded with ANZ/PH 3-Star under the pilot program Advancing Net Zero Philippines.

Arthaland Century Pacific Tower (ACPT)

Designed by Skidmore Owings & Merrill LLP, the same group behind One World Trade Center in New York City and Burj Khalifa in Dubai, ACPT is one of the first premium grade offices in BGC. It is located along the prime 5th Avenue within BGC's E-Square, opposite The Shangrila at the Fort and proximate to the PSE. ACPT addresses the strong demand for office space in BGC with its 34,295 sqm of GFA and 32,016 sqm of NLA. ALCO commenced the development of ACPT in 2014 and it was completed in 2019. As of July 31, 2021, 97.50% of ACPT's NLA has been leased out.

In October 2019, the World Bank Group, through its subsidiary, the IFC, recognized ACPT as the world's first net zero certified building under its EDGE program. This recognition is in addition to the LEED Platinum rating and the BERDE 5-star certification it has already achieved. In 2020, ACPT was awarded with the WELL Health-Safety Rating seal which certifies the building's safe operations even during the COVID-19 pandemic.

Cebu Exchange

ALCO is currently developing Cebu Exchange, a 38-storey office building with retail establishments, poised to be one of Cebu's largest and tallest office developments and to cater to Cebu's booming office space market. It is being built on an 8,440 sqm property located along Salinas Drive directly across the Cebu IT Park in Cebu City, and it will have a total NSA of almost 90,000 sqm. Cebu Exchange has achieved LEED Gold pre-certification, BERDE Design 5-Star and is WELL pre-certified. It is on-track to achieve EDGE Zero Carbon certification under the IFC's EDGE program. Phase 1 of Cebu Exchange, covering areas from the basement to the 15th level, was successfully completed and handed over to buyers in September 2020 in accordance with its pre-pandemic delivery date. Phase 2, covering areas from the 16th level to the roofdeck, achieved structural top-off in September 2020 as well. Percentage of completion of Cebu Exchange as of July 31, 2021 is at 90.44%. As of July 31, 2021, ALCO has executed about Php8.4 billion in reservation sales contracts covering about 64% of the total NSA Cebu Exchange.

Sevina Park

In September 2016, ALCO, through its 100%-owned subsidiary, Cazneau, acquired eight hectares of land adjacent to the De La Salle University Laguna campus. The property is currently being developed into Sevina Park, a sustainable mixed-use community that will feature a combination of designer villas, residential mid-rise buildings, commercial office buildings and lots as well as retail and supplemental amenities, in step with the growth of the market demand and infrastructure in the area. ALCO appointed Sasaki of Boston as masterplanner for Sevina Park.

Sevina Park is recognized as the Philippines' first and only real estate development in the country to have received the LEED Platinum pre-certification under the LEED for Neighborhood Development (LEED ND) category. Likewise, Sevina Park Villas is on-track to achieve Gold certification under the LEED Homes category and EDGE Advanced under the EDGE green building program. Sevina Park's 4-Bedroom Villa 182 Model Unit initiated the Villa's certification process by achieving LEED Platinum certification in 2020.

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

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

In June 2019, ALCO launched the Sevina Park Villas covering approximately 3 hectares of the 8.1- hectare property. The townhomes of the Sevina Park Villas are designed by L.V. Locsin and Partners and consist of 108 units ranging from 138 sqm to 182 sqm in floor area for each. As of 31 July 2021, ALCO has executed reservation contracts with a total value of Php1.2 billion covering 61 of the 108 units of the Sevina Park Villas.

ALCO will launch succeeding phases of the project from Q2 of 2022.

Savya Financial Center

In 2017, ALCO, together with its Filipino joint venture partner, acquired an approximately 6,000-sqm property within the Arca South development in Taguig City where ALCO expects office space to grow exponentially resulting from the property's direct access to major thoroughfares C-5 and Skyway, the presence of the proposed Taguig Integrated Transport Exchange inside Arca South and the roll-out of the Metro Manila Subway which will have one of its stations inside Arca South as well. The property is currently being developed into Savya Financial Center, a two-tower commercial development designed and built with leading-edge sustainable building features. Savya Financial Center has achieved LEED Gold pre-certification and is also WELL pre-certified. It is on-track to achieve BERDE 4-star certification and EDGE Zero Carbon certification.

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

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

Following the terms of the shareholders agreement between ALCO (subsequently Kashtha) and Help Holdings, Inc. ("HHI") its Filipino strategic partner, which owns the remaining 50% of the common shares and shareholder advances to SLDC, the common shares held by Kashtha represent 100% of the economic interest in the North Tower of Savya while the common shares held by HHI represent 100% economic interest in the South Tower of Savya. Under this arrangement, Kashtha is entitled to all the profits from and is responsible for all the funding requirements of the North Tower of Savya.

The North Tower of the Savya Financial Center was launched for pre-selling in February 2019. As of July 31, 2021, reservation contracts with a total value of approximately Php2.9 billion and covering approximately 46% of the North Tower have been executed.

Lucima

In August 2019, ALCO, through its special purpose company, Bhavana, purchased a prime property with a total area of 2,245 sqm, located in Cebu Business Park at the corner of Cardinal Rosales Avenue and Samar Loop inside the Cebu Business Park which is the foremost business district of Cebu City. The property will be developed into the first and only premiere, multi-certified, sustainable residential high-rise development. The Project is on-track to achieve quadruple certification including LEED, BERDE, EDGE and WELL certifications from USGBC, PGBC, IFC and IWBI. Lucima will have a pedestrian access to the Ayala Center Cebu mall and other prominent business, commercial, and lifestyle destinations. It will have a gross floor area of approximately 28,000 sqm and it will offer 263 residential units.

Lucima was launched in July 2021. As of 31 July 2021, reservation contracts with a total value of approximately Php946 million covering approximately 21% of Lucima's NSA have been executed. The project is expected to be completed by Q4 of 2024. *Makati CBD Residential Project 2*

In 2020, ALCO, through its special purpose company, Bhavya, completed the acquisition of a 916 sqm property in Legazpi Village, Makati City. The property will be the site of ALCO's pioneer residential project in Makati City which will be a low-density, multi-certified, ultra-luxury development that will offer large, limited edition designer residences. Once completed, its future residents will enjoy exceptional white glove butler services. The project will offer only 37 residential units and will have a total gross floor area of approximately 14,600 sqm. ALCO expects to formally launch the project within Q4 2021.

Makati CBD Residential Project 1

ALCO has acquired about 47.4% of a 2,018-sqm property located along Antonio Arnaiz Avenue within the Makati Central Business District. The Company, through its subsidiary, Zileya, is currently in the process of partitioning the property to enable it to own 100% of approximately 957 sqm of the current lot area. Once the partitioning is completed, the Company plans to develop a high-rise luxury, sustainable, multi-certified residential property. ALCO expects to launch the project by H1 of 2023.

Project Olive

ALCO is currently in discussions for the acquisition of a property with a gross land area of 3.6 hectares located at the entry of one of the most prime CBDs in Metro Manila which is expected to benefit substantially from upcoming public infrastructure. The general land area of the property is expected to result in 2.6 hectares of land net of road lots that are included in the gross land area. The Company intends to complete the acquisition in phases which will allow it to manage funding requirements over time.

ALCO intends to develop the property into a boutique, masterplanned, mixed use community. The development is envisioned to have quadruple certification from the LEED, BERDE, EDGE and WELL certification programs of the USGBC, PhilGBC, IFC and Well Institute. Based on initial plans, the project will feature twelve residential towers that will cater to both the upscale and midscale markets as well as some retail or commercial segment to support the residents of the area. Project Olive is expected to support the Company's objective of maintaining a continuous pipeline of projects by scheduling the launch of the twelve residential towers in phases from 2022 to 2033. Completion will be planned in phases between 2026 to 2037.

Project Midtown

ALCO is evaluating the acquisition of a 2.35-hectare property in the middle of the most prime city center area in southern Philippines. The acquisition program is expected to be completed between 2022 to 2023 to manage the funding requirements over time. ALCO plans to develop the property into Project Midtown over multiple phases from 2024 to 2031 to provide a steady pipeline of projects which will contribute to the revenues of ALCO over the long-term. Project Midtown is envisioned to be a sustainable master planned development which will have commercial, residential and retail components.

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

COMPETITIVE STRENGTHS

ALCO believes that its competitive strengths include:

- Strong brand equity resulting from a clear differentiation in value and sustainability and proven track record from recently completed projects
- Strong, hands-on and committed shareholders
- Highly professional and entrepreneurial management team with extensive experience
- Curated development portfolio in high growth areas
- Prudent financial management
- Resilient pandemic response

(For a more detailed discussion, see “Competitive Strengths” on page [97].)

BUSINESS STRATEGIES

The Company’s business strategies include the following:

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

(For a more detailed discussion, see “ALCO’s Business Strategy” starting on page 100.)

RISKS OF INVESTING

Prospective investors should consider the following risks of investing in the Series D Preferred Shares:

- Risks relating to Arthaland and its subsidiaries (including specific risks related to land and real estate development businesses)
 - The recent COVID-19 global pandemic has had and is expected to continue to have an adverse effect on the real estate industry and, by extension, possibly on the Company’s business and operations.
 - No assurance of successful implementation of business plans and strategies
 - The Company’s business is inherently volatile
 - The Company operates in a regulated environment, and it is affected by the development and application of regulations in the Philippines
 - Ability to obtain financing at favorable terms and interest rates
 - Possibility of an increase of interest rate
 - Availability of land for use in the Company’s future projects
 - Significant competition in the real estate industry
 - Titles over land owned by the Company may be contested by third parties
 - Environmental laws could adversely affect the Company’s business

- Delays in the completion of projects and failure to meet customers' expectation and standards could adversely affect the Company's reputation and its business and financial performance
 - Cyclical nature of property development
 - Possible change in accounting principle for real estate will change the Company's revenue recognition for sale of its real estate developments, which in turn may adversely affect recognition of unrestricted retained earnings
 - The Company's and its subsidiaries' loan agreements are subject to certain debt covenants
 - No assurance that insurance rates and coverage will remain the same which may result in less than adequate insurance coverage
 - The Company or its contractors may be subject to labor unrest, slowdown and increased costs
 - The Company is dependent on key suppliers and service providers to successfully implement its plans
 - The Company is dependent on its management team and key employees to successfully implement its strategies
 - The Company may be unable to attract and retain skilled professionals
 - ALCO may be exposed to cybersecurity incidents and information security risks
 - ALCO is subject to foreign ownership limitations.
 - ALCO is reliant on technology in certain business operations and uses technology to differentiate its developments from those of its competitors.
 - Risks on substantial sale cancellations
 - Changes in tax policies affecting tax exemptions and tax incentives could adversely affect the Company's results of operations.
- Risks relating to the Philippines
 - Company is exposed to risks related to the slowdown in the Philippine economy
 - Political and social instability or acts of terrorism could adversely affect the financial results of the Company
 - Occurrence of natural catastrophes could adversely affect the business of the Company
 - Occurrence of a Philippine credit rating downgrade could adversely affect the business of the Company
- Risks relating to the Series D Preferred Shares
 - Series D Preferred Shares may not be suitable investment for all investors
 - Payment of dividends is subject to funds being available for distribution
 - Holders of the Series D Preferred Shares may face price volatility, resulting in possible gain or loss if the Series D Preferred Shares are sold at the secondary market
 - Subordination to other indebtedness
 - Insufficient Distributions upon Liquidation
 - Limited voting rights
 - Redemption at the option of the Issuer
 - There is no guarantee that the Series D Preferred Shares will be listed
 - Absence of a liquid secondary market

(For a more detailed discussion, see "Risk Factors" on page [Error! Bookmark not defined.]

CORPORATE INFORMATION

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

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

Summary of Financial Information

Prospective purchasers of the Series D Preferred Shares should read the summary financial data below together with the consolidated financial statements, including the notes thereto, included in this Prospectus, such as in the section “Management’s Discussion and Analysis of Results of Operations and Financial Condition”. The summary financial data for the three years ended December 31, 2018, 2019 and 2020 are derived from the audited consolidated financial statements of ALCO, audited by Reyes Tacandong & Co. and prepared in compliance with the Philippine Financial Reporting Standards (“PFRS”), including the notes thereto, which are found as Appendix “A” of this Prospectus. The summary financial data as of and for the six months ended June 30, 2020 and 2021, are derived from the unaudited interim condensed financial statements of ALCO, in compliance with Philippine Accounting Standards (“PAS”) 34, “Interim Financial Reporting”, which are set out in Appendix “B” of this Prospectus. The historical financial condition, results of operations and cash flows of ALCO are not a guarantee of its future operating and financial performance.

	For the years ended December 31,			For the six months ended June 30,	
	2018	2019	2020	2020	2021
		Audited		Unaudited	
	(in £ millions except per share figures)				
Consolidated Statements of Comprehensive Income					
Revenue	1,132	3,848	3,302	886	1,245
Cost of Sales and Services	(618)	(2,146)	(1,683)	(471)	(705)
Gross Income	514	1,702	1,619	415	540
Operating Expenses	398	666	680	268	347
Income (Loss) from Operations	116	1,036	939	147	193
Gain on Change in Fair Value of Properties	173	1,181	960	909	507
Finance Costs	(74)	(125)	(281)	(106)	(140)
Other Income	339	31	41	15	23
Income before Income Tax	554	2,123	1,659	965	583
Income Tax Expense	165	636	490	277	(138)
Net income	389	1,487	1,169	688	721
Other Comprehensive Income					
<i>Not to be reclassified to profit or loss</i>					
Remeasurement gain on retirement liability	15	(26)	(7)	-	-
Income tax expense relating to item that will not be reclassified	(5)	8	2	-	-
Total Comprehensive Income	399	1,469	1,164	688	721
Net income attributable to:					
Equity holders of Arthaland Corporation	334	1,187	887	647	597
Non-controlling interests	55	300	282	41	124
	389	1,487	1,169	688	721
Total comprehensive income attributable to:					
Equity holders of Arthaland Corporation	344	1,169	882	647	597
Non-controlling interests	55	300	282	41	124
	399	1,469	1,164	688	721
Earnings (Loss) Per Share	0.0362	0.1902	0.1273	0.1019	0.0925

	As of the years ended December 31,			As of the six months ended June 30,
	2018	2019	2020	2021
	Audited			Unaudited
	(in ₦ millions except where otherwise indicated)			
Consolidated Statements of Financial Position				
Assets				
Cash and cash equivalents	285	407	941	1,297
Financial assets at fair value through profit or loss	196	772	3,257	2,396
Receivables	236	390	539	701
Contract Assets	785	3,250	5,342	6,026
Real estate for sale	3,413	5,410	6,895	7,720
Investment properties	5,902	7,280	8,315	8,822
Property and equipment	237	283	280	277
Other assets	1,282	1,684	1,978	2,113
Total assets	12,336	19,476	27,547	29,352
Liabilities and Equity				
Liabilities				
Loans payable	4,170	6,925	9,306	10,247
Bonds Payable	-	-	2,959	2,962
Accounts payable and other liabilities	1,656	2,489	2,793	3,246
Contract liabilities	20	32	27	32
Due to a related party	387	1,145	1,368	1,368
Retirement liability	66	100	101	117
Deferred Tax Liability	779	1,309	1,763	1,614
Total Liabilities	7,078	12,000	18,317	19,586
Equity				
Capital stock	990	1,000	1,000	1,000
Additional paid-in capital	2,031	3,009	3,009	3,009
Retained earnings	2,214	3,162	3,779	4,042
Other equity items	19	(0)	230	230
Parent Company’s shares held by a subsidiary	(13)	(13)	(13)	(13)
Total equity attributable to the Parent Company	5,241	7,158	8,005	8,268
Non-controlling interests	17	318	1,225	1,498
Total Equity	5,258	7,476	9,230	9,766
Total Liabilities and Equity	12,336	19,476	27,547	29,352

	For the years ended December 31,			For the six months ended June 30,	
	2018	2019	2020	2020	2021
		Audited		Unaudited	
	(in ₦ millions)				
Consolidated Statement of Cash Flows					
Net cash provided by (used in)					
Operating activities	(1,729)	(3,350)	(3,022)	(1,383)	(1,488)
Investing activities	(171)	(785)	(2,579)	(606)	858
Financing activities	1,590	4,259	6,135	4,907	986
Effect of consolidation of Arcosouth	5	(1)	-	5	-
Effect of exchange rate changes in cash and cash equivalents	-	(1)	-	-	-
Net increase/(decrease) in cash and cash equivalents	(305)	122	534	2,923	356
Cash and cash equivalents at beginning of year	590	285	407	407	941
Cash and cash equivalents at end of period	285	407	941	3,330	1,297

Terms of the Offer

The following does not purport to be a complete listing of all the rights, obligations, and privileges attaching to or arising from the Series D Preferred Shares. Some rights, obligations, or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective investors are enjoined to perform their own independent investigation and analysis of the Company and the Series D Preferred Shares. Each prospective investor must rely on its own appraisal of the Company and the Series D Preferred Shares 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 invest in the Series D Preferred Shares, 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 investor's independent evaluation and analysis.

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

1	Issuer.....	ArthaLand Corporation (“ ALCO ”, the “ Company ” or the “ Issuer ”).
2	Offer Size.....	₱2,000,000,000 (the “ Firm Offer ”) with an Oversubscription Offer of ₱1,000,000,000.
3	Instrument.....	Cumulative, non-voting, non-participating, non-convertible, redeemable Peso-denominated preferred shares (the “ Series D Preferred Shares ”).
4	Offer and Offer Price	ALCO, through the Lead Underwriter and the Selling Agents, is offering up to 4,000,000 Series D Preferred Shares, and in case the Oversubscription Option is exercised, up to an additional 2,000,000 Series D Preferred Shares, at an offer price of ₱500 per share (the “ Offer Price ”).
5	Registration and Listing.....	<p>On September [13], 2021, the Company filed an application with the SEC to register the Series D Preferred Shares under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799) and its implementing regulations. [The Securities and Exchange Commission (“SEC”) has approved the registration of 6,000,000 cumulative, non-voting, non-participating, non-convertible Peso-denominated Preferred Shares on [•], pursuant to the Securities Regulation Code and its implementing rules and regulations.]</p> <p>On September [•], 2021, the Company likewise applied with the Philippine Stock Exchange (“PSE”) for the listing of the Series D Preferred Shares. Upon listing, the Series D Preferred Shares will be traded under the symbol “ALCPD”.</p>
6	Issue Date	[•], 2021, or such other date as the Issuer and the Lead Underwriter may agree in writing, provided that such date shall be a date which is within the validity of the SEC Permit to Sell Securities and the PSE approval to list the Series D Preferred Shares.

7	Use of Proceeds	The net proceeds of the Offer (<i>i.e.</i> , after deducting expenses in relation to the Offer) will be used to redeem the Series B Preferred Shares and, in case the Oversubscription Option is fully exercised, to fund additional investments in SLDC and CLLC to allow ALCO to retain office and retail units that will allow it to increase its recurring income. Please refer to the section “Use of Proceeds” of this Prospectus for further discussion of the use of proceeds of the Offer.
8	Par Value.....	The Series D Preferred Shares have a par value of ₱1 per share.
9	Offer Price.....	The Series D Preferred Shares will be offered at a price of ₱500 per share.
10	Dividend Rate	<p>The Series D Preferred Shares will, subject to certain dividend payment conditions (see “<i>Conditions for the Declaration and Payment of Cash Dividends</i>” in this Prospectus), bear cumulative, non-participating cash dividends (the “Dividends”) 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 “Dividend Rate” 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 “Original Dividend Rate”) shall be at the fixed rate of [•]% <i>per annum</i>.</p> <p>The Original Dividend Rate shall be equivalent to the sum of the 3-day average of the 5-year BVAL (or such successor rate) as of the dividend rate setting date (to be determined by ALCO and the Lead Underwriter), and a spread of [•] bps (the “Original Spread”) <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 D Preferred Shares are redeemed by ALCO on the fifth (5th) anniversary of the Listing Date (the “Initial Optional Redemption Date”), the Dividend Rate shall be adjusted thereafter to the higher of:</p> <ol style="list-style-type: none"> Original Dividend Rate, or the sum of:

		<p>i. the 3-day average of the 10-year BVAL preceding and including the Initial Optional Redemption Date, and</p> <p>ii. the Original Spread x 250%</p> <p>(this item b, the “Step Up Rate”).</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 D Preferred Shares, dividends will be payable starting on [•], 2021 and every [•],[•],[•]and [•] of each year (each, a “Dividend Payment Date”), being the last day of each 3-month dividend period (a “Dividend Period”). 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 “Banking Day” means a day, except Saturday or Sunday or legal holidays, when banks are open for business in Metro Manila, Philippines during which facilities of the Philippine banking system are open and available for clearing; provided that all other days unless otherwise specified herein shall mean calendar days which shall be construed as successive periods of twenty-four (24) hours each.</p>
14	Conditions for the Declaration and Payment of Cash Dividends	<p>ALCO’s Board of Directors has full discretion over the declaration and payment of cash dividends on the Series D 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> <p>(a) Payment of the cash dividend would cause ALCO to breach any of its financial covenants; or</p> <p>(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 D Preferred Shares.</p> <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</p>

		<p>D Preferred Shares and the dividends on other shares that have an equal right and priority to dividends as the Series D Preferred Shares, in full and on the relevant dates, then ALCO is required to:</p> <ol style="list-style-type: none"> (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 D Preferred Shares; and (2) second, to pay dividends on the Series D Preferred Shares and any other shares ranking equally with the Series D 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 D Preferred Shares to receive dividends. <p>Any such cash dividends deferred or not declared in accordance with the above provisions shall constitute “Arrears of Dividends”.</p> <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 D Preferred Shares will be cumulative. If for any reason the Board of Directors of ALCO does not declare cash dividends on the Series D 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 D 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 D Preferred Shares prior to such Dividend Payment Date.</p> <p>Holders of the Series D 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 D Preferred Shares.</p>
--	--	---

		<p>ALCO covenants that, in the event:</p> <p>(a) any cash dividends due with respect to any Series D Preferred Shares then outstanding for any period are not declared and paid in full when due;</p> <p>(b) where there remains outstanding Arrears of Dividends; or</p> <p>(c) any other amounts payable under the terms and conditions of the Series D Preferred Shares are not paid in full when due for any reason,</p> <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 D 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 D Preferred Shares) until any and all Arrears of Dividends and accrued but unpaid cash dividends have been paid to the holders of the Series D Preferred Shares (unless such declaration or payment of dividends or distributions in respect of <i>pari passu</i> securities shall be in accordance with the paragraph numbered (2) of this section in respect of <i>pro rata</i> payment between the Series D Preferred Shares and any other shares ranking equally with the Series D 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 D 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 D 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 D 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 D 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 D 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 “Optional Redemption Date”),</p> <p>at a redemption price equal to the Offer Price of the Series D 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 effect the redemption (the “Redemption Price”). The Redemption Price shall be paid to holders of the Series D 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 D 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 D Preferred Shares. If ALCO redeems the Series D 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 D Preferred Shares within thirty (30) days from the occurrence of a Change in Control Event:</p> <p>(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</p> <p>(b) ALCO may still redeem at any time the Series D 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</p>
--	--	--

		Change in Control Event has occurred until the date of redemption, as provided under item (a) above.
17	Accounting Event.....	An accounting event (“ Accounting Event ”) 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 D Preferred Shares or the funds raised through the issuance of the Series D Preferred Shares may no longer be recorded as “equity” to the full extent as at the Issue Date pursuant to the Philippine Financial Recording Standards (“ PFRS ”), 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 (“ Tax Event ”) shall occur if dividend payments or other amounts payable on the Series D 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 (“Change in Control Event”) shall be deemed to have occurred when:</p> <ul style="list-style-type: none"> (a) CPG Holdings, Inc. (“CPG”) and AO Capital Holdings 1 (“AOCH1”) (or together with any of their respective affiliates) collectively cease to own at least 51% of the voting capital stock of ALCO and to retain the power to elect a majority of the Board of Directors; or (b) CPG (alone or together with any affiliate) ceases to own at least 31% of the voting capital stock of ALCO; or (c) AOCH1 (alone or together with any affiliate) ceases to own at least 20% of the voting capital stock of ALCO. <p>The term “affiliate” for purposes of the definition of the Change in Control Event, means a corporation (i) at least 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</p>

		<p>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 D Preferred Shares, subject to the conditions stated under "<i>Optional Redemption</i>". Unless the Series D 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 D 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 D Preferred Shares.
21	Purchase of the Series D Preferred Shares.....	<p>Subsequent to the listing of the Series D Preferred Shares on the PSE, and subject to compliance with applicable law and rules of the PSE, ALCO may purchase the Series D 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 D Preferred Shares.</p> <p>Any Series D Preferred Shares redeemed or purchased by ALCO shall be recorded as treasury stock of ALCO and will be cancelled.</p>
22	Taxation.....	Subject to the provisions set forth below, all payments in respect of the Series D 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 D Preferred Shares will receive the full amount of the relevant payment which otherwise would have been due and payable.

		<p>Notwithstanding the foregoing, ALCO shall not be liable for, and the foregoing payment undertaking of ALCO shall not apply to:</p> <ul style="list-style-type: none"> (a) any withholding tax applicable to dividends earned by or any amounts payable to holders of the Series D Preferred Shares; (b) any income tax including capital gains 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 D Preferred Shares, or on the liquidating distributions as may be received by a holder of Series D Preferred Shares; (c) any expanded value added tax which may be payable by any holder of the Series D Preferred Shares on any amount to be received from ALCO under the terms and conditions of the Series D Preferred Shares; (d) any withholding tax on any amount payable to any holder of Series D Preferred Shares which is a non-resident holder; and (e) applicable taxes on any subsequent sale or transfer of the Series D Preferred Shares by any holder of the Series D 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>Documentary stamp tax for the primary issue of the Series D 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 D Preferred Shares.</p>
23	Tax-Exempt Status or Entitlement to Preferential Tax Rate	<p>An investor or holder of Series D 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 the Stock Transfer Agent, subject to acceptance by ALCO, as being sufficient in form and substance:</p> <ul style="list-style-type: none"> (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 addressed to the relevant applicant or holder of Series D Preferred Shares, confirming its exemption, as required under

		<p>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 Series D Preferred Shares that opts to avail himself or itself of preferential tax treatment with respect to income tax on dividends based on an applicable tax treaty must provide the Issuer with two originals of the following documents: (a) an application form for treaty purposes (BIR Form 0901-D for dividends), (b) an authenticated/apostilled tax residency certificate duly issued by the relevant foreign tax authority in favor of the shareholder, (c) notarized and authenticated/apostilled special power of attorney issued by the non-resident holder to the Issuer (indicating the latter's authorized individual representatives), which must expressly state the authority to sign the request for confirmation, and (d) authenticated/apostilled copy of the constitutive documents, such as articles/memorandum of incorporation of incorporation/association, of the non-resident holder, if applicable, with an English translation if in foreign language. The non-resident holder must also furnish the Issuer the relevant provision of the applicable tax treaty which prescribes the preferential tax treatment on dividend income;</p> <p>(b) Transferee holders</p> <p>A non-resident holder who is a transferee of Series D 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 two originals of the following documents: (i) the duly accomplished and signed BIR Form 0901-D, (ii) the authenticated/apostilled tax residency certificate, (iii) the notarized and authenticated/apostilled special power of attorney issued by the non-resident holder to the Issuer (indicating the latter's authorized individual representatives), which must expressly state the authority to sign the request for confirmation, (iv) authenticated/apostilled copy of the constitutive documents, such as articles/memorandum of incorporation of incorporation/association, of the non-resident holder, if applicable, with an English translation if in foreign language, and (v) and a copy of the relevant provision of the applicable tax treaty which prescribes the preferential tax treatment on dividend income.</p> <p>Whether or not the investor or holder of Series D Preferred Shares is entitled to the exemption or preferential tax rate under the applicable tax treaty, and consequently, whether a</p>
--	--	---

		<p>request for confirmation shall be filed 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 D Preferred Shares, who has personal knowledge of the exemption based on his official functions, if the applicant purchases, or the holder of Series D Preferred Shares holds, the Series D 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 D Preferred Shares pursuant to its management of tax-exempt entities (<i>i.e.</i>, Employee Retirement Fund, etc.), declaring and 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 D 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 D 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 D Preferred Shares, to the Lead 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 D</p>
--	--	---

		<p>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 D 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 D 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 to apply the tax due on the Series D Preferred Shares. Any question on such determination shall be referred to ALCO.</p>
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 D 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 D Preferred Shares and before any distribution of assets is made to holders of any class of ALCO shares ranking junior to the Series D 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 D Preferred Shares and any other shares of ALCO ranking as to any such distribution <i>pari passu</i> with the Series D Preferred Shares are not paid in full, the holders of the Series D 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 D 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 D Preferred Shares.....	<p>The Series D Preferred Shares will be issued in scripless form through the electronic book-entry system of 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 D 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 certificates evidencing their investment in the Series D 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 D 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 D 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 D Preferred Shares and subsequent transfers of interests in the Series D 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 D 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 “<i>Taxation</i>” in this Prospectus 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 D 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 D 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 D Preferred Shares in the Distribution of Assets in the Event of Dissolution.....	<p>The Series D 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 D 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 D Preferred Shares. Accordingly, the obligations of the Company under the Series D Preferred Shares will not be satisfied unless the Company can satisfy in full all of its other obligations ranking senior to the Series D Preferred Shares.</p> <p>There is no agreement or instrument that limits or prohibits the ability of ALCO to issue Series D Preferred Shares or other securities, and ALCO may at any time issue such other securities, that rank <i>pari passu</i> with the Series D Preferred Shares or with terms and conditions different from the Series D 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, Series C and Series D Preferred Shares (collectively, the “Public Preferred Shares”).</p>
28	Selling and Transfer Restrictions.....	After listing, the subsequent transfers of interests in the Series D 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 [•] of this Prospectus for additional features, rights and privileges of, and information on, the Series D Preferred Shares.
30	Governing Law.....	The Series D Preferred Shares will be issued pursuant to the laws of the Republic of the Philippines.
Other Terms of the Offer		
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 12:00 p.m. only. ALCO and the Lead Underwriter reserve the right to extend or terminate the Offer Period with the approval of or notice to the SEC and, as applicable, the PSE.</p> <p>Applications shall be considered irrevocable upon submission to the Lead Underwriter or Selling Agents, and shall be subject to the terms and conditions of the Offer as stated in the Prospectus and in the application form to subscribe to the Series D Preferred Shares (the “Application to Purchase”).</p>

		Applications to Purchase the Series D Preferred Shares, together with the required documents (each, an “ Application ”), must be received by the Lead 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.
32	Minimum Subscription to the Series D Preferred Shares.....	Each Application shall be for a minimum of 100 Series D Preferred Shares, and thereafter, in multiples of 20 Series D Preferred Shares. No Application for multiples of any other number of Series D Preferred Shares will be considered.
33	Eligible Investors.....	<p>The Series D 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 D Preferred Shares applied for subscription.</p> <p>Subscription to the Series D Preferred Shares may be restricted in certain jurisdictions. Foreign investors interested in subscribing or purchasing the Series D 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 D Preferred Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Series D Preferred Shares.</p>
34	Procedure for Application.....	<p>Applications to Purchase the Series D Preferred Shares may be obtained from any of the Lead Underwriter or Selling Agents. The Application to Purchase may also be obtained from the website of ALCO at www.arthaland.com. 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 Lead 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 D Preferred Shares covered by the Application and all other required documents including documents required 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 Lead Underwriter or Selling Agents within the deadline as set out in this Prospectus.</p> <p>If the applicant is a corporation, partnership, or trust account, the Application must be accompanied by the following documents:</p> <p>(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;</p> <p>(b) applicant's SEC certificate of registration, duly certified by the corporate secretary; and</p> <p>(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 D Preferred Shares indicated in the Application and (ii) the designated signatories for the purpose, including their respective specimen signatures.</p> <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 Lead 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 Prospectus.</p>
--	--	---

35	Payment for the Series D Preferred Shares.....	<p>The Offer Price of the Series D 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> <p>(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 D 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</p> <p>(b) for applicants directly submitting their Application to Purchase to any of the Lead Underwriter or Selling Agents:</p> <p>(i) through the Real Time Gross Settlement facility of the BSP to the Lead Underwriter or Selling Agent to whom such Application was submitted, or</p> <p>(ii) via direct debit from their deposit account maintained with the Lead Underwriter or Selling Agents.</p>
36	Acceptance/Rejection of Applications.....	<p>The actual number of Series D Preferred Shares that an Applicant will be allowed to subscribe to is subject to the confirmation of the Lead 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 Sole Issue Manager and Lead Underwriter. Applications which were unpaid or where 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</p>

		Series D 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. Notwithstanding the acceptance of any Application by ALCO, the actual subscription by the Applicant for the Series D Preferred Shares will become effective only upon listing of the Series D Preferred Shares on the PSE and upon the obligations of the Lead 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.														
37	Refunds of Application Payments.....	In the event that the number of Series D Preferred Shares to be allotted to an Applicant, as confirmed by a Lead 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 D Preferred Shares wholly or partially rejected. All refunds shall be made through the Lead Underwriter or Selling Agents with whom the Applicant has filed the Application at the risk of the applicant.														
38	Timetable.....	<div>The timetable of this Offer is as follows:</div> <table><tr><td>Dividend Rate Setting</td><td>[•]</td></tr><tr><td>Dividend Rate Announcement</td><td>[•]</td></tr><tr><td>Offer Period</td><td>[•]</td></tr><tr><td>PSE Trading Participants' Commitment Deadline</td><td>[•]</td></tr><tr><td>PSE Trading Participants' Allocation</td><td>[•]</td></tr><tr><td>Issue Date</td><td>[•]</td></tr><tr><td>Listing Date, and Commencement of Trading on the PSE</td><td>[•]</td></tr></table> <div>The dates indicated above are subject to the approval of the PSE and the SEC, market and other conditions, and may be changed.</div>	Dividend Rate Setting	[•]	Dividend Rate Announcement	[•]	Offer Period	[•]	PSE Trading Participants' Commitment Deadline	[•]	PSE Trading Participants' Allocation	[•]	Issue Date	[•]	Listing Date, and Commencement of Trading on the PSE	[•]
Dividend Rate Setting	[•]															
Dividend Rate Announcement	[•]															
Offer Period	[•]															
PSE Trading Participants' Commitment Deadline	[•]															
PSE Trading Participants' Allocation	[•]															
Issue Date	[•]															
Listing Date, and Commencement of Trading on the PSE	[•]															
39	Sole Issue Manager, Lead Bookrunner and Lead 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.....	[•]
43	Counsel to ALCO.....	SyCip Salazar Hernandez & Gatmaitan
44	Counsel to the Sole Issue Manager, Lead Underwriter and Bookrunner.....	Romulo Mabanta Buenaventura Sayoc & De Los Angeles

Description of the Securities

Set forth below is information relating to the Series D Preferred Shares. This description does not purport to be a complete listing of all the features, rights, obligations, or privileges of the Series D Preferred Shares and is qualified in its entirety by reference to the Deed Poll and the Stock Transfer, Receiving and Paying Agency Agreement. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and Shareholders of the Company, the information contained in this Prospectus, the Deed Poll, and the Stock Transfer, Receiving and Paying Agency Agreement.

SHARE CAPITAL

On August 30, 2016 and September 7, 2016, the BOD and stockholders representing at least 2/3 of the outstanding capital stock of the Company approved, respectively, the increase of its authorized capital stock by ₱50,000,000 or 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.

Pursuant to the Company's amended Articles of Incorporation and By-Laws, the Company has an authorized capital stock of ₱2,996,257,135.82 consisting of 16,368,095,199 Common Shares with a par value of ₱0.18 per Common Share and 50,000,000 preferred shares with a par value of ₱1.00 per preferred share.

As of the date of this Prospectus, the Company has an authorized capital stock of ₱2,996,257,135.82 consisting of 16,368,095,199 Common Shares with a par value of ₱0.18 per Common Share and 50,000,000 preferred shares with a par value of ₱1.00 per preferred share. The Company's issued and outstanding capital stock is as follows:

- (a) common shares of 5,318,095,199 Common Shares with par value of ₱0.18 share or aggregate par value of ₱957,257,135.82;
- (b) 12,500,000 Series A Preferred Shares with par value of ₱1.00 per share or aggregate par value of ₱12,500,000.00;
- (c) 20,000,000 Series B Preferred Shares with par value of ₱1.00 per share or aggregate par value of ₱20,000,000.00; and
- (d) 10,000,000 Series C Preferred Shares with par value of ₱1.00 per share or aggregate par value of ₱10,000,000.00.

Aggregate par value of the outstanding shares is ₱999,757,135.82 in total subscribed capital stock. Total paid-up capital, inclusive of additional paid-in capital is ₱4,008,717,014.

A. COMMON SHARES

Voting Rights

Each Common Share is entitled to one vote at all stockholders' meetings for each Common Share standing in the stockholder's name in the books of the Company at the time of closing thereof for the purpose of the meeting.

At every election of directors, each stockholder entitled to vote during the meeting may vote each Common Share for as many persons as there are directors to be elected, or to cumulate said shares and give one

candidate as many votes as the number of directors multiplied by the number of his shares shall equal, or distribute such votes on the same principle among as many candidates as the stockholder thinks fit.

Fundamental Matters Requiring Stockholder Approval

Corporate power and competence are lodged primarily with the BOD. However, the Revised Corporation Code considers certain matters as significant corporate acts that may be implemented only with the approval of stockholders, including those holding shares denominated as non-voting in the articles of incorporation. These acts, which require BOD approval and the approval of stockholders representing at least two-thirds (2/3) of the issued and outstanding capital stock of the company in a meeting duly called for the purpose (except for the amendment of the By-Laws and the approval of management contracts in general, which require approval of stockholders representing a majority of the Company's outstanding capital stock), include:

- Amendment of the Articles of Incorporation³;
- Extension or shortening of corporate term;
- Increase or decrease of capital stock and incurring, creating or increasing bonded indebtedness;
- Delegation to the BOD the power to amend or repeal or to adopt new By-Laws;
- Sale of all or substantially all of the Company's properties and assets, including its goodwill;
- Merger or consolidation of the Company with another corporation or corporations;
- Investment of corporate funds in any other corporation, business or for any purpose other than the primary purpose for which the Company was organized;
- Dissolving the Company;
- Issuance of stock dividends;
- Ratifying a contract between the Company and a director, officer or their spouses and relatives within the fourth civil degree of consanguinity or affinity, where any of the following conditions is absent: (i) the presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum; (ii) the vote of such director was not necessary for the approval of the contract; or (iii) the contract is fair and reasonable under the circumstances;
- Entering into a management contract with another corporation where (a) where a stockholder or stockholders representing the same interest of both the managing corporation and the Company in case it is the managed corporation own or control more than one-third (1/3) of the total outstanding capital stock entitled to vote of the managing corporation; or (b) where a majority of the members of the board of directors of the managing corporation also constitute a majority of the members of the board of directors of the Company in case it is the managed corporation;
- Removal of directors;

³ The Omnibus Loan and Security Agreement dated April 15, 2015 entered into by the Company and BDO prohibits the Company from changing its ownership structure (i.e. amendments to its Articles of Incorporation to increase the authorized capital stock). The Company has secured the necessary approval from BDO on its recent increase in authorized capital stock and the corresponding amendment to its Articles of Incorporation.

- Ratification of an act of disloyalty by a director as described under Section 33 of the Revised Corporation Code; and
- Ratification of contracts with corporations in which a director is also a member of the board, where the interest of the directors is substantial in one corporation and nominal in the other.

No Preemptive Rights

The Articles of Incorporation of the Company currently deny pre-emptive rights to holders of shares of stock of the Company over all issuances of the Company's shares. However, stockholders representing at least two-thirds of the Company's issued and outstanding capital stock voting at a stockholders' 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 may 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 stockholders representing two-thirds of the outstanding capital stock in exchange for property needed for corporate purposes or in payment of a previously contracted debt.

Derivative Suits

Philippine law recognizes the right of a stockholder to institute, under certain circumstances, proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights, as for example, where the directors themselves are the malefactors.

Appraisal Rights

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

- An amendment to the Articles of Incorporation which has the effect of changing or restricting the rights 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 disposition of all or substantially all the corporate property and assets as provided under the Revised Corporation Code;
- A merger or consolidation; and
- The investment of corporate funds for any purpose other than the primary purpose of the corporation.

In these circumstances, the dissenting stockholder may, by making a written demand, require the corporation to pay 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 (2) thus chosen. The findings of the majority appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made. No payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover the payment.

Within ten (10) days after demanding payment for shares held, a dissenting stockholder shall submit the certificates of stock representing the shares to the corporation for notation that such shares are dissenting shares. Failure to do so shall, at the option of the corporation, terminate the appraisal rights. If shares represented by the certificates bearing such notation are transferred, and the certificates consequently cancelled, the rights of the transferor as a dissenting stockholder (pursuant to the provisions on appraisal rights) shall cease and the transferee shall have all the rights of a regular stockholder; and all dividend distributions which would have accrued on such shares shall be paid to the transferee.

Right to Dividends of Common Shares

Dividends shall be declared from the unrestricted retained earnings of the Company, at such time and in such amounts as the BOD may determine. Declarations of stock dividends shall be submitted to a stockholders' meeting for approval within forty (40) business days from such approval by the BOD. The record date for stock dividends shall not be earlier than the date of approval by the stockholders. Meanwhile, declaration of cash dividends shall have a record date, which shall not be less than fifteen (15) business days but not more than twenty (20) business days from the date of the declaration of the BOD.

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, with the SEC and copies of their annual financial statements with 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 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.

Change in Control

The Company's Articles of Incorporation provides that no transfer of stock or interest, which will reduce the ownership of Filipino citizens to less than the required percentage of the outstanding capital stock, shall be allowed or permitted to be recorded in the stock and transfer book.

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of companies engaged in certain activities. Foreign equity participation in entities such as the Company, which owns land in the Philippines, is 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 Series D 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. For more information relating to restrictions on the ownership of the Series D Preferred Shares, see the discussion on Regulatory Regulations covering restrictions on foreign ownership in page [●][●] of this Prospectus.

Mandatory Tender Offers

Under the implementing rules and regulations of the SRC, subject to certain exceptions:

- Any person or group of persons acting in concert, who intends to acquire fifteen percent (15%) of equity securities in a public company in one or more transactions within a period of twelve (12) months, shall file a declaration to that effect with the SEC.
- Any person or group of persons acting in concert, who intends to acquire thirty-five percent (35%) of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company in one or more transactions within a period of twelve (12) months,

shall disclose such intention and contemporaneously make a tender offer for the percentage sought to all holders of such securities within the said period.

- Any person or group of persons acting in concert, who intends to acquire thirty-five percent (35%) of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company directly from one or more stockholders shall be required to make a tender offer for all the outstanding voting shares. The sale of shares pursuant to the private transaction or block sale shall not be completed prior to the closing and completion of the tender offer.
- If any acquisition that would result in ownership of over fifty percent (50%) of the total outstanding equity securities of a public company, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining stockholders of said company at a price supported by a fairness opinion provided by an independent financial advisor or equivalent third party. The acquirer in such a tender offer shall be required to accept all securities tendered.

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. In this meeting, the stockholders elect, by a plurality of vote through ballot, a board composed of nine (9) directors, including two (2) independent directors, to serve for one (1) year or until their successors are elected and qualified. 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.

Moreover, under the implementing regulations of the SRC, the information statement required to be prepared in connection with a stockholders' meeting, together with the proxy form and management report required under the said regulations (if applicable), shall be distributed to the security holders at least fifteen (15) business days prior to the date of the stockholders' meeting. Also, pursuant to SEC Memorandum Circular No. 3, series of 2020, written notice of regular meetings shall be sent to all stockholders of record at least twenty-one (21) calendar days prior to the date of the meeting.

Special Meetings of Stockholders

Special meetings of the stockholders may be called by the BOD, 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 BOD 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.

Under SEC Memorandum Circular No. 7, series of 2021, any number of shareholders of a corporation ("**Qualifying Shareholders**") who hold at least ten percent (10%) or more of the outstanding capital stock ("**Qualifying Shares**") of a publicly listed company shall have the right to call for a special stockholders' meeting, subject to the guidelines set under Section 49 of the Revised Corporation Code and other relevant regulations. The Qualifying Shareholders should have continuously held the Qualifying Shares for a period of at least one (1) year prior to the receipt by the Corporate Secretary of a written call for a special stockholders' meeting. The said circular provides for the procedures and requirements in relation to the exercise of the foregoing right.

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 BOD may determine.

Proxy

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.

Quorum and Voting

Stockholders present or represented in the meeting and owning a majority of the outstanding voting stock shall constitute a quorum for the transaction of business at the meeting. When there is a quorum, the vote of the stockholders owning a majority of the outstanding stock present or represented at such meeting shall decide on any matter brought before such meeting, unless the affirmative vote of stockholders owning a greater capital stock is required by law.

B. PREFERRED SHARES

Pursuant to the amended Articles of Incorporation of the Company which was approved by the SEC on [September 22, 2016], the preferred shares shall be redeemable and have such features as the BOD may prescribe, but in no case shall such preferred shares be voting or participating.

Series A Preferred Shares Outstanding as of the Date of this Prospectus

Pursuant to the board resolution approved on September 7, 2016, the Series A Preferred Shares shall have features, rights and privileges as set out below:

Instrument.....	Cumulative, non-voting, non-participating, non-convertible Peso-denominated Series A Preferred Shares (the “ Series A Preferred Shares ”).
Subscriber.....	MPI
Size and Offer Price	12,500,000 Series A Preferred Shares, at an offer price of ₱1.00 per share (the “ Series A Offer Price ”).
Par Value.....	The Series A Preferred Shares have a par value of ₱1.00 per share.
Dividend Rate	The Series A Preferred Shares will, subject to certain dividend payment conditions, bear cumulative, non-participating cash dividends based on the Series A Offer Price, commencing on the issue date of the Series B Preferred Shares and payable annually on every anniversary of such issue date.

	The dividend rate shall be 6.0458%, 100 basis points below the dividend rate of the Series B Preferred Shares as of the issue date of such Series B Preferred Shares.
Optional Redemption	Applicable only if the Series B Preferred Shares and all other preferred shares ranking pari passu with the Public Preferred Shares have been fully redeemed.
No Sinking Fund.....	ALCO has not established, and currently has no plans to establish, a sinking fund for the redemption of the Series A Preferred Shares.
Liquidation Rights	Rank junior to the Public Preferred Shares
Status of the Series A Preferred Shares in relation to the declaration and payment of dividends, redemption and liquidation ...	<p>The Series A Preferred Shares will be subordinated to the Public Preferred Shares.</p> <p>Accordingly, the obligations of the Company under the Series A Preferred Shares will not be satisfied unless the Company can satisfy in full all of its other obligations ranking senior to the Series A Preferred Shares, including the Public Preferred Shares.</p>
Governing Law.....	The Series A Preferred Shares will be issued pursuant to the laws of the Republic of the Philippines.

The Series B Preferred Shares

Further to the registration statement filed by the Company covering the Shelf Registration which was rendered effective by the SEC in its order and certificate of permit to offer securities for sale for the ₱2.0 Billion Series B Preferred Shares issued on 22 November 2016, the Series B Preferred Shares have features, rights and privileges as summarized below:

Instrument.....	Cumulative, non-voting, non-participating, non-convertible Peso-denominated Series B Preferred Shares.
Size and Offer Price	20,000,000 Series B Preferred Shares, at an offer price of ₱100 per share (the “ Series B Offer Price ”).
Par Value.....	The Series B Preferred Shares have a par value of ₱1.00 per share.
Dividend Rate	The Series B Preferred Shares will, subject to certain dividend payment conditions, bear cumulative, non-participating cash dividends (the “Dividends”) based on the Offer Price, payable quarterly in arrears every Dividend Payment Date at the Dividend Rate per annum reckoned from Issue Date. Dividends will be calculated on a 30/360-day basis.

	<p>The term “Dividend Rate” 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</p>
Original Dividend Rate and Original Spread	<p>The original dividend rate (the “Original Dividend Rate”) shall be at the fixed rate of 7.0458% per annum. The Original Dividend Rate is equivalent to the sum of the 3- day average of the 5-year PDST-R2 rate (or such successor rate) as of November 15, 2016, the dividend rate setting date, and a spread of 275 bps (the “Original Spread”) per annum.</p>
Dividend Rate Step-Up	<p>Unless the Series B Preferred Shares are redeemed by ALCO on the fifth (5th) anniversary of the Listing Date (the “Initial Optional Redemption Date”), the Dividend Rate shall be adjusted thereafter to the higher of:</p> <ul style="list-style-type: none"> a. Original Dividend Rate, or b. the sum of: <ul style="list-style-type: none"> i. the 3-day average of the 10-year PDST-R2 preceding and including the Initial Optional Redemption Date, and ii. the Original Spread x 150% (this item b, the “Step Up Rate”). <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>
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 B 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> <ul style="list-style-type: none"> (a) the Initial Optional Redemption Date; or (b) any Dividend Payment Date after the Initial Optional Redemption Date <p>(each, an “Optional Redemption Date”),</p> <p>at a redemption price equal to the Offer Price of the Series B 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 effect the redemption (the “Redemption Price”). The Redemption Price shall be paid to holders of the Series B 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 B Preferred Shares, in whole but not in part, at any time if an Accounting Event, a Tax Event or a Change in Control Event 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 B Preferred Shares. If ALCO redeems the Series B 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 B Preferred Shares within thirty (30) days from the occurrence of a Change in Control Event:</p> <p>(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</p> <p>(b) ALCO may still redeem at any time the Series B 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.</p>
No Sinking Fund.....	ALCO has not established, and currently has no plans to establish, a sinking fund for the redemption of the Series B Preferred Shares.
Liquidation Rights	<p>Pari passu with the Public Preferred Shares</p> <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 B 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 Public Preferred Shares and before any distribution of assets is made to holders of any class of ALCO shares ranking junior to the Public Preferred Shares as regards</p>

	<p>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 B Preferred Shares and any other shares of ALCO ranking as to any such distribution <i>pari passu</i> with the Public Preferred Shares are not paid in full, the holders of the Series B 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 B 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>
Status of the Series B Preferred Shares in relation to the declaration and payment of dividends, redemption and liquidation ...	<p>Pari passu with the Public Preferred Shares</p> <p>The Series B 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 B 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 B Preferred Shares. Accordingly, the obligations of the Company under the Series B Preferred Shares will not be satisfied unless the Company can satisfy in full all of its other obligations ranking senior to the Series B Preferred Shares.</p> <p>There is no agreement or instrument that limits or prohibits the ability of ALCO to issue Series B Preferred Shares or other securities that rank <i>pari passu</i> with the Series B Preferred Shares or with terms and conditions different from the Series B 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 Preferred Shares.</p>
Governing Law.....	The Series B Preferred Shares were issued pursuant to the laws of the Republic of the Philippines.

The Series C Preferred Shares

Further to the registration statement filed by the Company covering the Shelf Registration which was rendered effective by the SEC in its order and certificate of permit to offer securities for sale for the ₱1.0 Billion Series B Preferred Shares issued on [•] 2019, the Series C Preferred Shares have features, rights and privileges as summarized below:

Instrument.....	Cumulative, non-voting, non-participating, non-convertible Peso-denominated Series C Preferred Shares.
Size and Offer Price	10,000,000 Series B Preferred Shares, at an offer price of ₱100 per share (the “ Series C Offer Price ”).
Par Value.....	The Series C Preferred Shares have a par value of ₱1.00 per share.
Dividend Rate	<p>The Series C Preferred Shares will, subject to certain dividend payment conditions, bear cumulative, non-participating cash dividends (the “Dividends”) based on the Offer Price, payable quarterly in arrears every Dividend Payment Date at the Dividend Rate per annum reckoned from Issue Date. Dividends will be calculated on a 30/360-day basis.</p> <p>The term “Dividend Rate” 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</p>
Original Dividend Rate and Original Spread	The original dividend rate (the “Original Dividend Rate”) shall be at the fixed rate of 6.9277% per annum. 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 June 11, the dividend rate setting date, and a spread of 175 bps (the “Original Spread”) per annum.
Dividend Rate Step-Up	<p>Unless the Series C Preferred Shares are redeemed by ALCO on the fifth (5th) anniversary of the Series C Preferred Sares Listing Date, the Dividend Rate shall be adjusted thereafter to the higher of:</p> <ul style="list-style-type: none"> a. Original Dividend Rate, or b. the sum of: <ul style="list-style-type: none"> i. the 3-day average of the 10-year BVAL preceding and including the Initial Optional Redemption Date, and ii. the Original Spread x 150% <p>(this item b, the “Step Up Rate”).</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</p>

	the Dividend Rate, and the Original Dividend Rate shall continue to be the Dividend Rate.
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 style="padding-left: 40px;">(a) the Initial Optional Redemption Date; or</p> <p style="padding-left: 40px;">(b) any Dividend Payment Date after the Initial Optional Redemption Date</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 effect the redemption. 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> <p style="padding-left: 40px;">(a) the Dividend Rate will be increased by 400 basis points per annum, commencing on and including the</p>

	<p>day on which a Change in Control Event has occurred; and</p> <p>(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.</p>
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.
Liquidation Rights	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 Public 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 Public 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.
Status of the Series C Preferred Shares in relation to the declaration and payment of dividends, redemption and liquidation ...	<p>Pari passu with the Public Preferred Shares</p> <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 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 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 Public Preferred Shares.</p>
Governing Law.....	The Series C Preferred Shares were issued pursuant to the laws of the Republic of the Philippines.

The Series D Preferred Shares

Please refer to the discussion under “Terms of the Offer” in this Prospectus dated [•] 2021 for the terms and conditions covering the Series D Preferred Shares.

Risk Factors

General Risk Warning

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

Prudence Required

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

Professional Advice

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

Risk Factors

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

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

RISKS RELATING TO ARTHALAND AND ITS SUBSIDIARIES

The recent COVID-19 global pandemic has had and is expected to continue to have an adverse effect on the Company’s business and results of operations.

COVID-19, an infectious disease that was first reported to have been transmitted to humans in late 2019, has spread globally over the course of 2020, and in March 2020 it was declared as a pandemic by the World Health Organization. As of June 25, 2021, there had been about 180 million confirmed cases in the world, as reported to the World Health Organization. All the countries and territories where the Company operates business have reported confirmed cases and have taken measures in varying degrees to contain the spread,

including social distancing measures, community quarantine, suspension of operations of non-essential businesses and travel restrictions.

As a result of the COVID-19 pandemic, the Company experienced temporary closures of its active construction sites, suspension of its sales events, temporary closure of its sales galleries and disruptions in obtaining the necessary labor, materials and supplies for its projects. As of the date of this Prospectus, Metro Manila is under Modified Enhanced Community Quarantine (“MECQ”), while other areas continue to be placed under other levels of community quarantine and there is no assurance that areas that are currently under GCQ or Modified GCQ (“MGCQ”) will not be placed under more stringent community quarantine in the future. Furthermore, the Company is also uncertain about the probabilities of the subsequent waves of infection and re-imposition of community quarantine, stay-at-home orders, and other control measures.

Apart from the direct adverse impact on the Company’s business described above, the COVID-19 pandemic has also (i) adversely affected consumer confidence in general macroeconomic conditions and caused decreases in consumer purchasing power and consumer discretionary spending; (ii) may have caused disruptions in the delivery of equipment and materials by its contractors and third-party suppliers; (iii) disrupted the global supply chains of materials, facilities and other products through the effects of travel restrictions, quarantines, closure of factories and facilities, and political, social and economic instability; (iv) increased volatility or caused disruption of global financial markets and affected businesses’ capabilities of accessing capital markets and other funding resources on favourable or acceptable terms; and (v) resulted in social instability. As the situation evolves, these indirect impacts may become more significant and could also have a severe adverse impact on the Company’s results of operation and cash flow.

The COVID-19 pandemic highlighted the importance of Arthaland’s strong fundamentals which allowed the Company to effectively continue its operations in 2020 even against the COVID-19 pandemic background. The Company’s resilient response to the COVID-19 pandemic is anchored on five key points:

First, the Company retained delivery dates across all its projects. The Company was able to achieve this by building in sufficient flexibility in its timelines and by closely coordinating with its general contractors who are chosen from the top tier in the industry. In 2020, a tremendous amount of work was done to ensure that the proper protocols are in place to support the safe re-opening of its construction sites, to bring back the required manpower and to maintain continuous supply of materials required to finish the projects. The Company achieved the successful handover of Phase 1 of Cebu Exchange on time in September 2020 and marked substantial progress for Savva Financial Center and Sevina Park despite community quarantine restrictions.

Second, the Company continued high level of interest from buyers who valued the superior quality of the Company’s products. The COVID-19 pandemic brought sustainability and wellness to the forefront in terms of features that buyers look for in choosing their workplaces and homes. The Company has benefited from this, given its focus on sustainability and wellness.

Third, the premium nature of the Company’s development portfolio attracts high quality of buyers as well as established multinationals as tenants. Given these, the Company saw minimal default, cancellation rates and pre-termination rates across all its projects.

Fourth, robust funding allowed the Company to maintain high levels of construction activities and to plan for longer timeline to close sales for all its projects. The Company was able to successfully complete its capital raising program just before ECQ restrictions took effect in March 2020. The Company likewise continued to obtain fresh funding for its projects due to the strong support from its banking partners which provided the necessary financing to ensure smooth operations during the pandemic.

Finally, the Company was able to take a long-term view towards property acquisition and new launches. During the COVID-19 pandemic, the Company continued to work towards the completion of the property acquisition for Makati CBD Residential Project 2, acquire additional floor to area ratio for Lucima and to bring

these projects to launch status over the past year. By continuing to work on the launch of these projects, the Company was able to secure a pipeline of projects that will contribute to its revenues going forward.

The extent to which the COVID-19 pandemic will continue to impact the Company will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19 both in the Philippines and internationally by governments, central banks, healthcare providers, health system participants, other businesses and individuals, which actions are highly uncertain and cannot be predicted. To the extent the COVID-19 pandemic adversely affects the business and financial results of the Company, it may also have the effect of heightening many of the other risks described in the Prospectus.

No assurance of successful implementation of business plans and strategies

ALCO is susceptible to the possibility of not being able to implement its business plans and strategies, especially with respect to new projects and undertakings. While ALCO has successfully completed Arya, ACPT and Phase 1 of Cebu Exchange on time, and within the budget, it has several ongoing projects such as Phase 2 of Cebu Exchange, Savya Financial Center, Sevina Park and Lucima which, along with its other projects in the pipeline such as, Makati CBD Residential Project 1, Makati CBD Residential Project 2, Project Olive, Project Midtown and other target acquisitions and developments in the Philippines, still face uncertainty in terms of completion and revenue results.

Real estate developments are subject to risks such as delays in obtaining financing, finalizing project plans, obtaining approvals, increases in construction costs, natural calamities and market downturns. ALCO's future financial performance may be significantly affected by factors that limit its ability to finance and complete its current and future projects in a timely and cost-effective manner and to market them successfully. There is no guarantee that ALCO's future projects will be successfully completed and sold or leased as planned, replicating the outstanding outcome of Arya and ACPT. There is likewise no guarantee that the take up for its new developments will remain robust.

However, the Company continues to capitalize on the extensive experience of its management team composed of highly experienced industry veterans carrying a wealth of cumulative management experience to execute its plans through a deep understanding of its market as well as the careful formation of its strategies. ALCO also banks on the success of Arya, ACPT and Phase 1 of Cebu Exchange, as proof of its track record and capability to deliver quality projects on schedule and within budget.

Moreover, ALCO's ongoing developments such as Phase 2 of Cebu Exchange, Savya Financial Center, Sevina Park and Lucima are grounded on sound business strategies based on careful assessment of market demand and trends, as they are expected to ride the increasing take-up for office and residential space in prime locations such as Cebu City, Arca South and Laguna brought about by the growth of the economy.

The Company continually looks for growth opportunities in different market segments and geographic areas to diversify risk and to provide a steady revenue base.

The Company's business is inherently volatile

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

With the completion of ACPT, however, ALCO recurring leasing revenues is now sufficient to cover its fixed overhead costs at the minimum and to mitigate the volatility to which ALCO's business is continuously exposed. ALCO has likewise initiated plans to retain some of the office or retail units in its projects to

strengthen its recurring income base. Finally, ALCO takes specific measures to enable it to launch and complete its projects on a timely basis to minimize volatility in revenues and earnings.

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

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

All subdivision development plans are required to be filed with and approved by the local government unit with jurisdiction over the area where the project is located. Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer’s financial, technical and administrative capabilities. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company, its subsidiaries or associates or partners will be able to obtain governmental approvals for its projects or that when given, such approvals will not be revoked.

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

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

Ability to obtain financing at favorable terms and interest rates

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

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

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

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

Possibility of a rapid increase of interest rates

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

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

However, ALCO's market segment, which is vetted and mostly belongs to the high-end market, has shown greater holding power, and has generally demonstrated flexibility to fund their real estate purchases from readily available cash. As a result, ALCO's customers are less likely to default on their financial commitments notwithstanding an increase in interest rates.

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

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

However, the Company has already secured the required land bank for its current line up of projects including Makati CBD Residential Project 1 and Makati CBD Residential Project 2 which are expected to be launched within the next 2 years. The Company is likewise actively negotiating to complete the acquisition of properties for its Project Olive and Project Midtown. The Company remains constantly on the lookout for opportunities to acquire properties that will match its developmental plans.

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

Significant competition in the real estate industry

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

To mitigate this risk, the Company continues to focus on its identified market niches and highlights its strengths in sustainable and green developments to continue building a reputation of quality projects recognized internationally for superior architecture and interior design. ALCO benefits from the strategic placement of its landbank and uses competitive pricing to continue serving its niche market.

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

While the Philippines has adopted a system of land registration which is intended to conclusively confirm land ownership, and which is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land which has already been registered and over which a title has been issued. The Company's subsidiary, UPHI, is a party to cases involving quieting of title and expropriation involving a small portion of its property in Tagaytay City. Litigation may result in delays or suspension of development plans. (For a more detailed discussion, see "Legal Proceedings" on page 138.)

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

Environmental laws may adversely affect the Company's business

Real estate developers are required to follow strictly the guidelines of the DENR and to secure various permits and licenses for each project. Any changes in the current environmental laws, and regulations applicable to the Company may increase the Company's operating expenses and may require significant compliance efforts from, and additional compliance costs for, the Company.

To mitigate this risk, ALCO faithfully complies with environmental laws and continues to keep abreast of any changes in such laws which may have an impact on its business.

(For a more detailed discussion, see "Regulatory Framework" on page **Error! Bookmark not defined..**)

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

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

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

Cyclicalities of Property Development

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

The office market has been largely driven by the BPO sector which caters largely to US and European customers. It is important to note that while the US and Europe remain to be the largest client-base

contributors to the country's information technology and business process management (IT-BPM) sector, the industry is currently moving to high value and high potential markets in Australia, New Zealand and other neighboring countries in the region. Other than voice-based offshore services, the IT-BPM industry is also gearing towards high-value knowledge-based services including financial, legal, medical, architectural and animation sectors.

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

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

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

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

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

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

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

- a. Land element

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

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

On December 19, 2020, the SEC issue SEC Memorandum Circular No. 34 s. 2020 which provides relief to the real estate industry by deferring the application of the provisions of the PIC Q & A No. 2018-12 with respect to the accounting for significant financing component and the exclusion of land in the calculation of percentage of completion (POC) and IFRIC agenda decision on overtime transfer of constructed goods under PAS 23 – borrowing cost with respect to the accounting of capitalized borrowing cost, for another period of three (3) years or until 2023. Effective January 1, 2024, real estate companies will adopt PIC Q & A 2018-12, IFRIC agenda decision on overtime transfer of constructed goods and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company may be unable to attract and retain skilled professionals

The Company's ability to plan, design and execute current and future projects depends on its ability to attract, train, motivate and retain highly skilled personnel. The Company believes that there is significant

demand for such personnel not only from its competitors but also from companies outside the Philippines. Any inability on the part of Company in hiring and, more importantly, retaining qualified personnel could impair its ability to undertake project design, planning and execution activities in-house and could require the Company to incur additional costs by having to engage third parties to perform these activities.

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

ALCO may be exposed to cybersecurity incidents and information security risks

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

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

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

ALCO is subject to foreign ownership limitations.

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

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

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

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

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

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

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

ALCO is subject to risk on substantial sale cancellations

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

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

- The Company is subject to R.A. 6552 (the "Maceda Law"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments for residential units (but excluding industrial and commercial lots). Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. This right shall be exercised by the buyer only once in each year of the life of the contract and its extensions, if any. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund.
- While the Company historically has not experienced a material number of cancellations to which the Maceda Law has applied, there can be no assurance that it will not experience a material number of cancellations in the future, particularly during slowdowns or downturns in the Philippine economy, periods when interest rates are high or similar situations. In the event the Company does experience a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers or it may have to incur additional indebtedness to pay such cash refunds. In addition, particularly during an economic slowdown or downturn, there can be no assurance that the Company would be able to resell the same property or resell it at an acceptable price. Any of the foregoing events may have a material adverse effect on the Company's business, financial condition and results of operations.
- In the event the Company experiences a material number of sales cancellations, investors are cautioned that the Company's historical revenues would have been overstated because such historical revenues would not have accurately reflected subsequent customer defaults or sales cancellations. Investors are also cautioned not to rely on the Company's historical income statements as indicators of the Company's future revenues or profits.

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

The Company mitigates this risk by ensuring that it conducts proper procedures to obtain necessary information from prospective buyers to have reasonable assurance of their ability to pay for or obtain financing for their units to minimize payment default as a reason for sales cancellation. The Company likewise maintains a healthy client list to aid in selling any previously cancelled units to other buyers.

Changes in tax policies affecting tax exemptions and tax incentives could adversely affect the Company's results of operations.

The Company is registered with the Philippine Economic Zone Authority as an Ecozone Facilities Enterprise at the E-Square Information Technology Park, where ACPT is located, and benefits from certain incentives, including, among others, 5% preferential tax on gross income earned, in lieu of all national and local taxes ("GIT") and exemption from expanded withholding tax, and is eligible for VAT zero-rating of its transactions with its local suppliers of goods, properties and services related to its provision of services to PEZA-registered enterprises located within its facility. Availment of these incentives is subject to evaluation and requirements prescribed under the PEZA rules and regulations.]

On March 26, 2021, Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprise Act ("**CREATE Law**") was enacted into law and became effective on April 11, 2021. The CREATE Law aims to help businesses recover and attract more investors by immediately lowering corporate income taxes and modifying the sunset period for the fiscal incentives of corporations such as income tax holidays, special rates and custom duty exemptions. In view of the effectivity of the CREATE Law, the Company is now subject to regular corporate income tax of 25% beginning July 1, 2020 - The imposition of the minimum corporate income tax ("**MCIT**") was reduced from 2% to 1% from July 1, 2020 to June 30, 2023. The MCIT will revert to 2% beginning July 1, 2023. The fiscal incentives that investment promotion agencies may grant to registered business enterprises have also been amended.

Further, under the CREATE Law, the Government will no longer grant perpetual fiscal incentives such as the 5% GIT. Registered business enterprises whose projects or activities were granted only an income tax holiday ("**ITH**") prior to the effectivity of CREATE Law are given a transitory period and may continue to avail themselves of the ITH for the remaining period after CREATE Law takes effect, while those currently availing of the 5% GIT prior to the effectivity of CREATE Law are allowed to continue availing themselves of the said tax incentive for ten (10) years from the effective date of CREATE Law. Existing activities may avail of the incentives under CREATE Law, provided that the activities are included in the Strategic Investment Priority Plan ("**SIPP**"), and subject to the criteria and conditions in the SIPP.

The SIPP will be formulated upon effectivity of CREATE Law by the Board of Investments, in coordination with the Fiscal Incentives Review Board, Investment Promotion Agencies (as defined under the CREATE Law, which includes PEZA), other government agencies administering tax incentives, and the private sector. The SIPP will be submitted to the President for approval and is subject to revision every three years. Pursuant to the Implementing Rules and Regulations of Title XIII of the Tax Code, as amended by the CREATE Law, which became effective on June 26, 2021 immediately upon its publication in a newspaper of general circulation, the 2020 Investment Priorities Plan promulgated under Memorandum Order No. 50 dated November 18, 2020 will serve as the SIPP until a new one is approved by the President.

Under the CREATE Law, ACPT may no longer have an advantage over other other buildings that are not PEZA-registered beyond the period provided within which the benefit from the 5% GIT on gross income may still be enjoyed. However, this risk is mitigated by the superior design and unmatched sustainable features of ACPT that allow its tenants to enjoy savings in operating costs. These will allow ACPT to maintain its competitive advantage over other buildings despite the implementation of the CREATE.

Risks Relating to the Philippines

A significant portion of the Company's operations and assets are based in the Philippines and, therefore, a slowdown in economic growth in the Philippines could materially and adversely affect the Company's business, financial position and results of operations.

All of the Company's business operations and assets are based in the Philippines. As a result, the Company's income, results of operations and the quality and growth of its assets depend, to a large extent, on the performance of the Philippine economy.

The Philippines is currently experiencing an economic downturn due to the COVID-19 pandemic and resultant community quarantine. The country's gross domestic product suffered a 9.6% contraction for the whole of 2020 with economists forecasting it to rise sharply in 2021 by 6.5% to 7.5%. The World Bank expects the Philippine economy to grow by 4.7% and 5.9% in 2021 and 2022, respectively. For the year 2020, domestic inflation averaged 2.6%, reaching as high as 3.5% in December. However, the average inflation rate was still within the government's 2% to 4% target range. For the fifth time in 2020, BSP cut the rate on its overnight reverse repurchase facility by 25 basis points to 2.00% from 2.25%, totalling a 200-basis point reduction for the entire 2020. In addition, the Monetary Board cut the rate on the overnight deposit facility and the overnight lending facility to 1.50% and 2.50%, respectively. A global recession also took place for the year 2020 as the economic effects of the COVID-19 pandemic were felt in other countries, which also adversely affected the Philippine economy.

Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activities in the Philippines, Southeast Asia or globally;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, Southeast Asia or globally;
- exchange rate fluctuations and foreign exchange controls;
- rising inflation or increases in interest rates;
- levels of employment, consumer confidence and income;
- changes in the Government's fiscal and regulatory policies and regulations, including tax laws and regulations that impact or may impact inflation and consumer demand;
- Government budget deficits;
- adverse trends in the current accounts and balance of payments of the Philippine economy;
- public health epidemics or outbreaks of diseases, such as COVID-19, re-emergence of Middle East Respiratory Syndrome- Corona virus (MERS-CoV), SARS, avian influenza (commonly known as bird flu), or H1N1, or the emergence of another similar disease (such as Zika) in the Philippines or in other countries in Southeast Asia;
- natural disasters, including but not limited to tsunamis, typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, in other countries in the region or globally; and

- other regulatory, social, political or economic developments in or affecting the Philippines.

Uncertainty surrounding the global economic outlook may cause economic conditions in the Philippines to deteriorate and there can be no assurance that current or future Government policies will continue to be conducive to sustaining economic growth. There can be no assurance that the Philippines will maintain strong economic fundamentals in the future. Any future deterioration in economic conditions in the Philippines may materially and adversely affect the Company's financial position and results of operations, including the Company's ability to implement its business strategies. Changes in the conditions of the Philippine economy may materially and adversely affect the Company's business, financial condition or results of operations.

Political instability may have a negative effect on the business, financial position or results of operations of the Company.

The Philippines has from time to time experienced political and military instability, including acts of political violence. In the last two decades, there has been political instability in the Philippines, including extra-judicial killings, alleged electoral fraud, impeachment proceedings against two former presidents, two chief justices of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by previous administrations. In addition, some officials of the Philippine government are currently under investigation or have been indicted on corruption charges stemming from allegations of misuse of public funds, extortion, bribery, or usurpation of authority. There can be no assurance that acts of political violence will not occur in the future and any such events may negatively impact the Philippine economy.

The Philippine national elections is scheduled to take place on May 9, 2022. Incumbent President Rodrigo Duterte is ineligible for re-election, but he has signified his intent to run for Vice-Presidency. However, according to a survey of Pulse Asia Research, 26% of Filipino adults may support his daughter, Sara Duterte as one of the presidential candidates.

No assurance can be given that the future political or social environment in the Philippines will be stable or that current and future governments will adopt economic policies conducive for sustaining economic growth. An unstable political or social environment, whether due to the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the business, operations, and financial condition of the Company.

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

The Philippines has experienced a significant number of major natural catastrophes over the years, including typhoons, volcanic eruptions, earthquakes, storm surges, mudslides, fires, droughts, and floods related to El Niño and La Niña, respectively. In November 2020, Typhoon Goni, locally known as Typhoon Rolly, brought severe flash floods and displaced thousands in the areas affected. Natural catastrophes will continue to affect the Philippines and the Company may incur losses for such catastrophic events which could materially and adversely affect its business, financial condition and results of operations.

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

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

International credit rating agencies issue credit ratings for companies with reference to the country in which they are resident. As a result, the sovereign credit ratings of the Philippines directly affect companies that are residents in the Philippines, such as the Company. Historically the Philippines' sovereign debt has been rated relatively low by international credit rating agencies. As of December 31, 2019, the Philippines' long-term foreign-currency denominated debt was rated Baa2 by Moody's, BBB+ S&P Global Ratings, and BBB by Fitch. However, no assurance can be given that Fitch, Moody's, S&P Global Ratings or any other international credit rating agency, will not downgrade the credit ratings of the Government in the future and, therefore, of Philippine companies, including the Company. Any such downgrade may have a material adverse effect on liquidity in the Philippine financial markets and the ability of the Philippine government and Philippine companies, including the Company, to raise additional financing, and will increase borrowing and other costs. As of July 16, 2020, Moody's has affirmed the Philippines Baa2 rating with stable outlook. As of January 10, 2021, Fitch has affirmed the Philippines' long-term foreign-currency issuer default rating at BBB, noting that the outlook is stable. As of May 28, 2021, S&P maintained its BBB+ long-term credit rating for the Philippines with a stable outlook, and also affirmed its A-2 short-term credit rating for the Philippines.

Risks relating to the Series D Preferred Shares

The Series D Preferred Shares may not be suitable investment for all investors

Each potential investor in the Series D Preferred Shares must determine the suitability of that investment, considering its own circumstances. Each potential investor should:

- Have sufficient knowledge and experience to make a meaningful evaluation of the Series D Preferred Shares, the merits and risks of investing in the offer and the information contained in this Prospectus;
- Have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Series D Preferred Shares and the impact such investment will have on its overall investment portfolio;
- Have sufficient financial resources and liquidity to bear all of the risks of an investment in the Series D Preferred Shares, including where the currency for principal or dividend payments is different from the currency of the potential investor;
- Understand thoroughly the terms of the Series D Preferred Shares and be familiar with the behavior of any relevant financial markets; and
- Be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, foreign exchange rate and other factors that may affect its investment and its ability to bear the applicable risks.

Payment of dividends is subject to funds being available for distribution

Dividends on the Series D Preferred Shares may not be paid or may pay less than full dividends, under the terms and conditions governing the Series D Preferred Shares. Holders of the Series D Preferred Shares will not receive dividends on a Dividend Payment Date or for any period during which the Company does not have unrestricted retained earnings out of which to pay dividends. The declaration and payment of cash dividends will be subject to the sole and absolute discretion of the BOD of the Company, to the extent permitted by applicable laws and regulations, the covenants (financial or otherwise) in the agreements to which the Company is a party, and in accordance with the terms of the Series D Preferred Shares. The BOD will not declare and pay dividends for any Dividend Period where payment of the Dividend would cause the Company to breach any of its financial covenants.

The Company mitigates this risk through the prudent management of resources as well as the timely execution of its business plans.

Volatility of market price of the Offer Shares

The market price of the Offer Shares may be affected by various factors, including:

- general market, political and economic conditions;
- changes in earnings estimates and recommendations by financial analysts;
- changes in market valuations of listed stocks, in general, and stocks of other conglomerates;
- changes in government policy, legislation or regulations, and
- general operational and business risks.

In addition, many of the risks described within this section could materially and adversely affect the market price of the Offer Shares.

Subordination to other indebtedness

The rights and claims of holders of the Preferred Shares will (subject to the extent permitted by law) rank senior to the holders of the Common Shares of the Company, however the obligations of the Company under the Preferred Shares are unsecured and are subordinated obligations to all other indebtedness of the Company. In the event of the winding-up of the Company, the Preferred Shares rank junior in right of payment to all indebtedness of the Company and junior in right of payment to securities of, or claims against, the Company which rank or are expressed to rank senior to the Preferred Shares. There is substantial risk that an investor in the Preferred Shares will not receive any return of the principal amount or any unpaid amounts due under the terms of the Offer unless the Company can satisfy in full all of its other obligations ranking senior to the Preferred Shares.

Risk of Insufficient Distributions upon Liquidation

In the event of liquidation, the Preferred Shares rank ahead of the Common Shares, but subordinated against the Company's other indebtedness. Upon any voluntary or involuntary dissolution, liquidation or winding up of ALCO, holders of the Preferred Shares will be entitled only to the available assets of the Company remaining after its other indebtedness is satisfied. If any such assets are insufficient to pay the full amount due to the holders of the Preferred Shares, then holders of Preferred Shares shall share ratably, together with holders of other shares which rank equally in any such distribution of assets in proportion to the full distributions to which they would otherwise be respectively entitled.

Inability to reinvest at a similar return on investment upon redemption

On the Optional Redemption Date or at any time redemption occurs, the Company may redeem the Preferred Shares at the Redemption Price, as described in "Terms of the Offer" of this Prospectus. At the time of redemption, interest rates may be lower than at the time of the issuance of the Preferred Shares and, consequently, the holders of the Preferred Shares may not be able to reinvest the proceeds at a comparable interest rate or purchase securities otherwise comparable to the Preferred Shares.

Limited voting rights

Holders of Preferred Shares will not be entitled to elect the BOD of the Company. Except as specifically set forth in the Amended Articles of Incorporation and as provided by Philippine law, holders of Preferred Shares will have no voting rights (see “Description of the Securities”).

Redemption at the option of the Issuer

The Preferred Shares have no fixed final maturity date. Holders have no right to require the Company to redeem the Preferred Shares at any time and they can only be disposed of by sale in the secondary market. Holders who wish to sell their Preferred Shares may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Preferred Shares. Therefore, holders of the Preferred Shares should be aware that they may be required to bear the financial risks of an investment in the Preferred Shares for an indefinite period of time.

Since the Redemption Price is equal to the relevant Offer Price of the Preferred Shares plus any accrued and unpaid cash dividends due them on such Dividend Payment Date as well as all arrears of dividends outstanding, there is a risk that holders of the Preferred Shares who may have purchased the same at a price higher than the Redemption Price may recognize a loss. Revenue Regulations No. 6-2008 discusses treatment of capital gain or loss treatment applied to the redemption of shares. Under said regulation, the tax consequences of the redemption will depend on the purpose of the issuer, to wit: (a) If the redemption of shares is for cancellation or retirement, the difference between the redemption price and the original cost of the preferred shares shall be treated as capital gain or capital loss, and shall be subject to the regular income tax rates imposed under the Tax Code or (b) If the redemption of shares is to be held in treasury, the stock transaction tax shall apply (if the shares are listed and transferred through the trading system and/or facilities of the PSE; otherwise, the transaction shall be subject to the 5% (applicable to the first ₱100,000 of capital gains) and 10% (applicable to any capital gains in excess of ₱100,000) net capital gains tax). Redemption will be coursed through the facilities of the PSE, if, for any reason, the redemption is not done through the PSE, then the holder of the Preferred Shares will, in addition to the exposure to capital gains tax, be exposed to documentary stamp tax like any sale of shares done outside the PSE. Redemption of the Preferred Shares, if below listed price, may expose the holders of the Preferred Shares to the donor's tax. See “Taxation”.

There is no guarantee that the Series D Preferred Shares will be listed

The Company shall file an application for the listing of the Preferred Shares as they are issued on the PSE but cannot guarantee that the Series D Preferred Shares will be listed on its target listing date as indicated in this Prospectus.

The Series D Preferred Shares will be listed on the Main Board subject to the PSE’s approval of the Company’s listing applications.

Absence of a liquid secondary market

The Philippine securities markets are substantially less liquid and more volatile than major securities markets in other jurisdictions and are not as highly regulated or supervised as some of these other markets. The Company cannot guarantee that the market for the Preferred Shares will always be active or liquid upon their listing on the PSE.

In addition, the Company and the Underwriters are not obligated to create a trading market for the Preferred Shares and any such market making will be subject to the limits imposed by applicable law and may be interrupted or discontinued at any time without notice. Accordingly, the Company cannot predict whether an active or liquid trading market for the Preferred Shares will develop or if such a market develops if it can be sustained. Consequently, a stockholder may be required to hold his Preferred Shares for an indefinite period or sell them for an amount less than the Offer Price.

Capitalization

The following table sets forth the unaudited **consolidated debt and capitalization** of ALCO as of June 30, 2021. This table should be read in conjunction with the more detailed information and unaudited consolidated financial statements, including notes thereto, found in Appendix “A” of the Prospectus.

	As of June 30, 2021 (Unaudited)	As adjusted for a Base Issue Size of Php 2 Billion	As adjusted for a maximum Issue Size of Php 3 Billion
Loans Payable	10,246,520,896	10,246,520,896	10,246,520,896
Bonds Payable	2,961,797,947	2,961,797,947	2,961,797,947
Accounts payable and other liabilities	3,246,008,807	3,246,008,807	3,246,008,807
Contract Liabilities	32,099,238	32,099,238	32,099,238
Advances from Non-controlling sahreholders	1,367,586,297	1,367,586,297	1,367,586,297
Retirement liability	116,524,407	116,524,407	116,524,407
Net deferred tax liabilities	1,615,482,585	1,615,482,585	1,615,482,585
Total Liabilities	19,586,020,177	19,586,020,177	19,586,020,177
Capital stock	999,757,136	1,003,757,136	1,005,757,136
Additional paid-in capital	3,008,959,878	4,981,005,138	5,971,616,717
Retained earnings	4,041,988,966	4,037,072,966	4,037,072,966
Other Equity Reserves	230,363,146	230,363,146	230,363,146
Parent Company’s shares held by a subsidiary	-12,500,000	-12,500,000	-12,500,000
Non-controlling interests	1,497,540,940	1,497,540,940	1,497,540,940
Total Equity	9,766,110,066	11,737,239,326	12,729,850,905
Total Capitalization	29,352,130,243	31,323,259,503	32,315,871,082

Use of Proceeds

Assuming the Oversubscription Option is not exercised, the Company estimates that the net proceeds from the Offer shall amount to approximately ₱1,971,129,260, after fees, commissions and expenses. Assuming the Oversubscription Option is exercised in full, the Company estimates that the net proceeds shall amount to approximately ₱2,963,740,839.

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

<i>Amounts in Php</i> Estimated Gross Proceeds from the Offer	Assuming the Over-Subscription Option is not exercised Php2,000,000,000	Assuming the Over-Subscription Option is fully exercised Php3,000,000,000
Underwriting and Selling Fees	11,578,947	17,368,421
Documentary Stamp Taxes to be paid by the Company	40,000	60,000
Philippine SEC filing and legal research fees	1,325,625	1,325,625
PSE listing and processing fees	3,416,000	3,416,000
Legal and other professional fees	11,010,167	12,589,115
Other expenses	1,500,000	1,500,000
Total Estimated Expenses	28,870,740	36,259,161
Estimated net proceeds	1,971,129,260	2,963,740,839

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

The net proceeds from the Offer will be used to redeem the Series B Preferred Shares on its 5th Year anniversary date and the first optional redemption date. Kindly refer to page [•] for the terms of the Series B Preferred Shares.

Any amount raised from the exercise of the Oversubscription Option will be used by the Company to invest additional amounts in CLLC and SLDC to fund the completion and development of Cebu Exchange and the North Tower of Savya Financial Center. This will allow the Company to retain up to approximately 6,000 sqm of NLA in these projects thereby providing additional sources of lease revenues to its current portfolio of properties for lease which includes ACPT, Arya Plaza and Courtyard Hall. ALCO expects to disburse these funds from Q2 2022 to Q4 2022. If the Oversubscription Option is not exercised, the Company may choose to raise necessary funds by selling additional office and retail units in Cebu Exchange and/or the North Tower of Savya Financial Center to complete the development of these projects.

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 as set out in this Prospectus. Such detailed explanation will state the approval of the Board of Directors as required in item (iv) above.

Except as otherwise disclosed in this Prospectus, 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.

Dilution

The Series D Preferred Shares will not have any dilutive effect on the rights of the holders of the common shares of the Company as the Series D Preferred Shares are non-voting, non-convertible and non-participating.

Plan of Distribution

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

Lead Underwriter

BDO Capital & Investment Corporation, (the “**Lead Underwriter**” or “**BDO Capital**”) has agreed to distribute and sell the Series D 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 Lead Underwriter has committed to firmly underwrite the following amounts:

Lead Underwriter	Underwriting Commitment	Number of Shares Underwritten
BDO Capital & Investment Corporation	Php2,000,000,000.00	4,000,000
Total	Php2,000,000,000.00	4,000,000

Prior to the close of the Offer Period, the Lead Underwriter, with the consent of the Issuer, may, but does not have the obligation, to increase the Offer size up to an additional 2,000,000 Series D Preferred Shares (the “**Oversubscription Option**”).

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

The underwriting fees and any selling fees to be paid by the Company in relation to the Offer shall be equivalent to 45 basis points of the gross proceeds of the Offer. This shall be inclusive of underwriting fees to be paid to the Lead 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 D Preferred Shares by such trading participant.

The Lead Underwriter is duly licensed by the SEC to engage in the underwriting or distribution of the Series D Preferred Shares. The Lead 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 Lead 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 Lead Underwriter has no contract or other arrangement with ALCO by which it may return to ALCO any unsold Series D Preferred Shares that form part of the Firm Offer.

BDO Capital is the wholly owned investment banking subsidiary of BDO Unibank, Inc., which, in turn, is an associate of the SM Group. BDO Capital is a full-service investment house primarily involved in securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment. Incorporated in December 1998, BDO Capital commenced operations in March 1999. It obtained its license to operate as an investment house in 1998 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. As of December 31, 2020, it had ₱4.40 billion and ₱4.10 billion in assets and capital, respectively. It has an authorized capital stock of ₱1.10 billion, of which approximately ₱1.00 billion represents its paid-up capital.

Sale and Distribution

The distribution and sale of the Series D Preferred Shares shall be undertaken by the Lead Underwriter who shall sell and distribute the Series D Preferred Shares to third party buyers/investors. The Lead 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 Lead 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 Lead Underwriter to return to ALCO any unsold underwritten Series D Preferred Shares.

Of the up to 6,000,000 Series D Preferred Shares to be offered, 80% or up to 4,800,000 Series D Preferred Shares will be offered through the Lead Underwriter for subscription and sale to Qualified Institutional Buyers and the general public. The Company shall allocate 20% or up to 1,200,000 Series D Preferred Shares for distribution to respective clients of the [125] trading participants of the PSE acting as Selling Agents. Each trading participant shall be allocated [9,600] Series D Preferred Shares (computed by dividing the Series D Preferred Shares allocated to the trading participants by [125]), subject to reallocation as may be determined by the Lead Underwriter. Trading participants may undertake to purchase more than their allocation of [9,600] Series D Preferred Shares. Any requests for Series D Preferred Shares in excess of [9,600] Series D Preferred Shares may be satisfied via the reallocation of any Series D Preferred Shares not taken up by other trading participants or, at the sole discretion of the Lead Underwriter, out of the Oversubscription Option, if exercised.

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

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

Term of Appointment

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

Manner of Distribution

The Lead Underwriter shall, at their discretion, determine the manner by which proposals for subscriptions to, and issuances of, the Series D Preferred Shares shall be solicited, with the sale of the Series D Preferred Shares to be effected only through the Lead Underwriter. The Lead 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 fees with the SEC, printing, publication, communication and signing expenses incurred by the Lead 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.

Determination of the Offer Price

The Offer Price of ₱500.00 is at a premium to the Preferred Shares' par value per share of ₱1.00. The Offer Price was arrived at by dividing the desired gross proceeds of approximately ₱2.0 billion (or ₱3.0 billion in the event that the Oversubscription Option is exercised in full) by the target amount of Preferred Shares allocated for the Offer.

The Company

OVERVIEW

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

ALCO was incorporated on August 10, 1994⁴ for the primary purpose of engaging in the realty development business, including home building and development, and to deal, engage, invest and transact, directly or indirectly, in all forms of business and mercantile acts and transactions concerning all kinds of real property, including but not limited to the acquisition, construction, utilization and disposition, sale, lease, exchange or any mode of transfer of residential, industrial or commercial property.

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

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

As of September 30, 2019, CPG and AOCH1 are the largest shareholders of ALCO with 40.3%⁵ and 26.0%, respectively, of ALCO's total issued and outstanding common shares. Both the Company's common shares, Series B Preferred Shares and Series C Preferred Shares are traded in the PSE with the trading symbol ALCO, ALCPB and ALCPD, respectively.

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

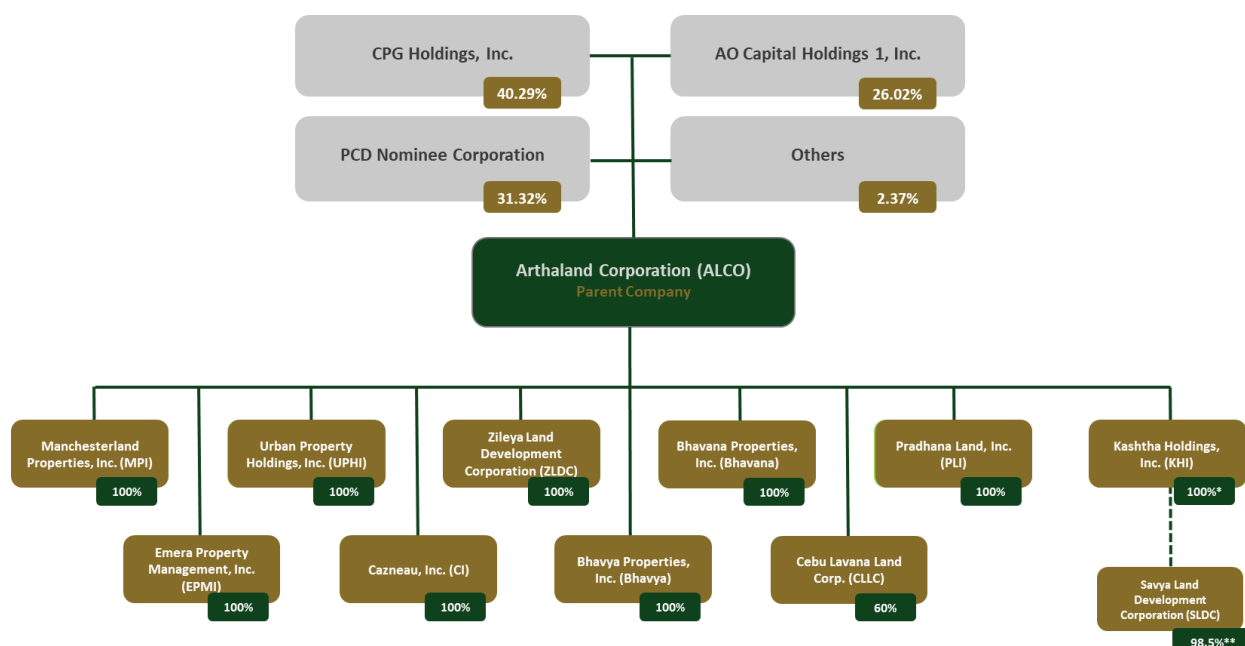
All of the revenues and net income of ALCO for 2018 and the first nine months of 2019 were contributed by the revenues and net income from (i) the sale of units in Arya and Cebu Exchange and (ii) lease income from ACPT, retail units of Arya Plaza in Arya and Courtyard Hall in Sevina Park, the student dormitory component inside Sevina Park. Subsequently, ALCO initiated revenue recognition from Cebu Exchange, Savva and Sevina Park in Q4 2018, Q4 2019 and Q4 2020 respectively. ALCO expects to continue to generate lease revenues from the retail units of Arya Plaza, office units in ACPT and student dormitories of Courtyard Hall moving

⁴ ALCO was originally registered as Urbancorp Realty Developers, Inc. but was renamed in 2003 as EIB Realty Developers, Inc. On 26 January 2009, the SEC approved anew the change of the corporate name to ALCO.

⁵ Includes 125,000,000 indirectly owned shares

forward. ALCO also expects revenues from real estates sales from Cebu Exchange and Savya in 2021 to 2023. Lucima is expected to contribute to revenues beginning Q3 2022. ALCO's projects for future launch including Makati CBD Residential Project 2, Makati CBD Residential Project, Project Olive and Project Midtown are expected to contribute to ALCO's revenues beginning Q4 2022.

CORPORATE STRUCTURE



*100% of the shares of Kashtha is currently registered under the Company pending the issuance of Certificate Authorizing Registration for the transfer of 40% to Mitsubishi Estate Co., Ltd. ("MEC")

**98.5% of the shares of SLDC is currently registered under Kashtha pending the completion of the capital reorganization of SLDC which will result in Kashtha owning 50% of SLDC's common shares.

Subsidiaries and Joint Ventures

- i. **Cazneau Inc.** was incorporated on August 13, 2008 principally to engage in the realty development business, including, but not limited to, the acquisition, construction, utilization and disposition, sale, lease, exchange or any mode of transfer of residential, industrial or commercial property. ALCO has 100% ownership interest in this company. On September 8, 2016, Cazneau executed a deed of absolute sale for the acquisition of an 8.1- hectare property in Biñan, Laguna for Sevina Park as discussed in more detail under the section *Projects*. Currently, Cazneau has an authorized capital stock of Php1,000,000.00. Its total subscribed capital and paid up capital is Php1,000,000.00.
- ii. **Cebu Lavana Land Corp.** was incorporated on September 11, 2015 to principally engage in the realty development business. It is the vehicle ALCO used to acquire two parcels of adjacent land in Cebu City, Philippines with a total area of 8,440 sqm.

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

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

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

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

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

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

Currently, MPI has an authorized capital stock of Php640,000,000.00. Its total subscribed capital and paid up capital is Php635,705,000.00.

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

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

- vi. **Kashtha Holdings, Inc.** was incorporated on October 01, 2019, as a joint venture company ("JV Company") between ALCO and Mitsubishi Estate Company Limited ("MEC"), to be owned 60% by ALCO and 40% by MEC, which will (i) acquire and, thereafter, own and hold the 50% equity interest of ALCO in SLDC, thereby making the JV Company the direct 50% stockholder in SLDC, and (ii) acquire by assignment the shareholder's advances made by the Corporation to SLDC.
- vii. **Urban Property Holdings, Inc.** was incorporated on January 23, 1995 and is presently the registered owner of the 33-hectare property located in Calamba, Laguna, which may be developed in the future subject to market conditions. ALCO has 100% ownership interest in this company.

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

paid up capital is Php20,000,000.00.

viii. **Zileya Land Development Corporation** was incorporated on December 28, 2015 with the primary purpose of engaging in the realty development business. ZLDC is the investment vehicle which ALCO used to acquire about 47.4% of the property which will be the site for the *Makati Residential Project* as discussed in more detail under the section *Projects*. ALCO has 100% ownership interest in this company. Currently, ZLDC has an authorized capital stock of Php200,000,000.00. Its total subscribed capital and paid up capital are Php50,000,000.00 and Php12,500,000.00 respectively.

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

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

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

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

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

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

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

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

ARTHALAND CORPORATION AND SUBSIDIARIES SUMMARY OF REVENUE AND NET INCOME

For the Years ended December 31, 2018 – 2020 and six months ended June 30, 2020 and 2021

<i>In Php millions</i>	REVENUE (Audited)						REVENUE (Unaudited)			
	2018		2019		2020		2Q 2020		2Q 2021	
Company	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Arthaland Corporation	371	30%	539	13%	553	16%	268	27%	344	24%
Manchesterland Properties, Inc.	8	1%	15	0%	7	0%	6	1%	3	0%
Emera Property Management, Inc.	10	1%	14	0%	25	1%	12	1%	12	1%
Cazneau, Inc.	3	0%	17	1%	90	3%	6	1%	198	14%

Urban Property Holdings, Inc.	-	-	-	-	-	-	-	-	-	-
Cebu Lavana Land Corp.	845	68%	2,870	7%	2,126	60%	590	59%	628	44%
Zileya Land Corporation	1	0%	-	0%	-	0%	-	0%	-	0%
Savya Land Development Corporation	-	0%	646	16%	713	20%	112	11%	252	17%
Bhavana Properties, Inc.	-	-	-	-	-	-	-	-	-	-
Bhavya Properties, Inc.	-	-	-	-	-	-	-	-	-	-
Pradhana Land, Inc.	-	-	-	-	-	-	-	-	-	-
Kashtha Holdings, Inc.	-	-	-	-	-	-	-	-	-	-
Total before consolidation	1,238	100%	4,101	100%	3,514	100%	994	100%	1,437	100%
Consolidation Entries	-106		-253		-212		-108		-192	
Consolidated Revenues	1,132		3,848		3,302		886		1,245	

In Php millions	NET INCOME (Audited)						NET INCOME (Unaudited)			
	2018		2019		2020		2Q 2020		2Q 2021	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Arthaland Corporation	63	15%	787	50%	730	50%	845	92%	509	53%
Manchesterland Properties, Inc.	56	14%	3	0%	-5	0%	1	0%	89	9%
Emera Property Management, Inc.	2	0%	2	0%	9	1%	4	0%	4	0%
Cazneau, Inc.	102	25%	31	2%	-9	-1%	-6	-1%	76	8%
Urban Property Holdings, Inc.	76	19%	15	1%	27	2%	-2	0%	34	4%
Cebu Lavana Land Corp.	110	27%	592	37%	457	31%	72	8%	178	19%
Zileya Land Corporation	-	0%	-3	0%	-3	0%	-2	0%	-2	0%
Savya Land Development Corporation	-1	0%	159	10%	243	17%	17	2%	96	10%
Bhavana Properties, Inc.	-	0%	-1	0%	-3	0%	-1	0%	-18	-2%
Bhavya Properties, Inc.	-	0%	-2	0%	-3	0%	-1	0%	-9	-1%
Pradhana Land, Inc.	-	0%	-1	0%	-	0%	-	0%	-	0%
Kashtha Holdings, Inc.	-	0%	-1	0%	-	0%	-6	-1%	-	0%
Total before consolidation	408	100%	1,581	100%	1,443	100%	921	100%	957	100%
Consolidation Entries	-19		-94		-274		-233		-236	
Consolidated Net Income	389		1,487		1,169		688		721	

CORPORATE HISTORY

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

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

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

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

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

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

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

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

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

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

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

On 28 January 2008, EIBR stockholders amended anew the Articles of Incorporation and approved the increase of the authorized capital stock by ₱2.70 billion or 15.0 billion common shares, *i.e.* from ₱246,257,135.82 divided 1,368,095,199 common shares at a par value of ₱0.18 per share to ₱2,946,257,135.82 divided into 16,368,095,199 common shares also at a par value of ₱0.18 per share. At this point, EIB's shareholdings in EIBR were reduced to approximately 19%.

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

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

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

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

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

ARTHALAND'S COMPETITIVE STRENGTHS

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

ALCO sets itself apart from its competition by offering additional value to its customers in the form of sustainability features at the highest quality standards and at competitive price points. ALCO's firm commitment to sustainability is manifested in its development portfolio which is composed entirely of certified sustainable projects. All of its projects adhere to global and national standards for green buildings through the Leadership for Energy and Environmental Design (LEED) rating system of the US Green Building Council (USGBC) and the Building for Ecologically Responsive Design Excellence (BERDE) rating system of the Philippine Green Building Council (PGBC). In 2019 and 2020, Arthaland expanded its sustainability commitment by pursuing additional green building rating tools, specifically the Excellence for Design and Greater Efficiencies (EDGE) rating system of the International Finance Corporation (IFC), and the WELL Building Standard (WELL) rating system of the International WELL Building Institute (IWBI).

In addition to the certifications for all its projects, ALCO further cemented its commitment to sustainability by being the first real estate developer in Asia and the first signatory from the Philippines to the Net Zero Carbon Building Commitment of the World Green Building Council (WorldGBC). As a signatory to this program, ALCO has officially committed to decarbonizing its portfolio by 2030. By doing so, it has placed not only ALCO, but also the Philippines, in the forefront of the global initiative for climate action. ALCO's commitment to a fully decarbonized portfolio means that it will design all its projects based on two guidelines. First, the projects need to achieve at least 40% energy savings compared to a conventional building in the country (based on local standards such as EDGE and BERDE). Second, the energy the project will need should come entirely from a renewable energy source. By adhering to undertake these, the Company is able to achieve zero carbon operations footprint for all its tenants and residents in its buildings.

Arya, ALCO's multi-awarded real estate development, utilized building features and design elements such as double-glazed glass facades as well as efficient air conditioning and water collection systems to achieve operational efficiencies resulting to significant savings in electricity and water costs that benefit the unit owner compared with conventionally designed buildings. In addition, the Company's projects are forward-looking and ready to adapt new technologies

To date, Arya is the Philippines' first and only residential condominium to achieve dual green building certification. It is registered under the U.S. Green Building Council's ("USGBC") LEED program with a gold certification as well as it is the benchmark vertical residential development for the PGBC BERDE. Arya was also awarded with ANZ/PH 3-Star under the pilot program of PGBC Advancing Net Zero Philippines.

ACPT, on the other hand, was recognized as the first Net Zero Carbon Project in the world certified under the Excellence in Design for Greater Efficiencies ("EDGE") Green Building Program of the International Finance Corporation ("IFC") in addition to having achieved LEED Platinum rating and the BERDE 5-star certification which are the highest and most prestigious categories in green building rating standards. In 2020, ACPT was awarded with the WELL Health-Safety Rating seal that certifies the building's safe operations even during the COVID-19 pandemic.

The Company's current line up of projects are likewise registered under both the LEED and BERDE programs of the USGBC and the PGBC. Cebu Exchange is set to be the Philippines' single largest green office building with

various environmentally sustainable and resource-efficient design features including an optimized building envelope, energy saving air-conditioning system and water saving system. Savya Financial Center offers a world-class signature office experience hinged on comfort and efficiency resulting from its leading-edge sustainable building features and exemplary design. Sevina Park is a sustainable, innovative and highly integrated community, which will include students and faculty in the adjacent De La Salle University Science and Technology Campus and nearby schools. Sevina Park is the first and only development to aim for LEED Neighborhood Development and LEED Home Certification in the Philippines.

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

With the completion of its flagship projects, the recent handover of Phase 1 of Cebu Exchange on time and within budget, as well as the significant progress on Savya Financial Center and Sevina Park, ALCO has further reinforced its brand equity and track record of capable delivery.

Strong, Hands-On and Committed Shareholders

ALCO's largest shareholders, CPG and AOCH1 represent groups that have substantial financial resources and track record. Aside from the approximately P1.0 billion in equity investment provided by ALCO's shareholders, CPG also provided a non-interest-bearing loan to ALCO for P1.6 billion for the development of ACPT. Both CPG and AOCH1 are well represented in ALCO's management team that deliberates on day-to-day decisions and executes its plans. Please refer to Projects - Arthaland Century Pacific Tower (page 104) and Certain Relationships and Related Transactions (page 163) for further discussion on the interest-free loan facility provided by CPG which was repaid in full in 2018.

Highly Professional and Entrepreneurial Management Team with Extensive Experience

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

Owing to this, ALCO's Arya and ACPT were constructed comfortably within budget and its on-going projects are likewise expected to be completed within budget. Market reception was very strong for its flagship projects with Arya Tower 1 and Tower 2 already 100% sold and ACPT 98% leased out. Likewise, the Company's on-going projects were received well by the market because of the careful planning designed to provide products that are unique and are superior in quality.

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

ACPT was designed by the world-renowned New York based architectural firm, Skidmore, Owens & Merrill (SOM). The same group designed some of the world's most iconic buildings such as the Burj Khalifa, the tallest

man-made structure ever built, and One World Trade Center in New York City. Similarly, ALCO works with a team of consultants who are the best in their respective fields for all of its on-going projects.

Curated Development Portfolio

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

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

With the completion of its capital-raising program in 2020, the Company was able to take a long-term view towards property acquisition for larger properties which the Company can masterplan and develop in phases to ensure a steady pipeline of projects up to 2030. It is currently in discussions for the acquisition of a 3.6-hectare property located at the gateway of one of the most prime CBDs in Metro Manila which will benefit from planned infrastructure from the government. Likewise, the Company is also evaluating the acquisition of a 2.35-hectare property located in the middle of one of the most prime urban areas in southern Philippines. These properties will allow the Company to offer its unique, specially designed products to a broader market segment.

Prudent Financial Management

ALCO is taking the conservative path to growth through prudent financial management. ALCO's funding strategy for each of its projects uses a balanced approach which seeks to efficiently use financial leverage in a way that will minimize financial risk by ensuring that debt-to-equity ratios remain at conservative levels well below industry averages and at ratios acceptable for bank financing, while optimizing the return to the shareholders. ALCO employs a very disciplined approach to ensure that each project is legally and financially ring-fenced from the other projects so that each project stands on its own merit. As a result, ALCO maintains a very strong financial position. In 2020, the Company's cash position increased 3.6x to Php4.2 billion after completing its capital raising initiatives for the year while maintaining debt-to-equity ratio at 1.3x which is well within its internal tolerance cap to support periods of high growth.

To further manage risk from its growth strategy, ALCO actively seeks out joint venture partners who, apart from contributing capital to the projects, are able to contribute strategic advantages to the projects. Arthaland was able to successfully complete strategic partnerships with Mitsubishi Estate Co., Ltd. for the North Tower of Savya Financial Center, Arch SPV for Cebu Exchange, as well as partnerships with De La Salle University for its Courtyard Hall in Sevina Park and with Esquire Financing Inc., a strong local partner for the South Tower of Savya Financial Center. Arthaland continues to be in active discussions with other potential strategic partners for its upcoming projects to allow it to mitigate risk and to benefit from contributions from its strategic partners during period of high growth.

Strong Fundamentals Resulting in Resilient Pandemic Response

The COVID-19 pandemic highlighted the importance of ALCO's strong fundamentals which allowed the Company to effectively respond to the challenges of the COVID-19 pandemic. By maintaining sufficient flexibility in its timelines and by closely coordinating with its top tier general contractors, the Company was able to deliver Phase 1 of Cebu Exchange on time and to keep delivery dates for its other projects based on pre-pandemic schedules. The Company's leadership in sustainability and wellness resulted in strong continued interest in its projects as the pandemic brought these features to the forefront when buyers selected their workplaces and homes. The premium nature of the Company's development portfolio attractsattractsattractedattracts high quality of buyers as well as established multinationals as tenants. Given these, the Company saw minimal default, cancellation rates and pre-termination rates across its projects during the COVID-19 pandemic. The Company continues to have the strong support from its banking partners, allowing it to maintain high levels of construction activities and to accommodate longer timeline to close sales for all our projects.

As a result of the above, the Company was able to take a long-term view towards property acquisition and new launches. The Company continued to work towards the completion of the acquisition of the property for Lucima and for Makati CBD Residential Project 2 and to bring these projects to launch status over the past year. By continuing to work on the launch of these projects, the Company was able to secure a steady pipeline that will contribute to its revenues going forward.

ALCO'S BUSINESS STRATEGY

Growth and Diversification Strategy

With the success of its flagship residential and office projects, Arya and ACPT, ALCO was able to firmly establish its track record and to buttress its position as the foremost sustainable developer in the Philippines. ALCO proceeded to focus on further building its brand by growing its real estate portfolio.

By 2024, ALCO expects to have in its portfolio a total of more than 472,000 sqm of developed GFA. Compared against the combined GFA of Arya and ACPT of approximately 110,000 sqm, this represents a growth multiple of 4.3x its portfolio in 2019 or an estimated compounded annual growth rate of 27%.

Of the target 472,000 sqm of developed GFA, ALCO's on-going projects and projects scheduled for launch within the next 12 months, including Cebu Exchange, Savva Financial Center, Sevina Park, Lucima and Makati CBD Residential Project 2 already account for substantially of the incremental GFA that ALCO expects to support its growth target. The launch of Makati CBD Residential Project 1, the property acquisition of which has been completed, is expected to complete the GFA target over this high-growth period. Thus, ALCO has already secured the location and is mobilizing its resources to increase visibility of the successful execution of its growth objectives by 2024.

The growth of the Company's development portfolio was pursued with the objective of arriving at a balanced mix of projects that will take advantage of opportunities brought about by the strong demand for office and residential space in established CBDs as well as opportunities in emerging high growth areas outside of Metro Manila.

Given these, ALCO uses a deliberate strategy of achieving an optimal mix of residential and office development in its portfolio. Of the expected 472,000 sqm portfolio by 2024, ALCO expects approximately 48% (about 225,000 sqm) to be in the office segment and the balance 52% in the upper middle to ultra luxury residential segment.

Within each of the office and residential sub-sectors, ALCO further plans to diversify its developments geographically to increase its presence in selected high growth urban areas. Of the approximately 225,000 sqm of planned developed GFA for the office segment, ALCO has deliberately allocated 58% to be outside Metro Manila through the Cebu Exchange project and the commercial component of Sevina Park. Of the rest that it plans to develop within Metro Manila, ALCO has further allocated its planned office projects among the key business districts in Fort Bonifacio and Arca South.

Similarly, in the residential segment, ALCO plans for about 57% of developed gross floor area by 2024 to be located outside Metro Manila through its Sevina Park and Lucima projects while maintaining 42% of its residential portfolio within BGC and the Makati CBD area through Arya Residences, Makati CBD Residential Project 1 and Makati CBD Residential Project 2.

Focused Landbanking Strategy

While the Company carefully executes the successful execution of its on-going projects, it is also making preparations to ensure a steady pipeline of projects beyond 2024. To do this, the Company has put in place a focused landbanking strategy that will allow it to acquire larger properties in high growth urban areas which it can masterplan and develop in phases with the objective of maintaining a pipeline of projects until at least 2030. The landbanking strategy also contains features that provide flexibility to the Company to allow it to manage the funding requirements for the acquisition over a comfortable period of time.

Over the past year, the Company engaged in negotiations with several landowners for this purpose. It has specifically identified two properties that meet its objectives. The Company is in discussions for the acquisition of a 3.6-hectare property located at the gateway to one of the most prime CBDs in Metro Manila and is also evaluating a 2.35-hectare property in the middle of the most prime CBDs in southern Philippines.

With the acquisition of these properties, the Company is expected to be able to add approximately 398,000 sqm of GFA to its portfolio and it will have the flexibility to manage the timing of the launches of various components within each project to obtain support revenue growth while keeping development risks at a manageable level.

Providing a Superior Value Proposition by Maintaining High Quality of Projects

ALCO is acutely particular about maintaining the high quality for which its flagship projects are known. As a central focus of its strategy, ALCO will continue to position itself as a premium developer of sustainable projects and is committed to achieving green building certification for all its future projects. All of ALCO's projects will adhere to the key principles as listed below:

Thoughtful Planning and Space Management

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

Quality Assurance

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

Safety and Security

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

Operating Efficiency

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

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

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

Enabling Technology

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

Healthy Living and Working Experience

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

Matching of Fixed Costs with Recurring Income

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

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

Establishing Strategic Partnerships

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

In August 2019, ALCO signed a definitive agreement with Mitsubishi Estates Co. (MEC), one of the largest real estate developers in Japan, for MEC's first venture in the Philippines. The agreement gives MEC a 40% stake in the North Tower of Savya as the initial project in what ALCO and MEC intend to be a continuing partnership with a special focus on the development of commercial projects over the long term. ALCO also has existing partnerships with Arch Capital of Hong Kong for CebEx and Esquire Financing Inc. for South Tower of Savya and is exploring potential strategic partnerships for its other projects.

PROJECTS

Arya



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

Arya is the first high-rise residential development in the country that has received a LEED Gold certification from the USGBC. Arya is likewise the benchmark project in the PGBC's BERDE, or the green building rating system used to measure, verify and monitor the environmental performance of buildings that exceed existing mandatory regulations and standards in the Philippines. In 2020, Arya was also awarded with ANZ/PH 3-Star under the pilot program Advancing Net Zero Philippines.

It has garnered several international awards over the past years. The Southeast Asian Property Awards has chosen Arya as the Best Residential Development in the Philippines in 2012 and 2013 while the Asia Pacific Property Awards recognized Arya as the Best Residential High-rise Development in the Philippines for 2014-2015. Also, the Inaugural Philippines Property Awards acknowledged Arya to be the Best Residential Development in Manila and the Best Residential Architectural Design in 2013 and 2014. Arya's first tower was awarded the Best Residential Interior Design by the same body in 2014.

Arthaland Century Pacific Tower



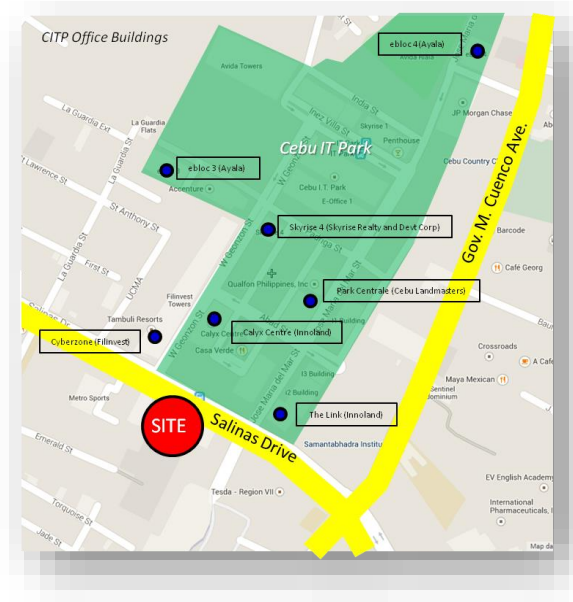
Seeing the strong demand for office space particularly in BGC, ALCO commenced the development of ACPT in 2014 and started operations in 2018. To date, the NLA of ACPT which is owned by ALCO is 97.50% leased out.

The construction of ACPT was partially funded by a non-interest-bearing loan from Centrobless Corporation, an investment vehicle of CPG and from Signature Office Property, Inc. ("SOPI"), an affiliate of the Gonzalez family. In accordance with the terms of the loan agreements, Centrobless Corporation and SOPI chose to be repaid through the dacion of office units in ACPT representing approximately 34% of ACPT's net leasable area. As a result, ALCO has 21,089 sqm of net leasable space in ACPT which will generate recurring lease revenues for the Company.

ACPT is one of the first premium-grade office in BGC. The 30-storey premium-grade office building is located along the prime 5th Avenue within BGC's E-Square, particularly along the street where The Shangri La at the Fort and new building of the Philippine Stock Exchange are located. ACPT was designed by SOM New York, the same group that penned One World Trade Center and Burj Khalifa in Dubai. ACPT was recognized by the Philippines Property Awards as the Best Green Development and Best Office Architectural Design in the Philippines for 2016 was the.

In September 2019 ACPT was recognized as the first Net Zero Carbon Project in the world certified under the Excellence in Design for Greater Efficiencies ("EDGE") Green Building Program of the International Finance Corporation ("IFC"). This is in addition to the LEED Platinum rating and the BERDE 5-star certification which ACPT had achieved. These certifications are the highest and most prestigious categories in green building rating standards. The International WELL Building Institute (IWBI) has awarded ACPT with the WELL Health-Safety Rating seal which certifies the building's safe operations even during the COVID-19 pandemic.

Cebu Exchange



Cebu Exchange is currently being built on an 8,440 sqm property located along Salinas Drive across the Cebu IT Park in Cebu City. It will be a 38-storey office building with retail establishments at the ground level and lower floors, one of the largest and tallest office developments in Cebu with total NSA of almost 90,000 sqm. ALCO's design for Cebu Exchange gives it the flexibility to serve the wide office space market in Cebu: (i) The Cebu Exchange will have a lower office zone of three levels which will have floorplates of around 5,900 sqm, which is targeted to cater to larger BPOs that may benefit from consolidating their operations; (ii) The project will have a middle zone of nineteen levels with floorplates of approximately 3,400 sqm, which will cater to conventional offices and BPOs; and (iii) a high zone of eight levels with floorplates of approximately 2,200 sqm, which is intended to cater to start up businesses. Cebu Exchange has achieved LEED Gold pre-certification, BERDE Design 5-Star and is also WELL pre-certified. It is on-track to achieve EDGE Zero Carbon certification under the IFC's EDGE program.

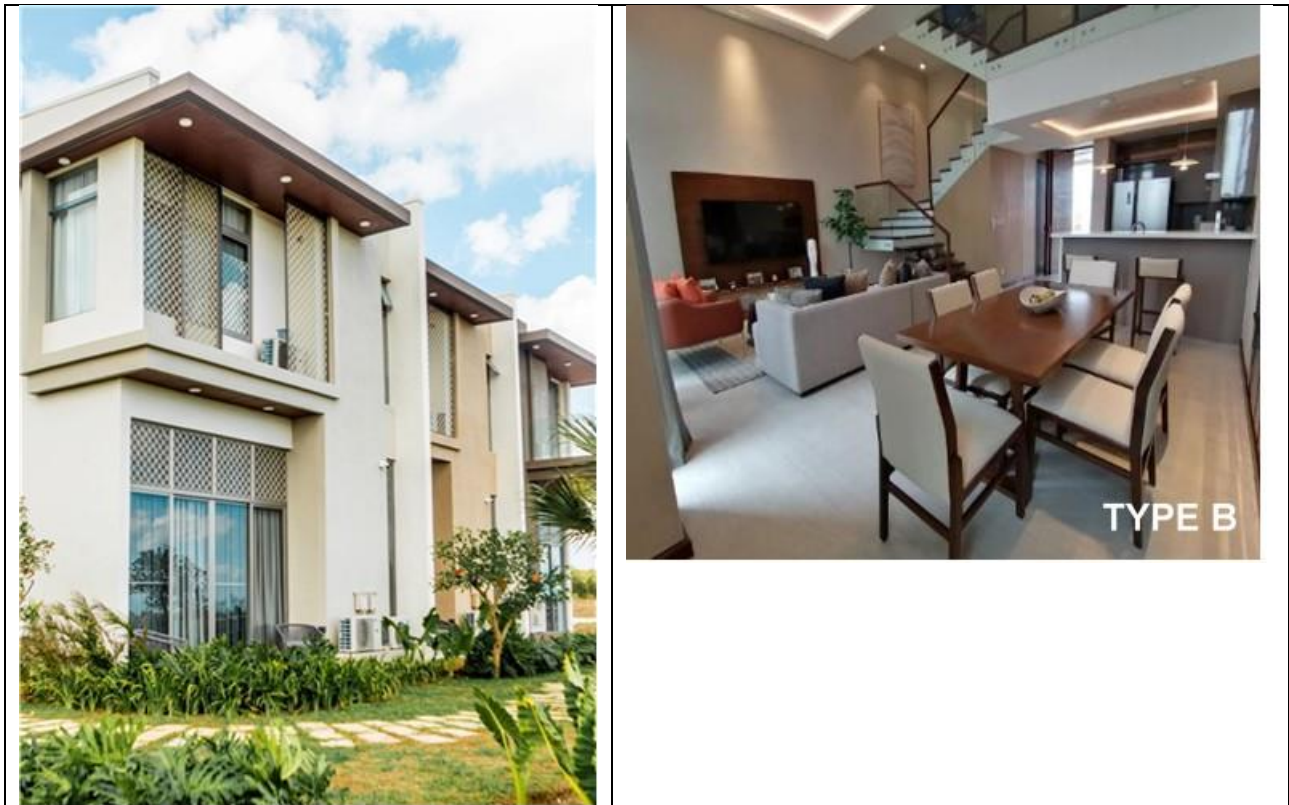
Phase 1 of Cebu Exchange, covering areas from the basement to the 15th level, was successfully completed and handed over to buyers in September 2020 in accordance with its pre-pandemic delivery date. Phase 2, covering areas from the 16th level to the roofdeck achieved structural top-off in September 2020 as well. Percentage of completion of Cebu Exchange as of July 31, 2021 is at 90.44%. As of July 31, 2021, ALCO has executed about Php8.4 billion in reservation sales contracts covering about 64% of the total NSA of Cebu Exchange.

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

Sevina Park



Sevina Park Master Plan



Sevina Park Villas, Villa Type B Model Unit and Neighborhood Pavilion

On 8 September 2016, ALCO, through its 100% owned subsidiary, Cazneau, acquired eight hectares of land adjacent to the *De La Salle University Laguna Complex* in Biñan from South Industrial Facilities, Inc. and YCLA Sugar Development Corp. Sevina Park is conceptualized to be a sustainable mixed-use community that will feature multiple components like designer villas, residential mid-rise buildings, commercial office buildings as well as retail and supplemental amenities. The masterplan was completed by global design firm Sasaki and Associates of Boston. Sevina Park is envisioned to be the quintessential suburban respite for both growing families and empty nesters.

ALCO expects to fully develop Sevina Park in phases in step with the growth of the market demand and infrastructure in the area. The project will directly benefit from the development of the Cavite Laguna Expressway that will connect with the Manila-Cavite Expressway at Kawit, Cavite and the South Luzon Expressway at Mamlasan, Laguna. This vital road infrastructure is expected to further spur the demand for residential housing, together with the development of complementary commercial sites and industrial parks.

In September 2018, ALCO started operations of the Courtyard Hall, a 348-bed dormitory which was constructed on approximately a 4,000 sqm lot within Sevina Park. The world-class facility primarily services students, faculty, and staff of the De La Salle University Laguna campus.

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

Sevina Park is recognized as the first and only real estate development in the country to receive the LEED Platinum pre-certification under the LEED for Neighborhood Development (LEED ND) category. Likewise, Sevina Park Villas is on track to achieve Gold certification under the LEED Homes category and EDGE Advanced under the EDGE green building program. Its 4-Bedroom Villa 182 Model Unit has started the Villa's certification with LEED Platinum in 2020.

As of July 31, 2021, Cazneau has executed sales reservation contracts amounting to approximately Php1.2 billion covering 61 of the 108 villas.

ALCO will launch succeeding phases of the project from Q2 of 2022.

Savya Financial Center



Savya Financial Center is a grade-A twin tower mid-rise office development with an integrated retail component. It is envisioned to be the new capital address for business and commerce in Arca South, Taguig City. The project is being constructed on approximately 6,000 sqm of land with total GFA of approximately 60,000 sqm. Both the North and South towers of Savya Financial Center are designed and built with leading edge sustainable building features. Savya Financial Center has achieved LEED Gold pre-certification and is

also WELL pre-certified. It is on-track to achieve BERDE 4-star certification and EDGE Zero Carbon certification. The project was launched in February 2019 shortly after its formal ground-breaking in January 2019. The North tower is targeted for turnover to buyers by the end of 2021.

In October 2018, SLDC, which undertakes the development of the project, applied for the approval of its merger with Arcosouth Development Corporation (“Arcosouth”) with SLDC as the surviving entity. Prior to the merger, Arcosouth was the registered owner of approximately 2,000 sqm of the 6,000 sqm property. The merger is intended to implement the joint development by SLDC and Arcosouth of the 6,000 sqm property as agreed between SLDC and Arcosouth. In August 2019, the SEC approved the merger between SLDC and Arcosouth.

The common shares of SLDC shall be owned 50-50 between Kashtha and the principal shareholder of Arcosouth following the terms of the shareholders’ agreement between the two parties. The shareholders’ agreement further states that the 50% ownership of Kashtha represents 100% of the economic interest in the North Tower of Savya while the 50% common shares held by Arcosouth’s principal shareholders represents 100% economic interest in the South Tower of Savya. Under this arrangement, Kashtha is entitled to all the profits from and is responsible for all the funding requirements of the North Tower of Savya.

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

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

The North Tower of the Savya Financial Center was launched in February 2019. As of 31 July 2021, reservation contracts with a total value of approximately Php2.9 billion and covering approximately 46% of the North Tower units have been executed.

Lucima



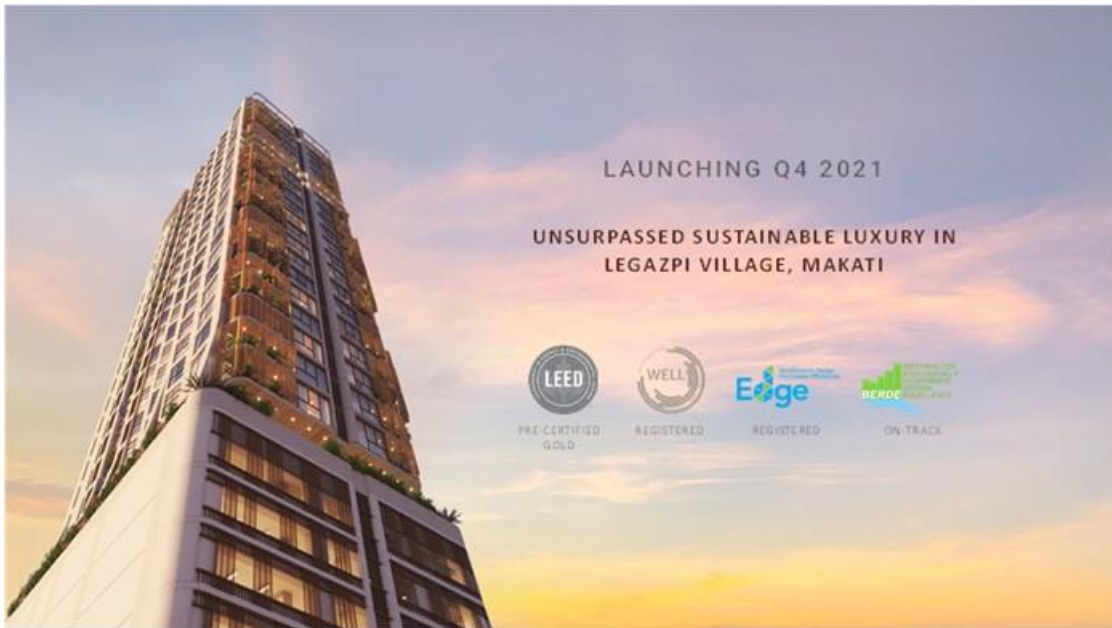
Lucima property location and building rendering

ALCO, through its wholly-owned subsidiary Bhavana, completed the acquisition of a 2,245 sqm property located at the corner of Cardinal Rosales Avenue and Samar Loop, inside the Cebu Business Park which is the foremost business district of Cebu City.

Lucima is planned to be the newest signature residential address from ALCO and will be the first premier, multi-certified, sustainable residential condominium in Cebu City. The project is on-track to be the first in the country to achieve quadruple certification including LEED, BERDE, EDGE and WELL certifications from USGBC, PGBCPhilGBC, IFC and IWBI. Lucima is directly across the Ayala Center Cebu mall and other prominent business, commercial, and lifestyle destinations. It will have a gross floor area of approximately 28,000 sqm and it will offer 263 residential units.

Lucima was launched in July 2021. As of 31 July 2021, reservation contracts with a total value of approximately Php946 million covering approximately 21% of Lucima's NSA have been executed. The project is expected to be completed by Q4 of 2024.

Makati CBD Residential Project 2



Makati CBD Residential Project 2 building rendering

In 2020, ALCO, through its wholly owned subsidiary, Bhavya, completed the acquisition of a 916 sqm property in Legazpi Village, Makati City. The property will be the site of ALCO's pioneer residential project in Makati City which will be a low-density, multi-certified, ultra-luxury development that will offer limited edition designer residences. Once completed, its future residents will enjoy exceptional white glove butler services. The project will offer only 37 residential units and will have a total gross floor area of approximately 14,600 sqm. ALCO expects to formally launch the project within Q4 2021.

Makati CBD Residential Project 1

ALCO has acquired approximately 47.4% of a 2,018-sqm property located along Antonio Arnaiz Avenue within the Makati Central Business District. The Company, through its subsidiary, Zileya, is currently in the process of partitioning the property to enable it to own 100% of approximately 957 sqm of the current lot area. Once the partitioning is completed, the Company plans to develop it into a high-rise luxury, sustainable, multi-certified residential project. ALCO expects to launch the project by H1 of 2023.

Project Olive

ALCO is currently in discussions for the acquisition of a property with a gross land area of 3.6 hectares located at the entry of one of the most prime CBDs in Metro Manila. The general area of the property is expected to benefit substantially from upcoming public infrastructure. The property is expected to result in 2.6 hectares of land net of road lots that are included in the gross land area. The Company intends to complete the acquisition in phases which will allow it to manage funding requirements over time.

ALCO has planned to develop the property into a boutique masterplanned mixed-use community. The development is envisioned to have quadruple certification from the LEED, BERDE, EDGE and WELL certification programs of the USGBC, PGBC, IFC and Well Institute. Based on initial plans, the project will feature twelve residential towers that will cater to both the upscale and midscale markets as well as some retail or commercial segment to support the residents of the area. Project Olive is expected to support the

Company's objective of maintaining a continuous pipeline of projects by scheduling the launch of the twelve residential towers in phases from 2022 to 2033. Completion is likewise done in phases between 2026 to 2037.

Project Midtown

ALCO is evaluating the acquisition of a 2.35-hectare property in the middle of the most prime city center area in southern Philippines. The acquisition program is expected to be completed between 2022 to 2023 to manage the funding requirements over time. ALCO plans to develop the property into the Project Midtown over multiple phases from 2024 to 2031 to provide a steady pipeline of projects which will contribute to the revenues of ALCO over the long-term. Project Midtown is envisioned to be a sustainable masterplanned development which will have commercial, residential and retail components.

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

RELATIVE CONTRIBUTION TO REVENUES PER PRODUCT

The following shows the relative contribution to total revenues for the full year ended 2020 and the six-month period ended June 30, 2021 from each project as described above:

<i>Amounts in PHP million</i>	Year-ended 2020	6 months ended June 30, 2021
Lease Revenues:		
ACPT	354.5	154.9
Arya Plaza	6.6	2.9
Courtyard Hall	10.5	3.5
Others	-	-
Total Lease Revenues	371.6	161.3
Revenues from sale of units:		
Cebu Exchange	2,126.3	627.9
Savya Financial Center	713.1	252.2
Sevina Park Villas	79.7	194.7
Total Revenues from sale of units	2,919.1	1,074.8
Project Management Fees	10.9	8.9
Total Revenues	3,301.6	1,245.0

The percentage contribution to revenues and net income of foreign sales in ALCO's projects is not significant as of full year 31 December 2020 and for the six months ended June 30, 2021.

ESTIMATED REVENUES PER PROJECT

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

<i>Amounts in PHP million</i>	Period Covered	Estimated Revenues in Phpm
Arya Residences	2011 to 2018	8,916.6
ACPT	2018 to 2024	2,337.7
Cebu Exchange	2018 to 2024	10,773.3
Savya Financial Center	2019 to 2023	5,785.5
Sevina Park	2018 to 2031	14,774.9
Lucima	2022 to 2024	4,635.6
Makati CBD Residential 1	2024 to 2026	4,820.0
Makati CBD Residential 2	2022 to 2025	4,343.7
Project Olive	2023 to 2036	54,501.5
Project Midtown	2024 to 2031	29,806.7

STATUS PER PROJECT

The following table summarizes the status of each project as of July 31, 2021:

	Project Status	Availability of Funds Required for the Project
Arya Residences	Completed and 100% sold	NA
Arya Plaza	Completed and leased out	NA
ACPT	Completed and 97.50% leased out	Debt and equity funding required to complete the project are in place
Cebu Exchange	Overall physical accomplishment: 90.44%	Debt and equity funding required to complete the project are in place
	Phase 1 (Basement to Level 15)	

	<ul style="list-style-type: none"> Handover to buyers completed in September 2020 <p>Phase 2 (Basement to Level 16 to top floor)</p> <ul style="list-style-type: none"> Structural top off completed in September 2020 Estimated completion by Q4 of 2021 Handover to buyers scheduled in April 2022 	
Sevina Park	<p>Construction of Sevina Park Villas in various stages of progress</p> <ul style="list-style-type: none"> Phase 1: Courtyard Hall – 100% Completed in 2018 Phase 2: Villas <ul style="list-style-type: none"> Overall site development: 53.91% Construction completion for Tranche 1 of Villas: 54.88% Amenities and pavilion: 11.34% Phase 3: Apartments <ul style="list-style-type: none"> Detailed design in progress Scheduled for launch in Q2 2022 Phase 4: Commercial <ul style="list-style-type: none"> Construction to commence in H1 2027. 	Debt and equity funding required to complete the project are in place
Savya Financial Center	<ul style="list-style-type: none"> North Tower (Tower 1) <ul style="list-style-type: none"> Structural top off completed in January 2021 Physical accomplishment: 54.5% Estimated completion by December 31, 2021 	Debt and equity funding required to complete the project are in place

	<ul style="list-style-type: none"> • South Tower (Tower 2) <ul style="list-style-type: none"> ○ Physical accomplishment: 36.11% ○ Estimated completion by December 31, 2022 	
Lucima	<ul style="list-style-type: none"> • Excavation works in progress • Estimated completion by Q4 2024 	Equity required is in place. Additional bank loan of Php930 million at level of Bhavana is required to complete the project. This is expected be in place within September 2021.
Makati CBD Residential 1	<ul style="list-style-type: none"> • Land acquisition completed 	Equity required is in place. Additional bank loan of Php600 million at the level of Zileya is required to complete the project. This is expected be in place prior to project launch in H2 2023.
Makati CBD Residential 2	<ul style="list-style-type: none"> • Land acquisition completed • Demolition works on existing structure are in progress 	Equity required is in place. Additional bank loan of Php930 million at the level of Bhavya is required to complete the project. This is expected be in place within September 2021.
Project Olive	<ul style="list-style-type: none"> • Due diligence for land acquisition in progress 	Php1.7 billion equity required from Arthaland is in place. Additional term loan of Php4 billion and funding from a strategic partner amounting to Php1 billion are required to complete the project. These agreements are expected to be finalized by H1 of 2022.
Project Midtown	<ul style="list-style-type: none"> • Discussions on-going for land acquisition 	Php1.0 billion equity required from Arthaland is in place. Additional term loan of Php2.5 billion and funding from a strategic partner amounting to Php700 million are required for the project. The agreements for these are expected to be finalized by Q4 of 2023.

MATERIAL AGREEMENTS

1. Project Management Contracts

Project Management Agreement between ALCO and CLLC

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

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

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

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

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

Project Management Agreement between ALCO and Cazneau

A Project Management Agreement was executed by ALCO and Cazneau for the development of Sevina Park (referred to in the Agreement as the “Project”) on 28 December 2020. Under the Agreement, ALCO was appointed as Project Development Manager for the Project. In consideration of these services, ALCO is entitled to receive Developer’s Cost of Php285.6 million and Project Management Fee of Php503.7 million which shall be payable in tranches from 2021 to 2029.

Project Management and Marketing Agreement between ALCO and Bhavya

A Project Management Agreement was executed by ALCO and Bhavya for the development of Makati CBD Residential Project 2 (referred to in the Agreement as the “Project”) on 27 January 2021. Under the Agreement, ALCO was appointed as Project Development Manager for the Project. In consideration of these services, ALCO is entitled to receive Developer’s Cost of Php69.2 million and Project Management Fee of Php138.8 million which shall be payable in tranches from 2021 to 2024.

Project Management and Marketing Agreement between ALCO and Bhavana

A Project Management Agreement was executed by ALCO and Bhavana for the development of Lucima (referred to in the Agreement as the “Project”) on 27 January 2021. Under the Agreement, ALCO was appointed as Project Development Manager for the Project. In consideration of these services, ALCO is entitled to receive Developer’s Cost of Php64.4 million and Project Management Fee of Php85.8 million which shall be payable in tranches from 2021 to 2024.

As Project Development Manager for Sevina Park, Makati CBD Residential Project 2 and Lucima under the Project Management Agreements executed between ALCO and each of Cazneau, Bhavya and Bhavana for these projects respectively, ALCO’s scope of services include supervision, direction and implementation of

the following: (1) management of the business plan, (2) project design and construction, (3) project procurement, (4) project cost management, (5) sales and marketing operations, (6) sales administration and account documentation, (7) capital structuring and project financing and (8) corporate support services including finance and accounting, human resources, legal, customer services and information technology and process automation.

2. Partnership Agreements

Shareholders' Agreement for Cebu Lavana Land Corp.

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

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

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

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

Merger between SLDC and Arcosouth

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

JV Agreement between ALCO and Mitsubishi Estates Corporation

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

Shareholders' Agreement and Memorandum of Agreement between ALCO (Kashtha) and Arthaland's Filipino strategic partner for SLDC (HHI)

On October 11, 2019, ALCO and Help Holdings, Inc., the principal shareholders of Arcosouth, executed a Shareholder's Agreement and a Memorandum of Agreement which contain the key principles of the parties' 50-50 sharing in the returns from the development of North and South Tower of the Savya Financial Center including the following, among other provisions:

- SLDC shall have two classes of common shares, Common A and Common B shares, each representing 50% of the total common shares of SLDC.

- Kashtha shall subscribe to 100% of Common A shares while HHI shall subscribe to 100% of Common B shares.
- All profits or losses in relation to the North Tower of Savya Financial Center (“North Tower”) shall accrue to the Common A shares. Kashtha is responsible for ensuring that there is sufficient funding to complete the development of the the North Tower.
- All profits or losses in relation to the South Tower of Savya Financial Center (“South Tower”) shall accrue to the Common B shares. HHI is responsible for ensuring that there is sufficient funding to complete the development of the the South Tower.

3. Loan Agreements

Term Loan Agreement between ALCO and BDO Unibank, Inc. (“BDO”)

On February 14, 2020, the Company and BDO entered into a Term Loan Agreement (“BDO Term Loan”) where BDO made available to the Company a loan facility of up to ₱1,000,000,000 which the Company drew in full in March 2021. The BDO Term Loan constitutes direct, unconditional, unsubordinated and unsecured obligation of the Company. The proceeds from the BDO Term Loan were used entirely to finance Arthaland’s eligible green projects for the purpose of land banking, additional investment and refinancing. The BDO Term Loan is payable in one lumpsum payment on its maturity date.

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

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

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

Omnibus Loan and Security Agreement between CLLC and Philippine National Bank

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

The loan is secured by: a) a real estate mortgage over two parcels of land located in Cebu City covered by TCT No. 107-2015002571 and TCT No. 107-2015002572, registered under the name of CLLC; and b) a pledge of the shares of ALCO and Arch SPV in CLLC as evidenced by a Contract of Pledge. The proceeds of the loan were used exclusively to finance the development and construction of an office building in Salinas Drive, Cebu City (Cebu Exchange), with a note that if the proceeds of the loan are not sufficient for the stated purpose, the deficiency shall be shouldered by CLLC.

Amendment to Omnibus Loan and Security Agreement between CLLC and Philippine National Bank

On November 13, 2020, CLLC and PNB executed an Amendment to the OLSA which provided for the following: (1) the extension of the maturity date from July 23, 2021 to April 14, 2022 and (2) rescheduling of quarterly principal amortizations which were originally due on November 16, 2020 and February 15, 2020 to the period commencing on May 14, 2021 and ending on February 14, 2022 and (3) adjustment to the amount

and maturity date of the balloon payment from Php1,114,000,000.00 which was originally payable on July 23, 2021 to Php814,000,000.00 payable on April 14, 2022.

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

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

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

An OLSA by and among SLDC, Arcosouth and BPI was executed on 22 August 2018, where SLDC acted as Borrower, Mortgagor, and/or Assignor, Arcosouth acted as Third-Party Mortgagor, and BPI acted as Lender, Mortgagee, and Assignee, for a term loan facility up to the aggregate maximum principal amount of One Billion Four Hundred Forty Million Pesos (P1,440,000,000.00), which may be availed of via staggered drawdown as follows: a) ₱940 million Development Loan; and b) ₱500 million Construction Loan, available for three (3) years from the initial borrowing date.

The loan was secured by: a) a real estate mortgage on the real estate properties covered by TCT No. 164-2018000374 (Lot 9) and TCT No. 164-2018000375 (Lot 10), registered under SLDC, and TCT No. 164-2018000713 (Lot 11) registered under Arcosouth, all located in Block 10, FTI Compound, Bicutan, Taguig City; b) a Corporate Continuing Suretyship of ALCO; c) assignment by way of security of ₱30 Million time deposit account in the name of SLDC; and d) such other security as the parties may agree upon.

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

On 13 August 2021, SLDC prepaid the loan outstanding amounting to Php1,440,000,000.00 using proceeds from the drawdown of the Php1,440,000,000.00 term loan facility between SLDC and BDO. With the full payment of the loan, the corresponding real estate mortgage over the SLDC property, corporate continuing surety of ALCO in favor of BPI, assignment by way of security of Php30 million time deposit were all released.

Php1.44B Term Loan between SLDC and BDO

On August 13, 2021, SLDC executed a Facility Agreement for a Php1,440,000,000.00 term loan facility for SLDC which was available in single or multiple drawdowns up to May 14, 2022. The term loan facility is payable based on a quarterly principal repayment schedule beginning on February 28, 2022 up to its maturity date on August 29, 2023.

The term loan is secured by the following:

1. A real estate mortgage over 50% of the land on which the North and South Towers of Savya Financial Center are being developed, covered by TCT 164-20180000374 and a portion corresponding to 848 sqm of the land covered by TCT 164-2018000375. This was documented by a Real Estate Mortgage Agreement executed on 13 August 2021 with SLDC as mortgagor and BDO as mortgagee, and
2. Continuing suretyship of Arthaland Corporation in the amount of Php720,000,000.00 documented by a Continuing Suretyship Agreement executed by ALCO in favor of BDO on 13 August 2021.

The Php1.44B term loan was fully drawn by SLDC and was used to prepay the Php1.44B outstanding loan under the OLSA between SLDC and BPI.

Real Estate Mortgage Agreement for Php1.8 billion term loan of Arthaland's Filipino strategic partner

On August 4, 2021, SLDC, as third party accommodation mortgagor, and BDO, as mortgagee, executed a Real Estate Mortgage Agreement to secure the Php1.8 billion term loan of Arthaland's Filipino strategic partner. The real estate mortgage covers 50% of the land on which the North and South Towers of Savya Financial Center are being developed, covered by TCT 164-2018000713 and a portion corresponding to 1,077 sqm of the land covered by TCT 164-2018000375. The proceeds of the loan will be used by Arthaland's Filipino strategic partner to infuse into SLDC which SLDC will use to partially fund the development cost of the South Tower of Savya Financial Center.

Omnibus Loan and Security Agreement between PNB and Cazneau

Cazneau and PNB executed an OLSA, dated August 5, 2021, where Cazneau acted as Borrower and Mortgagor, ALCO acted as Grantor and PNB acted as Lender, Mortgagee, and Grantee, for a loan facility of up to One Billion Pesos (₱1,000,000,000.00), which will be made available to Cazneau in multiple tranches for a period of three (3) years from the date of the initial drawdown.

The loan was secured by: a) a real estate mortgage over two parcels of land located in Biñan Laguna covered by TCT No. 060-2016022843 and TCT No. 060-2016024761, registered under the name of Cazneau; and b) the grant of a security interest over share collateral corresponding to the common shares in Cazneau held by ALCO representing 100% of the issued and outstanding common shares of Cazneau.

The proceeds of the loan shall be used exclusively to partially reimburse the acquisition cost of the land on which Sevina Park will be developed, to partially reimburse developed costs on the Sevina Park estate incurred to date and to partially finance future development costs in relation to Sevian Park Villas, with a note that if the proceeds of the loan are not sufficient for the stated purpose, the deficiency shall be shouldered by Cazneau. A portion of the proceeds from the initial drawdown shall be used by Cazneau to partially repay shareholder advances from ALCO provided that ALCO's contribution into Cazneau, by way of paid in capital or shareholder advances shall not be less than Php667,000,000.

Contract to Sell Facility between CLLC and AUB

An agreement for the establishment of a Php1.0 billion contract to sell facility ("CTS Facility") was executed by CLLC and Asia United Bank ("AUB") in October 2019. The facility was drawn in tranches and was fully drawn as of May 22, 2020.

On December 18, 2020, CLLC and AUB executed a Memorandum of Agreement renewed the CTS Facility and increased the amount to Php2.0 billion, inclusive of the Php1.0 billion amount that had been drawn under the earlier CTS Facility. As of July 31, 2021, CLLC has drawn Php1,449.3 million from this CTS facility.

Contract to Sell Facility between CLLC and Robinsons Bank

In January 2021, CLLC and Robinsons Bank executed a Credit Facility Agreement for the grant of a Php1 billion Receivables Purchase Line for financing receivables from buyers of units and parking slots in Cebu Exchange. The facility has a maturity date of up to twenty-four months from the date of the purchase of the receivables by Robinsons Bank or the remaining term of the receivables whichever comes earlier. As of May 31, 2021, CLLC has fully drawn on this facility.

Short Term Loan Facilities

ALCO secured the following short-term unsecured loan facilities from various lenders:

- (i) PhP 350 million short-term, unsecured facility with BDO of which P250 million has been drawn to date and the balance of PhP100 million is still available.
- (ii) PhP300 million short-term unsecured facility which is fully drawn to date and PhP10 million bills purchase line with CTBC Bank;

- (iii) Php50 million short-term unsecured facility which is fully drawn to date and Php300 million bills purchase line with Union Bank of the Philippines (“Union Bank”);
- (iv) Php150 million short-term, unsecured facility with BPI of which P50 million has been drawn to date and the balance of Php100 million is still available;
- (v) Php200 million unsecured revolving credit line with Philippine National Bank (“PNB”); and
- (vi) Php1.3 billion unsecured, short-term facility with Union Bank Trust of which Php600 million has been drawn to date

CLLC secured the following short-term unsecured loan facilities:

- (i) a Php500 million short-term, unsecured facility with Union Bank which is fully drawn to date;
- (ii) a Php1.0 billion unsecured, short-term facility with Union Bank Trust which has not been drawn to date.

4. Construction Contracts

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

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

On September 23, 2020, Cazneau issued a letter of award to Interfield Construction Corporation for the performance of general construction works for blocks 3 and 5 and amenities for the Sevina Park Villas.

5. Acquisition of Property

On January 29, 2021, Arthaland executed a Contract to Sell for 27 parcels of land with an aggregate area of 11,862 sqm for a total consideration of Php2,019,063,877.74 which shall be payable in tranches over 270 days from favorable completion of due diligence over the property. The acquisition of the property is subject to the fulfillment (to the satisfaction of the Company) of several prescribed conditions for consummation of the purchase and the payment of the consideration of the Company. To date, the Company is in the process of completing its due diligence over the property.

DISTRIBUTION METHODS

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

COMPETITION

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

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

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

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

Arthaland considers two (2) direct competitors in the high-end residential market segment in terms of relative quality of development and pricing of products – Ayala Land, Inc. and Rockwell Land Corporation. These companies have been in the business many years earlier than Arthaland and therefore, have stronger brand equity, longer track record, and financial mileage. In the office development front, Arthaland competes with both large and medium-scale developers such as Ayala Land, Inc., The Net Group, Daiichi Properties, and other local developers, particularly in Cebu City. These companies are considered to have the greater share of the market at the moment.

Arthaland intends to primarily capitalize on its niche market by developing projects in distinct locations, which are unique and special in terms of design, and sustainable and wellness features. Arthaland is the pioneer in sustainable developments being the first and only company to have all of its projects multi-certified with LEED, BERDE, EDGE and WELL. It intends to continue to provide distinctive products with better quality at more competitive pricing. Arthaland believes it can achieve this given its substantially lower overhead costs, being a relatively leaner organization.

INDUSTRY OVERVIEW

The Philippines retains its fundamental competitive advantages despite the COVID-19 pandemic. The Philippines' attractiveness as a business location remains strong, given that rental rates and capital values in Metro Manila and other urban areas remain lower than most of the developed countries in the region. In addition, the Philippines continues to offer a supply of young, educated talent at lower cost than comparative talent in the region.

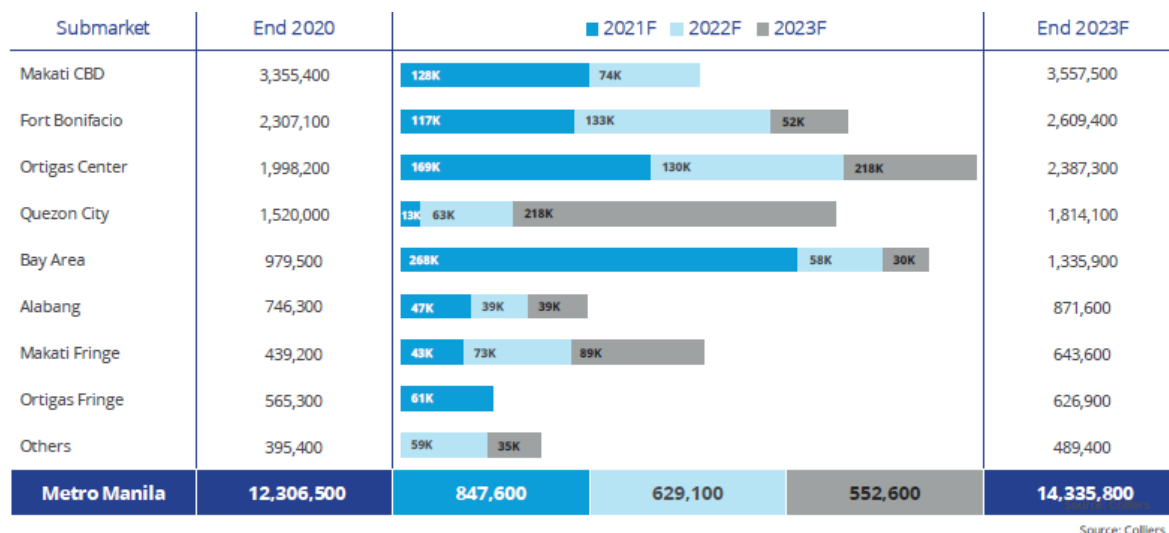
The Philippine real estate sector is expected to return to robust growth as the economy emerges from the effects of the COVID-19 pandemic in the short-term. In general, analysts estimate GDP to grow by 4.5% to 6% in 2021 compared to the GDP contraction experienced in 2020. Analysts point to the roll-out of the nationwide vaccination program as key to the path to recovery. In addition, a positive outlook is supported by growth in remittances from OFWs which was observed to have registered growth of 13.1% in May 2021

vs. the same period in 2020, its fastest growth since November 2016. Finally, bank lending rates continue to remain competitive, thereby providing necessary financing support to developers and buyers.

Office Segment – Metro Manila

Office Stock. As of 2021, the total supply of office space in Metro Manila is estimated at 12.3 million sqm and is expected to increase to 14.3 million sqm by the end of 2023. The central business districts of Makati City and Fort Bonifacio accounted for almost 46% of total office space in 2021. Over the next 2 years, the bulk of new office supply is expected to come from the Bay Area, Ortigas and Fort Bonifacio central business districts.

Metro Manila Annual Office Supply (in sqm of GLA)



Source: Colliers International Q2 Property Briefing

Demand. In its Q2 2021 briefing, Colliers International noted the improving level of transactions in the office sector as well as the stability of the IT-BPM and traditional sectors as drivers of demand for office space. Further, Colliers noted a 10% over-all increase in transactions for office leasing space in H1 2021 compared to H1 2020 driven by a 50% increase in transactions in the traditional office space which served to offset the contraction observed from the Philippine Offshore Gaming Operators.

The over-all vacancy in Metro Manila was at 12.7% as of end of Q2 2021 while Fort Bonifacio and Makati CBD experienced more benign vacancy rates at 10% and 7.2% respectively. By year-end 2021, over-all vacancy in Metro Manila is expected to increase to 15.6% with the completion of an additional 847,600 sqm of new office space. The additional supply is expected to be absorbed over the next years as net take-up is expected to rebound beginning 2022.

Lease rates. Among the business districts in Metro Manila, premium and grade A office spaces in Makati CBD continued to command the highest headline average lease rate per sqm at P 1,400 – 1,800 per sqm, albeit slightly lower than headline rates as of Q2 2020 which ranged from Php1,400 to Php1,950 per sqm. Meanwhile, headline lease rates for Grade A office space in Fort Bonifacio have steadily increased and were estimated at P 1,000 – 1,600 per sqm as of Q2 2021.

Office Segment – Cebu

As of Q2 2021, Cebu had total office stock of 1.18 million sqm of leasable space of which approximately 37% is in Cebu IT Park where the Cebu Exchange is located. Over the next two years, the supply of office space is

expected to grow to 1.49 million sqm of which Cebu IT Park's share is expected to remain approximately the same at 36%.

Cebu continues to be a viable alternative to Metro Manila as a business location because it allows companies to tap into the large talent pool in southern Philippines, to achieve geographical diversification benefits and to average down on their rental costs. The average rental rate in the most prime central business districts in Cebu is less than half the lease rate for Grade A office space in Makati and Fort Bonifacio.

As a result of the COVID-19 pandemic, vacancy rates in the prime central business districts of Cebu Business Park and Cebu IT Park increased to almost 20% and 24% respectively as of Q2 2021. However, Colliers International notes the increasing level of transactions for office space as of Q2 2021 which posted a 142% increase over the volume of transactions recorded over the same period last year. For full year 2021, analysts expect a positive net take up of office space which contrasts against the negative net take up of office space in 2020. Given this trend, vacancy is expected to start to go down over the next two years towards pre-pandemic levels.

Key Figures - Grade A Office

Q2 2021	Cebu Business Park	Cebu IT Park	Cebu
Current stock (sqm)	389,300	439,500	1,182,300
Development pipeline 2021 to 2023 (sqm)	61,000	97,000	306,900
Range of headline lease rates (PHP/sqm/month)	500 to 700	550 to 675	350 to 700
Vacancy rate (%)	20%	24%	22%

Source: Colliers International Q2 2021 Property Briefing

Residential Segment

Residential Stock. As of Q2 2021, Metro Manila is estimated to have a total of about 140,000 residential condominium units. Notably, the Bay Area has outstripped Makati CBD in terms of total supply of condominium units. By 2023, the condominium stock is expected to increase to 158,460 units. Between 2021 to 2023, the Bay Area is expected to post the highest growth in available supply at about 66% given the volume of residential projects that are expected to be completed in the Bay Area within this period. Meanwhile, residential supply in Makati CBD is expected to grow by only 3.7% during this period because of limited supply of land and limited number of new projects that are expected to be completed within this period.

Metro Manila Annual Residential Supply (in condominium units)

Location	End-2020	2021F	2022F	2023F	End-2023	% Change (2023 vs. end of 2020)
Alabang	4,880	500	-	520	5,910	21.1%
Araneta Center	4,550	-	-	600	5,140	13.0%
Eastwood City	9,630	-	-	-	9,630	0.0%
Fort Bonifacio	39,100	1,220	1,420	1,320	43,070	10.2%
Makati CBD	28,550	210	-	840	29,600	3.7%
Bay Area	22,750	7,300	6,550	1,100	37,720	65.8%
Ortigas Center	18,730	230	230	2,400	21,560	15.1%
Rockwell Center	5,270	560	-	-	5,830	10.6%
Total	133,460	10,020	8,200	6,780	158,460	18.7%

Source: Colliers International

While analysts have tempered their growth assumptions in the residential sector as the market adjusts to the increase in supply from recently completed developments, the general outlook remains positive. This is especially true for the middle to high income market segments for projects in prime locations and with high quality.

Understandably, vacancy increased to 15.6% in 2020 because of the COVID-19 pandemic. Colliers International expects vacancy rates to increase further to 17.6% in 2021 and then to decline towards pre-pandemic vacancy rates beginning 2022. Similarly, capital values and rental rates are expected to decline in 2021, albeit at a more benign rate compared to 2020, before recovering towards pre-pandemic levels beginning 2022.

Over the long-term, the outlook for the residential sector continues to be very positive driven by the expanding infrastructure network as major projects under the government's Build, Build, Build program achieve completion and the expected recovery of the economy as a result of its strong fundamentals.

SUPPLIERS

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

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

Supplier	Products and Services Provided
Datem Incorporated	General contractor for Savya Financial Center
DDT Konstruct, Inc.	General contractor for Cebu Exchange
Datem Incorporated	General contractor for Arya
Megawide Construction Corporation	General contractor for ACPT
Interfield Construction Corporation	General contractor for Tranche 1 and Amenities of Sevina Park Villas
Sasaki and Associates	Masterplanner for Sevina Park
Skidmore, Owings & Merrill, LLP	Architecture Services for ACPT
Rchitects, Inc.	Architecture Design Services for Savya
Leandro V. Locsin and Partners	Architecture Services for Sevina Park

S+A Singapore Pte. Ltd.	Architecture Consultancy Services for CD & SD for Lucima
Michael Banak Architecture	Architecture Services for Makati CBD Residential Project 2
GF and Partners, Architects	Architecture Services (Architect of Record)
Aidea Inc.	Architecture Services (Architect of Record)
Arcadis Philippines Inc.	Quantity Surveyor for Arya, ACPT, Cebu Exchange and Savya
Metri Quantity Surveyors	Quantity Surveyor for Sevina Park
BK Asia Pacific (Philippines) Inc.	Quantity Surveyor for Lucima
Danilo C. Mancita, Inc.	Construction Manager for Arya

DEPENDENCE ON CERTAIN CUSTOMERS

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

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

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

Please refer to page 163 for a discussion on Certain Relationships and Related Transactions for a more comprehensive discussion of transactions with related parties.

PATENTS, TRADEMARKS AND COPYRIGHTS

Arthaland's operations are not dependent on patents, trademarks, copyrights and the like, although Arthaland, on its own behalf and those of its subsidiaries, sought from the Intellectual Property Office of the Philippines and was granted the exclusive use of the tradenames, logos and taglines "Arthaland Future Proof by Design", "Arthaland Century Pacific Tower", "ARTHALAND Building Sustainable Legacies", "Cebu Exchange", "Savya Financial Center", and "Sevina Park". The tradename "Arya Residences" now belongs to Arya Residences Condominium Corporation.

NEED FOR GOVERNMENT APPROVAL FOR PRINCIPAL PRODUCTS OR SERVICES

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

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

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

CORPORATE PERMITS

Arthaland Corporation

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration- BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 8RC0000050946 TIN 004-450-721-000	01-Jan-96	N/A
2. Business Permit	City of Taguig	LCN-20-004292	16-Jan-21	31-Dec-21
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 00088, s. 2021	06-Jan-21	N/A
4. Sanitary Permit to Operate	Office of the City Health Officer, Taguig City	1601-002945	16-Jan-21	31-Dec-21
5. Fire Safety Inspection Certificate	Taguig City Fire Station IV, FDIV-NCR, Bureau of Fire Protection	16-1846010	31-May-21	31-May-22
6. Employer Data Form	Home Development Fund (Pag-IBIG)	Registration Tracking No. 800170013567	N/A	N/A
7. Certificate of Employer's Registration	Pag-IBIG	Employer No. 204213480002	31-Aug-16	N/A
8. Certificate of Employer's Registration	Social Security System (SSS)	SSS Employer No. 03-9211531-5-000	23-Aug-16	N/A
9. Certificate of Employer's Registration	PhilHealth	PhilHealth Employer No. 001000014010	23-Aug-16	N/A
10. Unified Registration Record	SEC, BIR, Pag-IBIG, SSS, PhilHealth	SEC Registration No. CS201518355 TIN 009-129-450-000 Pag-IBIG Employer Number (Employer ID)	N/A	N/A

		205669160009 Philhealth Employer Number (PEN) 001000041180 SSS Employer Number (ER No.) 0395044218		
11. Certificate of Registration	Philippine Economic Zone Authority (PEZA)	Certificate of Registration No. 08-10-F (IT)	16-Apr-09	N/A

Arya Residences Condominium Corporation

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration- BIR Forms 2302	Bureau of Internal Revenue (BIR)	TIN No. 008-886-797	12-Jan-18	N/A
2. Business Permit	City of Taguig	LCN-11-017193	13-Jan-21	31-Dec-21
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 015281, s. 2021	04-Jan-21	N/A

Urban Property Holdings, Inc.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration- BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000374352 TIN 004-477-699-000	01-Jan-96	N/A
2. Business Permit	City of Taguig	LCN-20-004561	15-Jan-21	31-Dec-21
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 000217, s. 2021	08-Jan-21	N/A
4. Sanitary Permit to Operate	Office of the City Health	A4 1501-002733	15-Jan-21	31-Dec-21

	Officer, Taguig City			
--	----------------------	--	--	--

Cazneau, Inc.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration-BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000373071 TIN 007-089-627-000	31-Jul-08	N/A
2. Business Permit	City of Taguig	LCN-20-004560	15-Jan-21	31-Dec-21
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 000220, s. 2021	08-Jan-21	N/A
4. Sanitary Permit to Operate	Office of the City Health Officer, Taguig City	A4 1501-002762	15-Jan-21	31-Dec-21

Manchesterland Properties, Inc.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration-BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000392698 TIN 006-939-384-000	27-Mar-08	N/A
2. Business Permit	City of Taguig	LCN-20-011924	15-Jan-21	31-Dec-21
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 00214, s. 2021	08-Jan-21	N/A
4. Sanitary Permit to Operate	Office of the City Health Officer, Taguig City	A4 1501-002773	15-Jan-21	31-Dec-21

Emera Property Management, Inc.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration- BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN N/A TIN 007-089-597-000	28-Dec-15	N/A
2. Business Permit	City of Taguig	LCN-20-004559	15-Jan-21	31-Dec-21
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 00212, s. 2021	08-Jan-21	N/A
4. Sanitary Permit to Operate	Office of the City Health Officer, Taguig City	A4 1501-002775	15-Jan-21	31-Dec-21

Zileya Land Development Corporation

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration- BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000447436 TIN 009-195-830-000	28-Dec-15	N/A
2. Business Permit	City of Taguig	LCN-20-020068	15-Jan-21	31-Dec-21
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 00213, s. 2021	08-Jan-21	N/A
4. Sanitary Permit to Operate	Office of the City Health Officer, Taguig City	A4 1501-002737	15-Jan-21	31-Dec-21
5. Locational Clearance	City Planning and Development Office, Taguig City	Decision No. 1-0084-16	14-Jan-16	N/A

Cebu Lavana Land Corp.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration-BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000263458 TIN 009-129-450-000000	02-Oct-15	N/A
2. Business Permit	City of Taguig	LCN-20-019642	15-Jan-21	31-Dec-21
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. D-00204, s. 2021	08-Jan-21	N/A
4. Sanitary Permit to Operate	Office of the City Health Officer, Taguig City	A4 15401-002744	15-Jan-21	31-Dec-21
5. Locational Clearance	City Planning and Development Office, Taguig City	Decision No. 4-0614-15	13-Oct-15	N/A

Savya Land Development Corporation

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration-BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000882334E TIN 009-559-200-000	27-Feb-17	N/A
2. Business Permit	City of Taguig	LCN-20-023117	15-Jan-21	31-Dec-21
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. D-00211, s. 2021	08-Jan-21	N/A
4. Sanitary Permit to Operate	Office of the City Health	A4 1501-0002729	15-Jan-21	31-Dec-21

	Officer, Taguig City			
--	----------------------	--	--	--

Bhavya Properties Inc.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration-BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000542173 TIN 010-364-838-000	22-Jul-19	N/A
2. Business Permit	City of Taguig	LCN-20-030209	15-Aug-21	31-Dec-21
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 000223, s. 2021	08-Jan-21	N/A
4. Sanitary Permit to Operate	Office of the City Health Officer, Taguig City	A4 1401-002730	15-Jan-21	31-Dec-21

Bhavana Properties Inc.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration-BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000539799 TIN 010-359-930-000	16-Jul-19	N/A
2. Business Permit	City of Taguig	LCN-20-030020	15-Jan-21	31-Dec-21
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. D-000222, s. 2021	08-Jan-21	N/A
4. Sanitary Permit to Operate	Office of the City Health Officer, Taguig City	A4 1501-002747	15-Jan-21	31-Dec-21

5. PhiVocs Certificate	UP Campus, Diliman, Quezon City	HAS-Oct-19-1214	18-Oct-19	N/A
------------------------	---------------------------------	-----------------	-----------	-----

Pradhana Land Inc.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration- BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000551996 TIN 010-397-407-000	10-Sep-19	N/A
2. Business Permit	City of Taguig	LCN-20-030746	15-Jan-21	31-Dec-21
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Seial No. D-000215, s. 2021	08-Jan-21	N/A
4. Sanitary Permit to Operate	Office of the City Health Officer, Taguig City	A4 1501-002732	15-Jan-21	31-Dec-21

Kashtha Holdings, Inc.

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration- BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000551429 TIN 010-410-757-000	02-Oct-19	N/A
2. Business Permit	City of Taguig	LCN-20-030863	15-Jan-21	31-Dec-21
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Seial No. D-000218, s. 2021	08-Jan-21	N/A
4. Sanitary Permit to Operate	Office of the City Health Officer, Taguig City	A4 1501-002746	15-Jan-21	31-Dec-21

PROJECT PERMITS

Arthaland Century Pacific Tower

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Zoning Certification (as "Urban Core Zone")	HLURB	N/A	15-Oct-14	N/A
2. HLURB Development Permit	HLURB	D.P. No. 15-07-042	02-Jul-15	N/A
3. Environmental Compliance Certificate	DENR	ECC-NCR-0810-107-5010	07-Oct-08	N/A
4. Certificate of Installation of Earthquake Recording Instrumentation	Office of the Building Official, City of Taguig	N/A	10-July-18	N/A
5. Certificate of Occupancy	Office of the Building Official, City of Taguig	15-2017-0290	29-Jun-17	N/A
6. Permit to Operate Air Pollution Source Installation	DENR - EMB	POA No. 20-POA-J-137607-395	30-Jan-20	21-Oct-23
7. Certificate of Compliance	ERC	COC No. 18-05-S-03498L	27-May-18	26-May-23
8. ECC Amendment	DENR EMB NCR	ECC-NCR-1410-0384	18-Jun-2018	N/A

Arya

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration	Housing and Land Use Regulatory Board ("HLURB")	No. 22290	26-Apr-10	N/A
2. Zoning Certification	HLURB	N/A	28-Aug-09	N/A
3. License to Sell (Sale of units in Tower 1)	HLURB	No. 23693	13-Oct-10	N/A
4. License to Sell (Sale of units in Tower 2)	HLURB	No. 25103	25-Nov-11	N/A

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

LUCIMA

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Zoning Certification	City Planning and Development Office, City of Cebu	N/A	09-Nov-2020	N/A
2. Locational Clearance	City Planning and Development Office, City of Cebu	Locational Clearance No. LC21-02-05-11	05-Apr-2021	N/A
3. HLURB Development Permit	HLURB	DP No. R7-021-0564	09-Mar-2021	N/A
4. HLURB Preliminary Approval and Locational Clearance	HLURB	PALC No. R7-021-0814	09-Mar-2021	N/A

5.	Environmental Compliance Certificate	DENR-EMB	ECC-OL-R07-2021-0052	11-Feb-2021	N/A
6.	Fire Safety Evaluation Clearance (Project Union)	Cebu City Fire Station, Cebu Provincial Office, Bureau of Fire Protection	FSEC No. R 07-041174	10-May-2021	N/A
7.	Permit/License to Sell	HLURB Central Visayas	License No. LS-R07-21-061	05-Jul-2021	N/A
8.	Certificate of Registration	HLURB Central Visayas	CR-R07-21-039	05-Jul-2021	N/A

Cebu Exchange

	Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1.	Zoning Certification	City Planning and Development Office, City of Cebu	N/A	08-Mar-13	N/A
2.	Locational Clearance	City Planning and Development Office, City of Cebu	Locational Clearance No. LC16-02-03-02	21-Apr-16	N/A
3.	HLURB Development Permit	HLURB	CVR-016-0397	20-Jul-16	N/A
4.	HLURB Preliminary Approval and Locational Clearance	HLURB	CVR-016-0647	20-Jul-16	N/A
5.	Environmental Compliance Certificate	DENR-EMB	ECC-R07-06160009	8-Jul-16	N/A
6.	Fire Safety Evaluation Clearance (Project Salt)	Cebu City Fire Station, Cebu Provincial Office, Bureau of Fire Protection	FSEC No. R 16-00222176	19-Jan-17	N/A
7.	Fire Safety Evaluation Clearance (Fee Gallery)	Cebu City Fire Station, Cebu Provincial Office, Bureau of Fire Protection	FSEC No. R 07-001231	3-Nov-17	N/A

8.	Certificate of Site Zoning Classification	HLURB Central Visayas	N/A	1-Feb-17	N/A
9.	Permit/License to Sell	HLURB Central Visayas	License No. 032788	11-Sept-17	N/A
10.	Certificate of Registration	HLURB Central Visayas	No. 028434	11-Sept-17	N/A
11.	Advertisement Approval (Billboards, AVP, and brochure approvals)	HLURB Central Visayas	N/A	7-Aug-18 and 28-Mar-19, 14-Jan-19, and 14-Jan-19	N/A
12.	PEZA Board Resolution	PEZA	Resolution no. 16-726	19-Dec-16	N/A

Savya Financial Tower

	Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1.	Certificate of Site Zoning Classification	HLURB	N/A	9-Jul-18	N/A
2.	Locational Clearance	City Planning and Development Office, Taguig City	Decision No. 4-1515-18	24-Oct-18	N/A
3.	Development Permit	HLURB	D.P. No. 18-10-070	23-Oct-18	N/A
4.	Fire Safety Evaluation Clearance (Towers 1 and 2)	Taguig City Fire Station	FSEC No. R 16-95697 and FSEC No. R 16-95698	1-Mar-19	N/A
5.	Certificate of Registration	HLURB	CR No. 029476	11-Feb-19	N/A
6.	License to Sell (Towers 1 and 2)	HLURB	License to Sell No. 034553	11-Feb-19	N/A
7.	License to Sell (Tower 2)	HLURB	License to Sell No. 034615	1-Jul-2019	N/A

8.	Environmental Compliance Certificate (ECC) Tower 1	DENR EMB NCR	ECC-OL-NCR-2018-0190	24-Aug-2018	N/A
9.	Environmental Compliance Certificate (ECC) Tower 2	DENR EMB NCR	ECC-OL-NCR-2018-0213	11-Sept-2018	N/A
10.	Laguna Lake Development Clearance	LLDA DENR	LLDA No. 01610	9-Nov-2018	N/A

Sevina Park

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

Courtyard Hall (Sevina Park Phase 1)

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

3. Certificate of Registration	HLURB	N/A	N/A	N/A
--------------------------------	-------	-----	-----	-----

RESEARCH AND DEVELOPMENT

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

EMPLOYEES

As of 31 August 2021, Arthaland had a total of 129 personnel, 51 of whom are in management and 78 are non-managers. As of the same period, Arthaland also engaged 117 sales agents.

The above personnel are not covered by a collective bargaining agreement.

The additional employees who will be hired for the succeeding year cannot be determined but the same will be closely aligned with Arthaland's actual and programmed growth

Description of Property

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

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

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

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

UPHI is the registered owner of a 33-hectare raw land⁶ located at the junction of the city limits of Tagaytay City and the provincial boundaries of Laguna and Batangas. The portion of the property lying within the Tagaytay City limits is nestled along the fairway of Tagaytay Highlands Golf and Country Club. Approximately one hectare of this property is subject of an expropriation proceeding, a full disclosure of which is discussed in the succeeding item.

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

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

BOOK VALUE OF BATANGAS PROPERTIES

Based on available records, it is the understanding of the Company that the Batangas Properties⁷, along with 45% of the outstanding shares of UPHI and other real assets, formed part of the security for a loan granted by then EIB to PR Builders Developers and Managers, Inc. ("PR Builders"). Subsequently, the Batangas Properties and other assets comprising the PR Builders account became part of the non-performing asset portfolio of EIB which were sold in 2006 to special purpose vehicles ("SPVs") specializing in the acquisition of similar non-performing assets. Because of the various cases filed by PR Builders, the concerned SPV was unable to consolidate its ownership over the Batangas Properties and the other assets which formed part of the PR Builders account. The SPV subsequently exercised its option to return the Batangas Properties and other assets comprising the PR Builders account to EIB in 2007, and EIB, in turn, returned the amount of

⁶The carrying value of this property amounts to Php149.80 million. Based on the appraisal report dated 5 February 2014, the fair value of the land amounted to Php349.8 million.

⁷Composed of two parcels of agricultural land located at Bo. Niyugan, Laurel, Batangas covered by Transfer Certificates of Title (TCT) Nos. 99702 (56,711m²) and 99703 (28,356m²)

Php13 million the SPV had paid for these assets and proceeded to negotiate directly with PR Builders for a compromise so that the former may sell the assets to other interested third parties.

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

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

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

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

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

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

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

The total acquisition cost of the Company for the above assets was Php55.5 million, comprised of the Php42.5 million paid to PR Builders in 2008 and the Php13 million paid to EIB in 2011. The carrying values of the Batangas Properties and the Tagaytay Property amounting to Php34.1 million and Php10.9 million⁸, or Php45 million combined, represent the amounts allocated to these assets from the total acquisition cost of Php55.5 million.

Information on the carrying values of the Batangas Properties and the Tagaytay Property was disclosed in Note 6.1(b) of the 31 December 2011 Audited Financial Statements of the Company. The same information was disclosed in the Note 7(d) of the 31 December 2008 Audited Financial Statements of the Company. The carrying values of these properties reflect the fair value for each reporting period -consistent with the Company's accounting policies in reporting Investment Properties.

⁸Includes amounts paid by Arthaland for taxes and other transfer related expenses for the Tagaytay Property of approximately Php1.1 million in addition to the Php55.5 million total amount paid to PR Builders and EIB.

OPERATING LEASE COMMITMENTS — GROUP AS LESSOR

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

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

Leasing revenue recognized from these operating leases amounted to ₱161.3 million for the first six months of 2021, ₱371.6 million in 2020, ₱321.9 million in 2019, and ₱132.4million in 2018. Lease receivables amounted to ₱135.4 million as at June 30, 2021 and ₱88.9 million as at 31 December 2020. Advance rent from tenants amounted to ₱51.3 million as at June 30, 2021 and ₱36.2 million and ₱73.8 million as at 31 December 2020 and 2019, respectively. Security deposits, which may be applied to unsettled balances or refunded at the end of the lease term, including construction bonds which are refunded after each unit fit out amounted to ₱106.7 million as at June 30, 2021 and ₱110.2 million and ₱101.5 million in 2020 and 2019, respectively.

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

OPERATING LEASE COMMITMENTS — GROUP AS LESSEE

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

For short-term and low-value leases, rent expense recognized for these operating leases amounted to P3.0 million in 2020, P1.7 million in 2019, and P14.5 million in 2018.

Legal Proceedings

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

1. Termination of Trust Account

In February 2015, ALCO filed a claim before the Regional Trial Court of Makati City, Branch 149 in relation to the petition for liquidation of Export and Industry Bank represented by the Philippine Deposit Insurance Corporation (PDIC). ALCO maintained a Trust Account with the bank prior to its closure in April 2012 and had demanded from PDIC the termination of said account and the release of the owner's duplicate copies of three (3) transfer certificates of title which had been placed in the custody of the bank's Trust Department. ALCO does not have any interest in the remaining assets of the bank to be liquidated, but it was constrained to make this claim before the liquidation court given that PDIC refused to act on the matter.

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

ALCO will be filing the appropriate case in due course.

2. Quieting of Title

UPHI filed a complaint for quieting of title, among other reliefs, before the Regional Trial Court of Calamba, Laguna, Branch 36 because of the erroneous issuance of tax declarations to several individual defendants by the City of Tagaytay covering UPHI's 33-hectare property registered in Calamba City. It also wanted to seek clarification with respect to which city UPHI is under legal obligation to pay real property taxes, *i.e.*, Calamba City or Tagaytay City.

In a Decision dated 16 December 2019, the court dismissed the complaint for being premature considering both cities claim territorial jurisdiction over the property but there is no pending territorial dispute between them, and that said dispute may only be resolved through a joint session between their respective *Sangguniang Panlalawigan* (should be *Panlungsod*) pursuant to the Local Government Code. There is no cloud over the title and the court ruled that UPHI should continue paying real property tax to Calamba City because of the admission of Tagaytay City that UPHI's property is titled under the Torrens System which categorically states that it is located in Calamba City. Also, both cities had stipulated that the title to the property is in the custodial jurisdiction and safe keeping of the Register of Deeds of Calamba City, and Tagaytay City did not make any claim or request for the transfer of said title to its own custodial jurisdiction and safe keeping.

UPHI filed a Motion for Partial Reconsideration of the foregoing Decision. The court granted the same in an Order dated 05 June 2020 and declared, among others, that UPHI is the true and lawful owner of the 33-hectare property registered in its name and enjoined it to continue paying for the real property taxes in Calamba City. Further, in the event the local government of the City of Tagaytay insists that the subject property is within its territorial jurisdiction, the court directed the cities of Calamba and Tagaytay to make the initiative through their respective *Sangguniang Panlungsod* and through a joint session, resolve any territorial dispute between them in accordance with the Local Government Code of 1991.

The City of Tagaytay and one of the individual defendants⁹ filed an appeal before the Court of Appeals. The parties have filed their respective pleadings and are awaiting resolution of the matter.

3. Expropriation

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

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

UPHI intends to amicably settle with the National Transmission Corporation (successor-in-interest of NAPOCOR), since it had already been deprived of effective use and enjoyment of a portion of the property. An amicable settlement with the National Transmission Corporation could allow UPHI to recoup the cost of the parcel expropriated by NAPOCOR.

4. Claim for Refund

- a. A buyer¹⁰ offered to purchase a unit in Arya Residences, paid the reservation fee and signed the Reservation Agreement, which reads, in part, that should the buyer “fail to pay any of the amounts due xxx, the Seller shall have the sole option to (i) cancel the sale and forfeit in its favor all payments made xxx.” A total of ₱950,000.00 was paid in a span of less than one (1) year and the buyer defaulted in the rest of the obligations. The sale was, therefore, cancelled accordingly. The buyer demanded a refund of all payments made, as well attorney’s and appearance fees, by filing a complaint before the Housing and Land Use Regulatory Board (HLURB)¹¹ on May 2017.

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

- b. Another buyer¹² offered to purchase a unit in Arya Residences in November 2012, paid the reservation fee but failed to pay the final amortization and other charges which became due in January 2014, on the ground that a viewing of the unit was not allowed beforehand, notwithstanding that pursuant to the Contract to Sell signed, full payment of the account is required prior to turnover of the unit. A viewing of the unit is not scheduled until the account is fully paid since inspection is the initial step of the turnover process. All buyers of Arya Residences were treated in the same manner.

In November 2017, the buyer filed a complaint before the HLURB and demanded the return of all payments made in a span of one (1) year amounting to ₱942,718.53.

⁹ The lone defendant who appealed is Ms. Rosalinda Reyes.

¹⁰ The complainant is Ms. Bernadette Villaseñor.

¹¹ Now Department of Human Settlements and Urban Development.

¹² The complainant is Ms. Anita Medina-Yu.

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

On 15 May 2019, ALCO appealed the foregoing Decision arguing, among others, that Republic Act No. 6552 should have been applied as it is the special law governing transactions that involve, subject to certain exceptions, the sale on installment basis of real property. However, the adverse Decision was affirmed. ALCO will elevate the matter to the Court of Appeals accordingly after its Motion for Reconsideration is resolved.

5. Labor

- a. In an Order dated 03 July 2017, the Department of Labor and Employment (DOLE) found ALCO non-compliant with certain labor standards per Rules 1020, 1030, 1040, 1050 and 1065. Records, however, show that ALCO is in fact compliant. A Memorandum of Appeal was filed in October 2017 because serious errors in the finding of facts were committed by DOLE which, if not corrected, would cause grave or irreparable damage or injury to ALCO. Among the reliefs sought are the recall of the Order for Compliance and a finding that ALCO is fully compliant with labor laws and occupational health and safety standards.

In a Resolution dated 24 March 2021, the DOLE granted Arthaland's appeal and found the Order dated on 03 July 2017 complied with.

- b. In an Order dated 29 November 2017, the DOLE found that ALCO did not comply and failed to effect corrective actions on noted deficiencies per Rules 1050, 1060 and 1065 within the period prescribed by the Labor Laws Compliance Officer. A Memorandum of Appeal was filed in February 2018 seeking, among others, the recall of the Order for Compliance and a finding that ALCO is fully compliant. ALCO did institute corrective measures and in fact completed the noted deficiencies prior to the issuance of the Order for Compliance.

In a Resolution dated 20 April 2021, the DOLE granted Arthaland's appeal and set aside the Order dated on 29 November 2017.

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

Ownership and Capitalization

SHARE CAPITAL

As of June 30, 2021, the Company had a total authorized capital of 16,368,095,199 common shares, of which 5,318,095,199 are issued and outstanding, and 50,000,000 preferred shares, of which 12,500,000 of the Series A Preferred Shares, 20,000,000 of the Series B Preferred Shares and 10,000,000 of the Series C Preferred Shares are issued and outstanding.

Top 20 Stockholders

Common Shares (As of June 30, 2021)

Rank	Name	No. of Ordinary Shares	%
1	CPG HOLDINGS INC	1,942,619,910	36.53
2	PCD NOMINEE CORPORATION (FILIPINO)	1,650,620,540	31.04 ¹³
3	AO CAPITAL HOLDINGS 1, INC.	1,383,730,000	26.02
4	ELITE HOLDINGS, INC.	119,809,996	2.25
5	CPG HOLDINGS INC	75,000,000	1.41
6	TINA KENG	25,000,000	0.47
7	EQL PROPERTIES, INC.	14,671,125	0.28
8	PCD NOMINEE CORPORATION (NON-FILIPINO)	13,391,310	0.25
9	URBAN BANK TRUST DEPARTMENT A/C NO. 625	4,838,488	0.09
10	RBL FISHING CORPORATION	4,350,000	0.08
11	VERONICA D. REYES	3,799,272	0.07
12	VERONICA D. REYES &/OR CECILIA D. REYES	2,654,061	0.05
13	THEODORE G. HUANG &/OR CORAZON B. HUANG	2,501,250	0.05
14	ANITO TAN &/OR LITA TAN	2,027,049	0.04
15	LOURDES D. DIZON	1,740,000	0.03
16	KWAN YAN DEE &/OR CHRISTINA DEE	1,631,250	0.03
17	DANTE GARCIA SANTOS	1,631,250	0.03
18	LUCIANO H. TAN	1,505,950	0.03
19	JOSEFINA TAN CRUZ	1,488,000	0.03
20	SAMUEL UY	1,087,500	0.02
		5,254,096,951	98.80
	Others	64,008,404	1.20
	Total Outstanding	5,318,095,199	100.00

Series A Preferred Shares (As of June 30, 2021)

Rank	Name	No. of Preferred Shares	% ¹⁴
1	Manchesterland Properties, Inc.	12,500,000	100.00

¹³ Excluding 125,000,000 shares indirectly owned by CPG Holdings

¹⁴ The percentages of ownership listed indicate only the number up to two decimal points of total outstanding preferred shares.

Series B Preferred Shares (As of June 30, 2021)

Rank	Name	No. of Ordinary Shares	%
1	PCD NOMINEE CORP. (FILIPINO)	19,696,610	98.48
2	PCD NOMINEE CORP. (NON-FILIPINO)	174,790	0.87
3	ANTONIO T. CHUA	35,100	0.18
4	CHIONG PING G. CHING AND/OR MARIA GRACIA J. TAN	29,000	0.15
5	CHIONG PING GO CHING /OR CHIONG BIO GO CHING	29,000	0.15
6	CHING BUN TENG TIU AND/OR CHING CHIONG PING GO &/OR ONGKING GIOVANNA JOY TAN	29,000	0.15
7	MARIANO VICENTE LIM TAN OR ELENA LIM TAN OR KATHERINE LIM TAN	3,500	0.02
8	CHRISTOPHER CHUA W. KAWPENG	600	0.00
9	DANIEL CHUA W. KAWPENG	600	0.00
10	DAVID CHUA W. KAWPENG	600	0.00
11	EDWIN CHUA W. KAWPENG	600	0.00
12	TOMAS CHUA W. KAWPENG	600	0.00
	GRAND TOTAL	20,000,000	100.00

Series C Preferred Shares (As of June 30, 2021)

Rank	Name	No. of Ordinary Shares	%
1	PCD NOMINEE CORP. (FILIPINO)	9,975,500	99.75
2	PCD NOMINEE CORP. (NON-FILIPINO)	24,590	0.25
	GRAND TOTAL	20,000,000	100.00

**SECURITY OWNERSHIP OF CERTAIN RECORD AND
BENEFICIAL OWNERS AND MANAGEMENT**

As of August 31, 2021 the following are persons directly or indirectly the record and/or beneficial owner of more than five percent (5%) of any class of the Company's voting securities:

<i>Title of Class</i> -----	<i>Name and Address of Record Owners</i> -----	<i>Citizenship</i> -----	<i>Amount & Nature of Ownership</i> -----	<i>% of Class</i> -----
Common	CPG Holdings, Inc.	Filipino	2,017,619,910 Direct 125,000,000 Indirect	40.289
Common	AO Capital Holdings I, Inc.	Filipino	1,383,730,000 Direct	26.019

Excluding the indirect holdings of CPG Holdings, Inc., PCD Nominee Corporation (Filipino) is the holder of 1,650,620,540 Common shares, or 31.04% of the total issued and outstanding Common shares of ALCO.

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

As of June 30, 2021, to the best of ALCO's knowledge, no beneficial owner registered with the PCD Nominee Corporation holds more than five percent (5%) of a class of shares of the Company.

SECURITY OWNERSHIP OF MANAGEMENT

As of June 30, 2021, there are no shares held or acquired beneficially by any of the directors and executive officers of ALCO other than the nominal shares held by said directors and executive officers.

<i>Title of Class</i> -----	<i>Name of Beneficial Owner</i> -----	<i>No. of Shares & Nature of Ownership</i> -----	<i>Citizenship</i> -----	<i>% of Class</i> -----
Common	Ernest K. Cuyegkeng <i>Chairman of the Board</i>	1 Direct and Beneficial Owner	Filipino	0.00 %
Common	Jaime C. Gonzalez Vice Chairman and President	76,715,151 Direct and Beneficial Owner ¹⁵	Filipino	0.00 %
Common	Jaime Enrique Y. Gonzalez <i>Director</i>	1 Direct and Beneficial Owner	Filipino	0.00 %
Common	Christopher Paulus Nicolas T. Po <i>Director</i>	1 Direct and Beneficial Owner ¹⁶	Filipino	0.00 %
Common	Cornelio S. Mapa, Jr. <i>Director/EVP and Treasurer</i>	1 Direct and Beneficial Owner ¹⁷	Filipino	0.00 %
Common	Ricardo Gabriel T. Po <i>Director/Vice Chairman</i>	1 Direct and Beneficial Owner	Filipino	0.00 %
Common	Fernan Victor P. Lukban <i>Independent Director</i>	1 Direct and Beneficial Owner	Filipino	0.00 %
Common	Hans B. Sicat <i>Independent Director</i>	1 Direct and Beneficial Owner	Filipino	0.00 %
Common	Andres B. Sta. Maria <i>Independent Director</i>	1 Direct and Beneficial Owner	Filipino	0.00 %
None	Riva Khristine V. Maala <i>Corporate Secretary and General Counsel</i>	0	Filipino	N.A.

	TOTAL	76,715,159		

¹⁵ Mr. Gonzalez is the beneficial owner of AO Capital Holdings 1, Inc., a stockholder of Arthaland.

¹⁶ Mr. Christopher T. Po is one of the beneficial owners of CPG Holdings, Inc., a stockholder of Arthaland.

¹⁷ Mr. Leonardo T. Po is one of the beneficial owners of CPG Holdings, Inc., a stockholder of Arthaland.

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

VOTING TRUST HOLDERS

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

CHANGES IN CONTROL

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

SALE OF UNREGISTERED OR EXEMPT INCLUDING SECURITIES CONSTITUTING AN EXEMPT TRANSACTION

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

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

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

On February 6, 2019, stock options equivalent to a total of ₱55.4 million common shares were be granted to qualified employees as defined under the stock option plan of the corporation.

FOREIGN EQUITY HOLDERS

Common shares owned by foreigners as of June 30, 2021 amount to 14,233,335 or 0.268% of the Company's total number of outstanding shares entitled to vote.

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

Market Information

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

	2021			2020			2019			2018		
Quarter	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1	0.64	0.63	0.63	0.62	0.57	0.61	0.83	0.82	0.82	0.86	0.84	0.86
2	0.68	0.61	0.70	0.57	0.52	0.56	0.88	0.84	0.85	0.77	0.76	0.76
3	NA	NA	NA	0.54	0.52	0.53	0.92	0.87	0.90	0.68	0.68	0.65
4	NA	NA	NA	0.65	0.62	0.65	0.81	0.78	0.81	0.98	0.84	0.96

The closing price as of [•], the latest practicable trading date, is ₱ [•].

The approximate number of shareholders on record as of [June 30, 2021] is [•] for its common shares, 1 for its Series A Preferred Shares, 12 for its Series B Preferred Shares and 2 for its Series C preferred Shares.

Dividends and Dividend Policy

ALCO declared cash dividends to Common stockholders, as follows:

<u>Declaration Date</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Amount/Share</u>
28 June 2013	26 July 2013	22 August 2013	₱0.012
10 March 2014	28 March 2014	22 April 2014	₱0.036
09 March 2015	23 March 2015	08 April 2015	₱0.012
28 February 2017	14 March 2017	07 April 2017	₱0.012
21 March 2018	06 April 2018	02 May 2018	₱0.012
21 June 2019	08 July 2019	31 July 2019	₱0.012
26 June 2020	10 July 2020	31 July 2020	₱0.012
25 June 2021	09 July 2021	30 July 2021	₱0.012

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

<u>Declaration Date</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Amount/Share</u>
08 February 2017	24 February 2017	06 March 2017	₱1.76145
10 May 2017	25 May 2017	06 June 2017	₱1.76145
09 August 2017	23 August 2017	06 September 2017	₱1.76145
26 October 2017	24 November 2017	06 December 2017	₱1.76145
10 January 2018	09 February 2018	06 March 2018	₱1.76145
09 May 2018	23 May 2018	06 June 2018	₱1.76145
01 August 2018	16 August 2018	06 September 2018	₱1.76145
24 October 2018	12 November 2018	06 December 2018	₱1.76145
21 February 2019	01 March 2019	06 March 2019	₱1.76145
08 May 2019	22 May 2019	06 June 2019	₱1.76145
07 August 2019	22 August 2019	06 September 2019	₱1.76145
23 October 2019	15 November 2019	06 December 2019	₱1.76145
29 January 2020	14 February 2020	06 March 2020	₱1.76145
06 May 2020	21 May 2020	06 June 2020	₱1.76145

05 August 2020	19 August 2020	06 September 2020	₱1.76145
21 October 2020	13 November 2020	06 December 2020	₱1.76145
27 January 2021	15 February 2021	06 March 2021	₱1.76145
05 May 2021	19 May 2021	06 June 2021	₱1.76145
04 August 2021	20 August 2021	06 September 2021	₱1.76145

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

<u>Declaration Date</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Amount/Share</u>
08 August 2019	06 September 2019	27 September 2019	₱1.7319
23 October 2019	29 November 2019	27 December 2019	₱1.7319
29 January 2020	06 March 2020	27 March 2020	₱1.7319
06 May 2020	04 June 2020	27 June 2020	₱1.7319
05 August 2020	04 September 2020	27 September 2020	₱1.7319
21 October 2020	04 December 2020	27 December 2020	₱1.7319
27 January 2021	08 March 2021	27 March 2021	₱1.7319
05 May 2021	07 June 2021	27 June 2021	₱1.7319
04 August 2021	07 September 2021	27 September 2021	₱1.7319

No dividends were declared in 2016.

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

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

On December 11, 2020, the BOD of EPMI approved the declaration of cash dividends amounting to ₱2.0 million with record and payment date of December 31, 2020.

On February 24, 2021, the BOD of EPMI approved the declaration of cash dividends amounting to ₱8.75M to stockholders of record as at March 8, 2021, to be paid on or before March 15, 2021.

On March 18, 2021, the BOD of CCLC approved the declaration of cash dividends amounting to P330.0 million to stockholders of record as at May 14, 2021, to be paid at more specific date to be determined by the CCLC BOD.

Directors and Executive Officers & Key Persons

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

Members of the Board of Directors

All of the Company's directors were elected at the Company's annual stockholders' meeting held last June 25, 2021 and will continue to serve as such until the next annual stockholders' meeting or until their successors have been duly elected and qualified. Information on each member of the Company's BOD as of the date of this Prospectus, including each director's term of office as a director and the period during which the director has served is set out in the table below.

Name	Age	Position in ALCO	Period	Citizenship
Ernest K. Cuyegkeng	75	Chairman/Regular Director	24 June 2016-Present	Filipino
		Chairman/ Independent Director	6 June 2012 – 24 June 2016	
		Independent Director	21 May 2007 – 6 June 2012	
Jaime C. Gonzalez	75	President	01 March 2017 - Present	Filipino
		Vice Chairman/Regular Director	01 August 2016 – Present	
		Regular Director	06 June 2012 – 01 August 2016	
		Chairman/Regular Director	21 May 2007 – 06 June 2012	
Ricardo Gabriel T. Po	53	Vice Chairman/Regular Director	26 June 2015 - Present	Filipino
		Regular Director	28 March 2012 – 26 June 2015	
Jaime Enrique Y. Gonzalez	44	Regular Director	24 June 2011 – Present	Filipino
Christopher Paulus Nicolas T. Po	50	Regular Director	24 June 2011 - Present	Filipino
Cornelio S. Mapa, Jr.	55	Treasurer and Executive Vice President/Regular Director	25 June 2021 - Present	Filipino
Hans B. Sicat	58	Independent Director	30 June 2017 – Present	Filipino

Andres B. Sta. Maria	70	Independent Director	24 June 2016 – Present	Filipino
Fernan Victor P. Lukban	60	Independent Director	25 April 2011 – 23 June 2016 23 October 2019 – Present	Filipino

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

PREVIOUS AND PRESENT POSITIONS AND TENURE IN LISTED COMPANIES OTHER THAN ALCO		
Name	Position/Company	Period
Ernest K. Cuyegkeng	<i>Director/Executive Vice President/Chief Financial Officer</i> – A. Soriano Corporation	April 2009 – Present
	<i>Director</i> – iPeople, Inc.	2016 – Present
Jaime C. Gonzalez	<i>Chairman of the Board</i> – IP E-game Ventures, Inc.	October 2005 – 2020
	Independent Director – Southeast Asia Cement Holdings, Inc. (subsidiary of Lafarge S.A.)	1998 – April 2013
	Independent Director - Euromoney Institutional Investors PLC (UK publicly listed media company)	November 2005 – January 2013
	Director – Export and Industry Bank, Inc. (Chairman of the Board from May 2006)	February 2006 – April 2012
Ricardo Gabriel T. Po	<i>Vice Chairman/Director</i> – Century Pacific Food, Inc.	October 2013 – Present
Jaime Enrique Y. Gonzalez	<i>Deputy Chairman/President</i> – IP E-game Ventures, Inc.	October 2005 – Present
Christopher Paulus Nicolas T. Po	<i>President & Chief Executive Officer/Director</i> – Century Pacific Food, Inc.	October 2013 – Present
Cornelio S. Mapa, Jr.	Chief Financial Officer – Ginebra San Miguel Inc (Formerly La Tondena Distillers, Inc.)	1996 - 2002
	Executive Vice President and Managing Director (Corporate Strategy) – Universal Robina Corporation	2010 – 2019
	Senior Vice President (Strategy, Investments and New Builds) – JG Summit Holdings, Inc.	2018 - 2020

Hans B. Sicat	President – Philippine Stock Exchange	2011 – 2017
	Director – Philippine Stock Exchange	2018 - Present
Andres B. Sta. Maria	Director – South East Asian Cement, Inc.	2000 – 2013

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

Ernest K. Cuyegkeng, Filipino, is presently the Executive Vice President/Chief Financial Officer and Director of A. Soriano Corporation. His other concurrent positions include being the President and Director of Phelps Dodge Philippines International, and a Director of Seven Seas Resorts & Leisure, Prople, KSA Realty, TO Insurance, Sumifru Singapore and Sumifru Philippines. He is also a Trustee of Andres Soriano Foundation and is a member of the Makati Business Club, Management Association of the Philippines and Financial Executive Institute of the Philippines. He holds a Bachelor of Arts degree in Economics and a Bachelor of Science degree in Business Administration, both from the De La Salle University. He also obtained a Masters degree in Business Administration from the Columbia Graduate School of Business in New York.

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

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

Christopher Paulus Nicolas T. Po, Filipino, is the Executive Chairman of Century Pacific Food, Inc., a food company listed in the Philippine Stock Exchange and trading under the symbol CNPF. He concurrently serves

as Chairman of Shakey's Pizza Asia Ventures, Inc., likewise a listed chain restaurant business trading under the symbol PIZZA. Prior to those roles, he was Managing Director for Guggenheim Partners, a U.S. financial services firm where he was in charge of the firm's Hong Kong office. Previously, he was a Management Consultant at McKinsey and Company working with companies in the Asian region. He also worked as the Head of Corporate Planning for JG Summit Holdings, a Philippine-based conglomerate with interests in food, real estate, telecom, airlines and retail. He graduated *summa cum laude* from the Wharton School and College of Engineering of the University of Pennsylvania with dual degrees in Economics (finance concentration) and applied science (system engineering) in 1991. He holds a Masters degree in Business Administration from the Harvard University Graduate School of Business Administration. He is a member of the Board of Trustees of the Ateneo de Manila University, as well as a member of the Board of Asia Society Philippines, and is the President of the CPG-RSPo Foundation.

Cornelio S. Mapa, Jr., Filipino, had several senior executive roles with the Gokongwei Group of companies and its subsidiaries until 2020. His last position was Senior Vice President, Investments and New Builds of JG Summit Holdings, Inc., a role he carried out concurrently as Executive Vice President for Corporate Strategy of Universal Robina Corporation (URC). He was also the Executive Vice President and Managing Director of the URC Branded Consumer Food Group and before then, he served as Senior Vice President at Robinsons Land Corporation, with the functional role of General Manager of the Commercial Centers Division. Prior to joining the Gokongwei Group of companies, he was Senior Vice President and Chief Financial Officer of Coca Cola Bottlers Philippines, including its subsidiaries, Cosmos Bottling and Philippine Beverage Partners. He was also Senior Vice President and Chief Financial Officer of La Tondeña Distillers, Inc. He earned his Bachelor of Science degrees in Economics and International Finance from New York University, and obtained his Masters in Business Administration from International Institute for Management Development in Lausanne, Switzerland. Mr. Mapa is a Director of DHL Summit Solutions, Inc. and was recently appointed Independent Director of Radiowealth Finance Corporation

Ricardo Gabriel T. Po, Filipino, is the Vice Chairman of Century Pacific Food, Inc., and concurrently serves as Vice Chairman of Shakey's Pizza Asia Ventures, Inc. He was the Executive Vice President and Chief Operations Officer of CNPF from 1990 to 2006 and became the Vice Chairman of its Board of Directors in 2006. He graduated *magna cum laude* from Boston University with a Bachelor of Science degree in Business Management in 1990. He also completed the Executive Education Program (Owner-President Management Program) at Harvard Business School in 2000.

Fernan Victor P. Lukban, Filipino, is a leading consultant in Family Business, Strategy, Entrepreneurship and Governance. He advises family boards of over a dozen of the most progressive and better governed family businesses in the country. Over the recent years, he has put special focus in developing Base of the Pyramid Initiatives in various provinces in the Philippines. He spent much of his early professional years in the academe helping establish and grow the University of Asia & the Pacific where he still participates as a consultant, mentor and guest lecturer. Mr. Lukban obtained a degree in Mechanical and Industrial Engineering from the De La Salle University. He received his MBA from *Instituto de Estudios Superiores de la Empresa* and MSc in Industrial Economics from the University of Asia & the Pacific.

Hans B. Sicat, Filipino, has been involved with the global capital market for about three decades, being a trained mathematician and economist. He is currently the Country Manager for ING Bank, N. V., Manila Branch where he joined as a Managing Director in 2017. At present, he is a member of the Board of Trustees of the Investment House Association of the Philippines and is a Director of the Bankers Association of the Philippines. He is also the Chairman of YPO Gold (a global organization) for 2020-2021. Prior to this, he was the President and CEO of the Philippine Stock Exchange (PSE) which he assumed in 2011. He also served as its Chairman and Independent Director for about eighteen months beforehand. He was President and CEO of the Securities Clearing Corporation of the Philippines, a role he held concurrent with the PSE post, and was a Member of the Board of Director of PSE and the Bankers Association of the Philippines from 2018-2019. Mr. Sicat finished his coursework for Ph.D. Economics Program at the University of Pennsylvania, Philadelphia, and earned his Master of Arts in Economics and Bachelor of Science in Mathematics at the University of the Philippines. He was conferred an Honorary Doctorate Degree in Business Administration by

the Western University in Thailand. Mr. Sicat has diverse interests on the private side too, spanning financial services, Knowledge Process Outsourcing and real estate. He is Acting Chairman of LegisPro Corporation, and an Independent Director of Serica Balanced Fund & Master Fund, Skycable Corporation, and TransNational Diversified Corporation. He is also on the Advisory Board of Fintonia Fund, which has an Asian FinTech focus. For over two decades, he was an investment banker with Citigroup and its predecessor firms (Salomon Brothers & Citicorp Securities) in various roles in New York, Hong Kong and the Philippines.

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

Executive Officers and Significant Employees

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

Name	Age	Position	Years Served in the Company	Citizenship
Riva Khristine V. Maala	49	Corporate Secretary	08 February 2017 – Present	Filipino
		Compliance Officer	1 March 2017 – Present	
		Assistant Corporate Secretary/Corporate Information Officer	21 May 2007 – 07 February 2017	
		Vice President/ Head, Legal Affairs	1 October 2012- Present	
		Vice President/ Investor Relations	1 October 2012 – 08 February 2017	
Gabriel I. Paulino	64	Senior Vice President/Head, Technical Services	31 August 2011 – Present	Filipino
Ferdinand A. Constantino	59	Chief Finance Officer	01 July 2016 – Present	Filipino
Christopher G. Narciso	52	Executive Vice President, Head of the Business and Project Development Department	09 May 2018 - Present	Filipino
Sheryll P. Verano	44	Senior Vice President/ Head, Strategic Funding and Investments and Investor Relations Officer	21 March 2018 - Present	Filipino
		Vice President/Head, Strategic Funding and	08 February 2017 – 21 March 2018	

		Investments and Investor Relations Officer	01 July 2016 – 08 February 2017	
		Vice President- Head, Strategic Funding and Investments		
Oliver L. Chan	40	Senior Vice President/Head of Sales Operations	21 March 2018 - Present	Filipino
Leilani G. Kanapi	47	Vice President/Head of Procurement	21 March 2018 - Present	Filipino

Clarence P. Borromeo	50	Data Privacy Officer	09 May 2018 – Present	Filipino
		Head of Information Technology	15 June 2009 – Present	
Ma. Angelina B. Magsanoc	51	Vice President – Head of Marketing	24 October 2018 – Present	Filipino
Edgar V. Sabidong	59	Chief Sustainability Officer	20 March 2019 – Present	Filipino
		Vice President—Technical Services	09 May 2018 – Present	
Reuel C. Bernabe	62	Vice President - Treasury	26 February 2020 - Present	Filipino
Joseph R. Feliciano	51	Head of Internal Audit	17 August 2020 - Present	Filipino

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

Riva Khristine V. Maala, Filipino, is the Corporate Secretary and holds a Bachelor of Arts degree in Philosophy (cum laude) and a Bachelor of Laws degree, both from the University of the Philippines. She was an Associate Attorney of Fortun Narvasa and Salazar Law Offices before working in the banking industry for eleven years as documentation lawyer, among others. Atty. Maala became ALCO's Head of Legal Affairs and Investor Relations on October 01, 2012 and likewise acted as its Assistant Corporate Secretary and Corporate Information Officer until February 08, 2017 when she was appointed as Corporate Secretary and General Counsel. In addition, she performs the responsibilities of ALCO's Compliance Officer, having assisted ALCO's previous compliance officers on their tasks as such.

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

Ferdinand A. Constantino, is the Chief Finance Officer. He is a Certified Public Accountant and a licensed Real Estate Broker. He obtained his degree in Accountancy from the Polytechnic University of the Philippines in 1982. His work experience includes being the Corporate Comptroller/Tax Manager of Century Canning

Corporation (1995-2006), GM/Business Unit Head of CPGC Logistics Philippines, Inc. (2006-2013), and Finance Director of Century Pacific Food, Inc.

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

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

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

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

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

Ma. Angelina B. Magsanoc, the Head of the Marketing Department, has more than 25 years experience working at various positions linked to financial and real estate industries. A greater part of her career in Standard Chartered Bank, Jardine Fleming Exchange Capital Securities, Belle Corporation, Highlands Prime, and Terra Nostra, was dedicated to marketing, business development and finance. Prior to joining ALCO, she

held the position of Vice President for Business Development and Marketing of ACM Landholdings, Inc. for four years. Ms. Magsanoc took up A.B. Management Economics from the Ateneo de Manila University and earned masteral units from the Ateneo Graduate School of Business.

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

Reuel C. Bernabe, Filipino, has been with ALCO for ten and a half years now and heads the Treasury Department. He is a graduate of Bachelor of Science in Banking and Finance from San Sebastian College and has 39 years work experience under his belt. His past employers include The Manila Banking Corporation, Philippine Commercial Capital Inc., PIC Capital Corporation, CLSA Exchange Capital Inc., Equitable Savings Bank, Bank of Commerce and Investment & Capital Corporation of the Philippines – Group of Companies. He will continue to head the Treasury Department of the Corporation.

Jose R. Feliciano, Filipino, obtained from Far Eastern University his Bachelor of Science degree in Commerce major in Accounting with honors (*cum laude*). He earned several units of Master of Business Administration from the De La Salle University- Graduate School of Business. Mr. Feliciano is a seasoned internal audit professional with more than 25 years work experience. He is a Certified Internal Auditor (CIA) and Certified Public Accountant (CPA). Prior to joining ALCO, he was the Head of Internal Audit of TrueMoney Phils. He was also previously the Regional Audit Manager for the Asian region of VisionFund International and the Country Audit Head of Sun Life of Canada. He held key audit positions in companies such as Sumisho (subsidiary of Sumitomo Corporation of Japan), Citigroup, ABS-CBN and Manulife. He has experience in controllership and finance as well.

CORPORATE GOVERNANCE

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

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

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

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

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

Manual on Corporate Governance

The Company first adopted a Manual of Corporate Governance in December 2002, which was amended on 23 July 2014, on 31 May 2017, and most recently on 06 May 2020. The Manual has been submitted to the SEC in compliance with Revised Code of Corporate Governance SEC Memorandum Circular No. 6, Series of 2009, and SEC Memorandum Circular No. 9, Series of 2014.

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

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

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

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

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

Independent Directors

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

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

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

COMMITTEES OF THE BOARD

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

Executive Committee

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

The Executive Committee is composed of: Jaime C. Gonzales as Chairman, Ricardo Gabriel T. Po as Vice Chairman, and Jaime Enrique Y. Gonzalez, Cornelio S. Mapa, Jr., and Christopher Paulus Nicolas T. Po as members.

Governance and Nomination Committee

The Governance and Nomination Committee was established by the BOD to assist in developing and maintaining the corporate governance policies of ALCO and providing oversight on the governance affairs of the BOD and ALCO; and in implementing the nomination policies, including overseeing the evaluation of (1) the members of the BOD, at least once a year, and (2) the senior management (those with the rank of Vice President and higher). The Committee is composed of at least three members of the BOD, one of whom must be an independent director.

The present members of the Committee are Ricardo Gabriel T. Po as Chairman and Hans B. Sicat and Andres B. Sta. Maria as members.

Stock Option and Compensation Committee

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

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

Audit Committee

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

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

The Audit Committee is composed of: Fernan Victor P. Lukban as Chairman, and Andres B. Sta. Maria and Hans B. Sicat as members.

Risk Management Committee

The Risk Management Committee supports the BOD in establishing an enterprise risk management framework for ALCO and its subsidiaries and affiliates. It oversees their respective risk appetites, and identifies, evaluates and mitigates relevant risks affecting them. The Committee is tasked to monitor and approve the overall risk policies and associated practices of ALCO and its related interests.

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

Hans B. Sicat as Chairman, and Jaime Enrique Y. Gonzalez, Christopher Paulus Nicolas T. Po, and Andres B. Sta Maria as members.

Family Relationships

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

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge, there has been no occurrence of any of the following events during the past five years up to the date of this Prospectus, which are material to an evaluation of the ability or integrity of any director, any person nominated to become a director, executive officer or control person of the Company:

1. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
4. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

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

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

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

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

Insofar as the administrative case before the BSP, in a Resolution dated 13 June 2019, the Monetary Board approved the *Report* prepared by the Office of the General Counsel and Legal Services finding Mr. Gonzalez, among others, administratively liable for violation of banking laws and imposing upon him a fine of ₱20,000.00. Mr. Gonzalez filed a Motion for Reconsideration on 09 July 2019 and paid the fine under protest, *i.e.*, without abandoning his Motion for Reconsideration or waiving his legal

right to question the Monetary Board Resolution before the proper courts and eventually claim reimbursement for the payment of the fine should said Resolution be set aside. BSP denied the Motion on 07 February 2020, hence, Mr. Gonzalez filed a Petition for Review before the Court of Appeals which is pending resolution to date.

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

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

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

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

EXECUTIVE COMPENSATION

Compensation of Directors and Executive Officers

Section 10, Article III of the By-laws provides that the "Board of Directors is empowered and authorized to fix and determine the compensation of its members, including profit sharing and other incentives, subject to the limitations imposed by law. Any changes approved by the incumbent Board of Directors to the compensation of its members shall only be effective at the succeeding term of the next elected Board of Directors."

Beginning June 2016, the per diem given to each director for each meeting of the Board (special or regular) attended was increased to ₱75,000.00 for independent directors and ₱10,000.00 for regular directors, except for the Chairman of the Board who receives ₱100,000.00.

Each director is also paid a per diem of ₱2,500.00 for each committee meeting he attends of which he is a member. These committees are the Executive Committee, the Audit Committee, the Stock

Option and Compensation Committee, the Nomination Committee and the Risk Management Committee.

Below are the committee memberships of the Directors of Arthaland:

Audit Committee	Fernan Victor P. Lukban, <i>Chairman</i> Hans B. Sicat Andres B. Sta. Maria
Executive Committee ¹⁸	Jaime C. Gonzalez, <i>Chairman</i> Ricardo Gabriel T. Po, <i>Vice Chairman</i> Jaime Enrique Y. Gonzalez Cornelio S. Mapa, Jr., and Christopher Paulus Nicolas T. Po
Governance and Nomination Committee	Ricardo Gabriel T. Po, <i>Chairman</i> Hans B. Sicat Andres B. Sta. Maria
Stock Option and Compensation Committee	Jaime C. Gonzalez, <i>Chairman</i> Ricardo Gabriel T. Po Hans B. Sicat
Risk Management Committee	Hans B. Sicat, <i>Chairman</i> Jaime Enrique Y. Gonzalez Christopher T. Po Andres B. Sta. Maria

Section 7, Article IV, in turn, provides that the “Chairman, or such other officer(s) as the Board of Directors may authorize, shall determine the compensation of all the officers and employees of the Corporation. xxx”.

The compensation of Arthaland’s directors for the last two years is as follows:

<u>Director</u>	<u>2019 (₱)</u>	<u>2020 (₱)</u>
Ernest K. Cuyegkeng	915,000.00	907,500.00
Jaime C. Gonzalez	97,500.00	105,000.00
Jaime Enrique Y. Gonzalez	105,000.00	107,500.00
Fernan Victor P. Lukban	0	687,500.00

¹⁸ Section 12, Article III of the By-laws states that the Executive Committee shall be composed of such number of directors and officers of the Corporation as may be appointed by the Board of Directors.

Christopher Paulus Nicolas T. Po	87,500.00	97,500.00
Leonardo Arthur t. Po	87,500.00	97,500.00
Ricardo Arthur T. Po	102,500.00	117,500.00
Hans B. Sicat	555,000.00	697,500.00
Andres B. Sta. Maria	780,000.00	690,000.00
Total	₱2,730,000.00	₱3,507,500.00

The compensation of Arthaland's officers and other employees for the last two years is as follows:

2019

	<u>Salary¹⁹</u>	<u>Bonus</u>	<u>Others</u>
Executives ²⁰ includes Jaime C. Gonzalez, the Vice Chairman and President, and the four highest compensated officers: a. Leonardo Arthur T. Po, Executive Vice President and Treasurer ii. Christopher G. Narciso, Executive Vice President iii. Gabriel I. Paulino, Head, Technical Services, and iv. Sheryll P. Verano, Head, Strategic Funding and Investments.	₱80.73M	₱8.75M	None
<u>Officers</u> (As a group unnamed) ²¹	₱51.60M	₱9.35M	None

2020

	<u>Salary²²</u>	<u>Bonus</u>	<u>Others</u>
Executives ²³ includes Jaime C. Gonzalez, the Vice Chairman and President,	₱69.16M	₱2.76M	None

¹⁹ Rounded-off.

²⁰ Includes all employees with the rank of Vice President and higher.

²¹ Includes all employees with the rank of Manager up to Senior Assistant Vice President.

²² Rounded-off.

²³ Includes all employees with the rank of Vice President and higher.

and the four highest compensated officers: i. Leonardo Arthur T. Po, Executive Vice President and Treasurer ii. Christopher G. Narciso, Executive Vice President iii. Gabriel I. Paulino, Head, Technical Services, and iv. Sheryll P. Verano, Head, Strategic Funding and Investments.			
<u>Officers</u> (As a group unnamed) ²⁴	₱44.25M	₱4.13M	None

2021 (Estimated and Collective)

	<u>Salary</u> ²⁵	<u>Bonus</u>	<u>Others</u>
Directors and Executives	₱77.30M	None ²⁶	None
Officers (As a group unnamed)	₱54.21M		

In Arthaland's annual meeting held on 16 October 2009, the stockholders representing more than sixty-seven percent (67%) of all its issued and outstanding common shares which are entitled and qualified to vote approved the 2009 Stock Option Plan. The total amount of shares which are available and may be issued for this purpose will amount to 10% of Arthaland's total outstanding capital stock at any given time. At present, this is equivalent to 531,809,519 shares. The Stock Option and Compensation Committee consisting of at least three (3) directors, one (1) of whom is an independent director, will administer the implementation of this plan.

Qualified employees eligible to participate under the plan are (i) members of the Board, with the exception of the independent directors; (ii) President and CEO and other corporate officers, which include the Corporate Secretary and the Assistant Corporate Secretary; (iii) Employees and Consultants who are exercising managerial level functions or are members of the Management Committee; and (iv) Executive officers assigned to Arthaland's subsidiaries or affiliates²⁷.

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

²⁴ Includes all employees with the rank of Manager up to Senior Assistant Vice President.

²⁵ Rounded-off.

²⁶ Whether bonuses will be given in 2021 is uncertain at this time.

²⁷ Arthaland must have at least 50% equity holdings of said subsidiary or affiliate.

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

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

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

In 2010, options equivalent to 164,800,000 were granted but none of the qualified employees exercised their respective rights until the period within which they can do so expired in October 2012.

On 14 December 2018, Arthaland's Board of Directors approved granting options equivalent to not more than 90.0 million common shares to its qualified employees as above defined. The Stock Option and Compensation Committee was tasked to administer the implementation of this grant, which will include to whom and when the Options are to be granted and the effectivity dates thereof, and the number and class of shares to be allocated to each qualified employee, after considering the performance evaluation of said qualified employees vis-a-vis the result of the achievement of the Arthaland's objectives for 2018. The breakdown of the options granted are discussed in Item 8 of this Information Statement.

The Stock Option and Compensation Committee pegged the price the option is to be exercised at the five-day volume weighted average price per share beginning 17 December 2018, or until 21 December 2018. Said price was at ₱0.85 per share.

On 25 March 2020, the Board changed the price of the options granted as abovementioned to ₱0.50 per share.

On June 26, 2020, the number of options granted and issued to qualified employees amounted to PHP55.4 million. The total fair value of stock options granted amounted to PHP6.5 million. The fair values of stock options granted are estimated on the date of grant using the Black Scholes Merton Formula ("BSM Formula") taking into the account the terms and conditions upon which the options were granted. The BSM Formula utilized inputs namely: market value of the share, time to maturity, dividend yield, and risk-free rate. Fair value of each option at grant date is PHP0.14.

As of the date of this Report, none of the qualified employees have exercised their respective rights.

The term of the 2009 Stock Option Plan expired in October 2019. The 2020 Stock Option Plan which has substantially the same terms as the 2009 plan was presented during the Annual Stockholders' Meeting on 26 June 2020 and stockholders representing at least sixty-seven percent (67%) of the outstanding common shares which are entitled and qualified to vote approved the same. Approval of the 2020 ALCO Stock Option by the Securities and Exchange Commission is presently being secured.

Certain Relationships and Related Transactions

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

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

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

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

Interest Free Loan provided by Centrobless

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

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

Interest Free Loan provided by SOPI

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

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

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

Continuing Suretyship

Pursuant to the OLSA by and among SLDC, Arcosouth, and BPI executed on August 22, 2018, ALCO and BPI executed a Continuing Suretyship, dated August 22, 2018. ALCO's obligation consists of guaranteeing to pay BPI any and all indebtedness of SLDC in the principal amount of ₱720 million, until the completion of the construction of North Tower of Savya Financial Center and the 100% sale of units therein. In August 2021, the outstanding loan with BPI was fully paid by SLDC thereby extinguishing ALCO's obligation pertaining to the Continuing Suretyship.

In August 2021, the Company and BDO executed a Facility Agreement for a Php1.44B term loan in favor of SLDC. As part of the security for this loan, the Company and BDO executed a Continuing Suretyship in August 2021. ALCO's obligation consists of guaranteeing to pay BDO any and all indebtedness of SLDC in the principal amount of ₱720 million, until the completion of the construction of North Tower of Savya Financial Center and the 100% sale of units therein.

Transactions between ALCO and its subsidiaries

A summary of related party transactions, between ALCO and its subsidiaries for the six months ended June 30, 2021 and the years ended December 31, 2020, 2019 and 2018 are summarized below:

SUBSIDIARY	As of December 31 (Audited)			As of June 30 (Unaudited)	
	2018	2019	2020	2Q 2020	2Q 2021
CAZNEAU	483,822,258	607,322,258	794,594,833	641,822,258	1,038,489,609
BHAVYA	-	665,020,644	807,128,877	676,420,644	841,685,803
BHAVANA	-	534,038,896	766,061,262	572,486,896	832,729,510
CLLC	447,500,000	495,000,000	684,314,667	618,932,544	686,801,327
ZLDC	353,023,444	389,473,444	396,773,854	391,573,444	398,281,903
KHI	-	125,000	294,447,741	292,625,000	294,852,265
UPHI	62,304,320	65,304,320	69,204,320	66,704,320	76,208,244
SLDC	497,381,392	487,500,000	93,134	-	2,707,395
EMERA	-	1,560,155	1,583,581	1,560,156	2,539,643
MPI	-	-	-	-	1,932,710
PLI	-	300,000	813,764	500,000	815,699
Total	1,844,031,414	3,245,644,717	3,815,016,033	3,262,625,262	4,177,044,108

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

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

Advances for Project Development provided by Arch SPV to CLLC

In addition to the advances from the Company, CLLC obtained from Arch SPV 3.5% interest-bearing advances for its real estate projects with outstanding balance of P676.7 million, P676.7 million and P511.7 million and recognized interest expense of P11.7 million, P18.6 million and P19.6 million as at June 30, 2021, December

31, 2020 and 2019, respectively. These advances are unguaranteed, unsecured, and payable in cash at gross amounts upon demand.

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

This discussion summarizes the significant factors affecting the consolidated financial performance, financial position and cash flows of ALCO and its subsidiaries for the three-year period ended 31 December 2020. The following discussion is lifted from the 2020 annual report (SEC Form 17-A) filed with the SEC and should be read in conjunction with the attached audited consolidated statements of financial position of ALCO as of 31 December 2020, 2019 and 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended 31 December 2020.

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

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

ALCO's two of its most immediate projects, the Cebu Exchange and the Sevina Park projects, already account for 56% of the incremental GFA that ALCO expects to support its growth target. For these two projects, ALCO has secured the land on which the projects will rise, and for the Cebu Exchange, ALCO began construction in 2018. Thus, ALCO has already secured the location and is mobilizing its resources for a substantial portion of its growth target. ALCO is in the process of constructing or securing the land for the balance 44% of the target incremental GFA and will disclose when the acquisitions are completed.

Diversification

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

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

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

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

Maintaining High Quality in its Projects

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

Matching of Fixed Costs with Recurring Income

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

KEY PERFORMANCE INDICATORS

The table below sets forth the comparative performance indicators of the Company and its subsidiaries for the six months ended June 30, 2021 and fiscal years 2018, 2019 and 2020.

Key Performance Indicators	Six Months Ended June 30, 2021	FY December 2020	FY December 2019	FY December 2018
Current Ratio	1.99	2.24	1.94	2.45
Total Liabilities to Equity Ratio	2.01	1.98	1.61	1.35
Interest Bearing Debt to Equity Ratio	1.35	1.33	0.93	0.79
Interest Coverage Ratio	5.22	6.95	18.08	8.61
Return on Equity ²⁸	11.98%	21.75%	38.29%	12.25%
Acid test Ratio ²⁹	1.03	1.20	0.79	0.61
Net profit margin	57.95%	35.41%	38.65%	34.32%

All of the revenues and net income of ALCO for the years 2018, 2019, 2020, and the first 6 months of 2021 were contributed by the revenues and net income from (i) [percentage of completion rate during the first half of 2021 which were much higher than that of the same period last year] and (ii) [revenue recognition from Sevina Park Villas which started in the last quarter of 2020 have now been continuously recognized].

EXECUTIVE COMPENSATION

Please refer to page [•] of this Prospectus for a discussion on Executive Compensation.

RELATED PARTY TRANSACTIONS

Please refer to page [•] of this Prospectus for the further discussion on related party transactions.

²⁸ Calculated as Net Income over Average Equity (Excluding Series B and Series C Preferred Shares)

²⁹ Calculated as Quick Assets divided by Current Liabilities. Quick Assets are assets easily convertible to cash and only include cash and cash equivalents, financial assets at FVPL, and trade and other receivables.

Interim Periods

FINANCIAL POSITION

June 2021 vs December 2020

	JUNE 30, 2021	DEC 31, 2020	% Change
Cash and cash equivalents	₱ 1,297,334,510	₱ 941,079,474	38%
Financial assets at fair value through profit or loss (FVPL)	2,396,427,890	3,257,288,870	-26%
Trade and other receivables	701,431,345	539,079,767	30%
Contract Assets	6,026,456,792	5,341,881,039	13%
Real estate for sale	7,720,261,562	6,894,906,539	12%
Investment properties	8,821,710,954	8,315,168,841	6%
Property and equipment	276,542,518	280,192,479	-1%
Other Assets	2,111,964,672	1,977,606,060	7%
Total Assets	29,352,130,243	27,547,203,069	7%
Loans payable	10,246,520,896	9,305,693,323	10%
Bonds payable	2,961,797,947	2,958,526,698	0%
Accounts payable and other liabilities	3,246,008,807	2,792,943,961	16%
Contract liabilities	32,099,238	27,423,392	17%
Due to related parties	1,367,586,297	1,367,586,297	0%
Retirement liability	116,524,407	101,496,418	15%
Net deferred tax liabilities	1,615,482,585	1,763,428,524	-8%
Total Liabilities	19,586,020,177	18,317,098,613	7%
Equity attributable to equity holders of the Parent Company			
Capital stock	999,757,136	999,757,136	0%
Additional paid-in capital	3,008,959,878	3,008,959,878	0%
Retained earnings	4,041,988,966	3,779,054,629	7%
Other equity reserves	230,363,146	230,363,146	0%
Parent Company's shares held by a subsidiary	(12,500,000)	(12,500,000)	0%
	8,268,569,126	8,005,634,789	3%
Non-controlling interests	1,497,540,940	1,224,469,667	22%
Total Equity	9,766,110,066	9,230,104,456	6%
Total Liabilities and Equity	₱ 29,352,130,243	₱ 27,547,203,069	7%

The Company's total resources increased by 7% from ₱27.5 billion on December 31, 2020 to ₱29.4 billion as of June 30, 2021, due to the following:

38% Increase in Cash and Cash Equivalents

The increase in cash is accounted by the proceeds from loan availments and revenue collections, net of normal disbursement for operations and project related costs.

26% Decrease in Financial assets at fair value through profit or loss

The reduction was due to termination of money market placements which were subsequently used to fund the operating requirements of the company including its ongoing projects.

30% Increase in Trade and Other Receivables

The increase is largely due to the revenues recognized from the sale of office units in Cebu Exchange and Savya Financial Center that are already billed to buyers, and receivables from ACPT tenants.

13% Increase in Contract Assets

The increase represents the excess of revenue recognized from the sale of Cebu Exchange, Savya Financial Center, and Sevina Park Villas over the amounts billed to the buyers.

12% Increase in Real Estate for Sale

The increase was mainly due to the additional construction costs incurred during the period for ongoing projects.

6% Increase in Investment Properties

The increase was attributable to the appraisal gain of various investment properties.

7% Increase in Other Assets

The increase was mainly due to the additional advances for purchase of a property and Input VAT payments.

Total liabilities increased by 7% from ₱18.3 billion on December 31, 2020 to ₱19.6 billion as of June 30, 2021, due to the following:

10% Increase in Loans Payable

The increase was largely attributed to drawdowns from various loan facilities to fund project related disbursements and working capital requirements.

16% Increase in Accounts Payable and other Liabilities

The increase was largely due to additional payables to contractors/ suppliers for ongoing projects and dividends payable to shareholder of CLLC.

17% Increase in Contract Liabilities

The increase pertains to collections received from buyers of office units in Savya Financial Center, in which the related revenue is not yet recognized.

15% Increase in Retirement Liability

The increase was due to the additional provisions of retirement expense for the period.

8% Decrease in Net Deferred Tax Liabilities

The decrease was attributable to the reduction of income tax rates due to the implementation of CREATE bill which was approved into law on March 26, 2021.

Total equities increased by 6% from ₱9.2 billion on December 31, 2020 to ₱9.8 billion as at June 30, 2021 due to the following:

7% Increase in Retained Earnings

The increase was due to net income for the period, net of dividends declared.

22% Increase in Non-Controlling Interests

The increase is attributable to the recognition of NCI's share in the net income of CLLC and SLDC and additional deposit for future stock subscription from a shareholder of SLDC.

RESULTS OF OPERATIONS

June 2021 vs June 2020

	JUNE 30, 2021	JUNE 30, 2020	% Change
Revenues	₱ 1,244,978,829	₱ 885,870,765	41%
Cost of sales and services	705,214,125	470,816,034	50%
GROSS INCOME	539,764,704	415,054,731	30%
Administrative expenses	218,789,249	167,183,246	31%
Selling and marketing expenses	127,782,506	100,622,729	27%
OPERATING EXPENSES	346,571,755	267,805,975	29%
OPERATING INCOME	193,192,949	147,248,756	31%
OTHER OPERATING INCOME (EXPENSES)			
Finance costs	(139,676,593)	(106,049,274)	32%
Gain on change in FV of investment properties	507,318,725	908,735,306	-44%
Other income – net	22,520,328	15,230,557	48%
INCOME BEFORE INCOME TAX	583,355,409	965,165,345	-40%
TAX EXPENSE (BENEFIT)	(138,104,084)	277,499,261	-150%
NET INCOME	₱ 721,459,493	₱ 687,666,084	5%
NET INCOME ATTRIBUTABLE TO:			
Equity holders of ArthaLand Corporation	596,847,479	646,965,497	-8%
Non-controlling interest	124,612,014	40,700,587	206%
	₱ 721,459,493	₱ 687,666,084	5%

From a ₱687.7 million reported net income in the first half of 2020, the company's bottom line improved by 5% to ₱721.5 million for the same period in 2021.

41% Increase in Revenues

Revenues attributable to percentage of completion rate during the first half of 2021 were much higher than that of the same period last year. For the first six months of 2021, all construction activities at various project sites were uninterrupted unlike in 2020 when activities at the construction sites were halted for almost the whole of second quarter due to lockdown or community quarantine. In addition, revenue recognition from Sevina Park Villas which started in the last quarter of 2020 have now been continuously recognized.

50% Increase in Cost of Sales and Services

The increase in cost of sales is related to the increase in revenues.

31% Increase in Administrative Expenses

The increase was attributable to personnel costs and other administrative costs including expenses related to securing the safety of employees during the COVID-19 pandemic such as antigen testing, shuttle for employees and others.

27% Increase in Selling and Marketing Expenses

The increase was mainly attributable to advertising expenses for ongoing projects and commissions recognized on booked sales.

32% Increase in Finance Costs

The increase was attributable to interests from additional working capital loans availed by the company.

44% Decrease in Gain on Change in Fair Value of Investment Properties

The decrease was due to higher appraisal gain recognized for ACPT property in the second quarter of 2020.

48% Increase in Other Income - Net

The increase was mainly attributable to the forfeited advance rent collections from ACPT tenant.

150% Decrease in Tax Expense (Benefit)

The tax benefit recognized for the period was attributable to the reduction of income tax rates due to the implementation of CREATE bill as mentioned under Net Deferred Tax Liabilities.

RESULTS OF OPERATIONS

April - June 2021 vs April – June 2020

	APR 1 - JUNE 30, 2021	APRIL 1 - JUNE 30, 2020	% Change
Revenues	₱ 796,077,430	₱ 308,655,993	158%
Cost of sales and services	470,757,739	160,659,874	193%
GROSS INCOME	325,319,691	147,996,119	120%
Administrative expenses	120,727,805	83,786,369	44%
Selling and marketing expenses	73,228,172	32,473,534	126%
OPERATING EXPENSES	193,955,977	116,259,903	67%
OPERATING INCOME	131,363,714	31,736,216	314%
OTHER OPERATING INCOME (EXPENSES)			
Finance costs	(56,434,411)	(38,747,591)	46%
Gain on change in FV of investment properties	411,878,725	908,735,306	-55%
Other income – net	13,627,981	7,784,988	75%
	369,072,295	877,772,703	-58%
INCOME BEFORE INCOME TAX	500,436,009	909,508,919	-45%
INCOME TAX EXPENSE	133,434,706	260,250,519	-49%
NET INCOME	₱ 367,001,303	₱ 649,258,400	-43%

Net income for the three-month period April to June 2021 went down by 43% to ₱367.0 million from ₱649.3 million in the same three-month period in 2020 due to the following:

158% Increase in Revenues

Revenues attributable to percentage of completion rate during the second quarter of 2021 were much higher than that of the same period last year. In 2021, all construction activities at various project sites were uninterrupted unlike in 2020 when activities at the construction sites were halted for almost the whole of second quarter due to lockdown or community quarantine. In addition, revenue recognition from Sevina Park Villas which started in the last quarter of 2020 have now been continuously recognized.

193% Increase in Cost of Sales and Services

The increase in cost of sales is related to the increase in revenues.

44% Increase in Administrative Expenses

The increase was attributable to personnel costs and other administrative costs including expenses related to securing the safety of employees during the COVID-19 pandemic such as antigen testing, shuttle for employees and others.

126% Increase in Selling and Marketing Expenses

The increase was mainly attributable to advertising expenses for ongoing projects and commissions recognized on booked sales.

46% Increase in Finance Costs

The increase was attributable to interests from additional working capital loans availed by the company.

55% Decrease in Gain on change in FV of Investment Properties

The decrease was due to higher appraisal gain recognized for ACPT property in the second quarter of 2020.

75% Increase in Other Income - Net

The increase was mainly attributable to the forfeited advance rent collections from ACPT tenant.

49% Decrease in Tax Expense

The decrease was due to tax related to the higher gain on change in fair value of investment properties recognized in prior period and the effect of CREATE bill in as mentioned under Net Deferred Tax Liabilities.

RESULTS OF OPERATIONS

June 2021 vs December 2020

	JUNE 30, 2021	DEC 31, 2020	% Change
Revenues	₱ 1,244,978,829	₱ 3,301,553,056	-62%
Cost of sales and services	705,214,125	1,682,981,281	-58%
GROSS INCOME	539,764,704	1,618,571,775	-67%
Administrative expenses	218,789,249	417,716,339	-48%
Selling and marketing expenses	127,782,506	262,506,092	-51%
OPERATING EXPENSES	346,571,755	680,222,431	-49%
OPERATING INCOME	193,192,949	938,349,344	-79%
OTHER OPERATING INCOME (EXPENSES)			
Finance costs	(139,676,593)	(281,183,960)	-50%
Gain on change in FV of investment properties	507,318,725	959,989,140	-47%
Other income – net	22,520,328	42,240,203	-47%
INCOME BEFORE INCOME TAX	583,355,409	1,659,394,727	-65%
INCOME TAX EXPENSE (BENEFIT)	(138,104,084)	490,270,422	-128%
NET INCOME	₱ 721,459,493	₱ 1,169,124,305	-38%
NET INCOME ATTRIBUTABLE TO:			
Equity holders of ArthaLand Corporation	596,847,479	887,295,539	-33%
Non-controlling interest	124,612,014	281,828,766	56%
	₱ 721,459,493	₱ 1,169,124,305	-38%

The Company posted a consolidated net income of ₱721.5 million in the first half of 2021 as compared with the 2020 full year net income of ₱1,169.1 million.

Full Year Periods

FINANCIAL POSITION

31 December 2020 vs. 31 December 2019

	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>	<u>Change</u>
Cash and cash equivalents	₱ 941,079,474	₱ 407,214,384	131%
Financial assets at fair value through profit or loss (FVPL)	3,257,288,870	772,186,717	322%
Receivables	539,079,767	389,687,736	38%
Contract Assets	5,341,881,039	3,250,482,689	64%
Real estate for sale	6,894,906,539	5,410,062,969	27%
Investment properties	8,315,168,841	7,280,000,267	14%
Property and equipment	280,192,479	282,549,715	-1%
Other Assets	1,977,606,060	1,683,647,515	17%
Total Assets	27,547,203,069	19,475,831,992	41%
Loans payable	9,305,693,323	6,925,381,746	34%
Bonds payable	2,958,526,698	-	100%
Accounts payable and other liabilities	2,792,943,961	2,488,916,877	12%
Contract liabilities	27,423,392	32,179,674	-15%
Advances from non-controlling interests	1,367,586,297	1,144,586,297	19%
Net retirement liability	101,496,418	99,880,460	2%
Net deferred tax liabilities	1,763,428,524	1,309,495,052	35%
Total Liabilities	18,317,098,613	12,000,440,106	53%
Capital stock	999,757,136	999,757,136	0%
Additional paid-in capital	3,008,959,878	3,008,959,878	0%
Retained earnings	3,779,054,629	3,161,789,766	20%
Other equity items	230,363,146	(207,724)	110999%
Parent Company's shares held by a subsidiary	(12,500,000)	(12,500,000)	0%
Total equity attributable to the Parent Company	8,005,634,789	7,157,799,056	12%
Non-controlling interests	1,224,469,667	317,592,830	286%
Total Equity	9,230,104,456	7,475,391,886	23%
Total Liabilities and Equity	₱ 27,547,203,069	₱ 19,475,831,992	41%

ALCO's total resources as of 31 December 2020 amounting to ₱27.55 billion is 41% higher than the 31 December 2019 level of ₱19.48 billion due to the following:

131% Increase in Cash and Cash Equivalents

The increase is accounted for by inflows from the issuance of the ASEAN Green Bonds, loan proceeds and sales collections, net of outflows attributed to money market placements, repayments of loans and operational and construction related disbursements.

322% Increase in Financial Assets at Fair Value through Profit or Loss (FVPL)

The increase is accounted for by portions of the ASEAN Green Bonds as well as loan proceeds that were invested in money market placements.

38% Increase in Receivables

The increase is largely due to the revenues recognized from the sale of office units in Cebu Exchange and Savya Financial Center that are already billed to buyers, and receivables from ACPT tenants.

64% Increase in Contract Assets

The increase pertains to the above revenue recognition from the office units in Cebu Exchange and Savya Financial Center where there was an excess of total revenues from real estate sales over the amounts already due and payable by the buyers.

27% Increase in Real Estate for Sale

The increase is mainly due to the additional construction costs incurred for ongoing projects net of amounts charged to Cost of Sales, and acquisition of properties in Makati and Cebu for development, net of cost of real estate sold recognized.

14% Increase in Investment Properties

The increase is mainly attributable to the appraisal gain from ACPT and other investment properties.

17% Increase in Other Assets

The increase is largely attributable to VAT Input payments and advances for purchase of a property.

34% Increase in Loans Payable

The increase is largely attributed to drawdowns from various loan facilities to fund project related disbursements and some working capital requirements.

100% Increase in Bonds Payable

This pertains to the issuance of the ASEAN Green Bonds, net of debt issuance costs, to be used in the acquisition and development of eligible green projects.

12% Increase in Accounts Payable and Other Liabilities

The increase is mainly attributable to payables to contractors for ongoing projects.

15% Decrease in Contract Liabilities

The decrease pertains to down payment received which were subsequently recognized as revenues from real estate sales of office units in Savya Financial Center.

19% Increase in Advances from Non-controlling Interests

The increase pertains to advances made by shareholders of CLLC and KHI.

35% Increase in Net Deferred Tax Liabilities

The increase is mainly due to the deferred tax on the gain on change in fair value of investment properties and excess of financial gross profit over taxable gross profit.

20% Increase in Retained Earnings

The increase is due to the net income for the year, net of dividends declared.

110999% Increase in Other Equity Reserves

The increase is mainly attributable to the excess over cost of proceeds that was received by ALCO for the sale of 40% of its shares in KHI in favor of MEC.

286% Increase in Non-Controlling Interests

The increase was due to the recognition of NCI's share in the net income of CLLC and SLDC.

FINANCIAL POSITION

31 December 2019 vs. 31 December 2018

	<u>31 Dec 2019</u>	<u>31 Dec 2018</u>	<u>Change</u>
Cash and cash equivalents	407,214,384	285,413,332	43%
Financial assets at fair value through profit or loss (FVPL)	772,186,717	196,094,319	294%
Trade and other receivables	389,687,736	236,463,779	65%
Contract Assets	3,250,482,689	785,197,944	314%
Real estate for sale	5,410,062,969	3,412,713,425	59%
Creditable withholding tax	338,105,363	259,819,891	30%
Investment properties	7,280,000,267	5,901,514,575	23%
Property and equipment	282,549,715	237,452,955	19%
Deferred tax assets - net	-	16,197,731	-100%
Other Assets	1,345,542,152	1,005,597,812	34%
Total Assets	₱19,475,831,992	₱12,336,465,763	58%
Loans payable	6,925,381,746	4,169,976,102	66%
Accounts payable and other liabilities	2,488,916,877	1,655,848,013	50%
Contract liabilities	32,179,674	20,385,280	58%
Due to a related party	1,144,586,297	386,666,691	196%
Retirement liability	99,880,460	66,088,998	51%
Net deferred tax liabilities	1,309,495,052	779,222,593	68%
Total Liabilities	₱12,000,440,106	₱7,078,187,677	70%
Capital stock	999,757,136	989,757,136	1%
Additional paid-in capital	3,008,959,878	2,031,441,541	48%
Retained earnings	3,161,789,766	2,214,144,875	43%
Cumulative re-measurement gains on retirement liability – net of tax	(207,724)	18,169,495	-101%
Parent Company's shares held by a subsidiary	(12,500,000)	(12,500,000)	0%
Total equity attributable to the Parent Company	7,157,799,056	5,241,013,047	37%
Non-controlling interest	317,592,830	17,265,039	1740%
Total Equity	7,475,391,886	5,258,278,086	42%
Total Liabilities and Equity	₱19,475,831,992	₱12,336,465,763	58%

ALCO's total resources as of 31 December 2019 amounting to ₱19.48 billion is 58% higher than the 31 December 2018 level of ₱12.34 billion due to the following:

43% Increase in Cash and Cash Equivalents

The increase is accounted for by the proceeds from various loans, advances from shareholders, and sales collections.

294% Increase in Financial Assets at Fair Value through Profit or Loss (FVPL)

The increase was due to investments in money market placements of the additional cash from loan proceeds and sales collections.

65% Increase in Trade and Other Receivables

The increase was largely due to the sale of office units in Cebu Exchange, first-time revenue recognition from the sale of office units in Savya Financial Center, and receivables from ACPT tenants.

314% Increase in Contract Assets

This pertains to the increase in receivables from the additional sale of office units in Cebu Exchange and Savya Financial Center representing the excess of cumulative revenues from real estate sales over the amounts already due and payable by the buyers.

59% Increase in Real Estate for Sale

The increase is mainly due to the acquisition of various properties for development and the additional construction costs incurred during the year for ongoing projects.

30% Increase in Creditable Withholding Tax

This represents the increase in taxes withheld on the additional collections from buyers of office units in Cebu Exchange and Savya Financial Center.

23% Increase in Investment Properties

The increase is mainly attributable to the appraisal gain of ACPT and other investment properties.

19% Increase in Property and Equipment

The increase is due to the completion of fit-out costs of ALCO's new corporate office in ACPT and to additional transportation and office equipment.

100% Decrease in Deferred Tax Assets

The decrease is due to the realization of net income in CLLC, resulting to the full utilization of its NOLCO.

34% Increase in Other Assets

The increase is largely attributable to the down payment made to contractors of ongoing projects as well as to VAT Input payments.

66% Increase in Loans Payable

The increase is largely due to additional drawdowns from bank loan facilities availed of in order to partly fund ALCO's working capital and project financing requirements.

50% Increase in Accounts Payable and Other Liabilities

The increase is mainly attributable to payables to contractors/suppliers for ongoing projects.

58% Increase in Contract Liabilities

The increase pertains to collections received from buyers of office units in Cebu Exchange and Savya Financial Center the related revenue of which is not yet recognized.

196% Increase in Due to a Related Party

This pertains to advances made by shareholders of CLLC and SLDC.

51% Increase in Retirement Liability

The increase is due to the additional retirement expense recognized for the year and remeasurement loss from the change in financial assumptions used in the valuation of retirement plan.

68% Increase in Net Deferred Tax Liabilities

The increase is due mainly to the gain resulting from the change in fair value of investment properties.

48% Increase in Additional Paid-in Capital

This is due to the excess of the proceeds over par value of the Preferred Shares Series C that was issued during the year, net of stock issuance costs.

43% Increase in Retained Earnings

The increase is due to the net income for the year, net of dividends declared.

101% Decrease in Cumulative re-measurement gains (losses) on retirement liability

The decrease is due to the current year's cumulative remeasurement losses as against last year's gains in valuation of ALCO's retirement liability.

1740% Increase in Non-Controlling Interests

The increase is mainly due to the higher net income of CLLC for the current year as compared to the prior year.

FINANCIAL POSITION

31 December 2018 vs. 31 December 2017

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

Total equity attributable to the Parent Company	5,241,013,047	5,101,545,569	3%
Non-controlling interest	17,265,039	(37,926,744)	146%
Total Equity	₱5,258,278,086	5,063,618,825	4%
Total Liabilities and Equity	₱12,336,465,763	₱11,246,811,766	10%

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

55% Decrease in Cash and Cash Equivalents

The decrease in cash is attributable to disbursements for operations, debt servicing, acquisition of properties and project related costs, net of inflows from loan availments and revenue collections.

60% Decrease in Financial Assets at Fair Value through Profit or Loss (FVPL)

The reduction is due to the termination of money market placements which were subsequently used to fund the operating requirements of ALCO, including its ongoing projects.

299% Increase in Trade and Other Receivables

The increase is accounted for by the receivables from the ACPT leasing operations and down payment made to contractors for the construction of the Group's real estate projects.

100% Increase in Contract Assets

This pertains to receivables from the sale of office units in Cebu Exchange representing the excess of cumulative revenues from real estate sales over total collections received from buyers which were previously recognized as liability.

29% Increase in Real Estate for Sale

The increase is due to the acquisition of a property in Makati City, the consolidated cost of the property of Arcosouth in Taguig City, and the additional construction costs for the projects in Laguna and Cebu, net of the remaining residential units in Arya Residences sold and those office units in Cebu Exchange.

9% Decrease in Investment Properties

The decrease is mainly due to the settlement of loans through *dacion en pago* of certain floors in ACPT and the reclassification of the ALCO corporate office to Property and Equipment account.

497% Increase in Property and Equipment

The increase is due to the reclassification of the ALCO corporate office from investment properties to Property and Equipment, as abovementioned.

74% Decrease in Deferred Tax Assets

The decrease is due to the realization of net income in CLLC.

136% Increase in Accounts Payable and Other Liabilities

The increase is largely due to the effect of consolidated payables to stockholders of Arcosouth and the deferred VAT payables from the sales of office units in Cebu Exchange.

83% Decrease in Contract Liabilities

The decrease pertains to down payment received subsequently recognized as revenues from real estate sales, as mentioned under Contract Assets.

35% Increase in Due to a Related Party

This pertains to additional advances made by stockholders CLLC.

30% Increase in Retirement Liability

The increase is due to the new retirement plan which changed the benefits payable and resulted in the recognition of past service cost.

6% Increase in Retained Earnings

The increase is due to the net income for the year, net of dividends declared.

144% Increase in Cumulative re-measurement gains (losses) on retirement liability

The difference is due to the change in financial assumptions and experience adjustments based on the new retirement plan as mentioned above.

146% Increase in Non-Controlling Interests

The increase is due to CLLC's net income recognized for the year.

RESULTS OF OPERATIONS

31 December 2020 vs. 31 December 2019

	31 Dec 2020	31 Dec 2019	Change
Revenues	3,301,553,056	3,847,857,424	-14%
Cost of sales and services	(1,682,981,281)	(2,145,739,457)	-22%
Gross income	₱ 1,618,571,775	₱ 1,702,117,967	-5%
Administrative expenses	417,716,339	409,806,713	2%
Selling and marketing expenses	262,506,092	256,010,229	3%
Operating expenses	680,222,431	665,816,942	2%
Income from operations	₱ 938,349,344	₱ 1,036,301,025	-9%
Finance costs	(281,183,960)	(124,839,604)	125%
Gain on change in fair value of investment properties	959,989,140	1,180,724,811	-19%
Other income – Net	42,240,203	31,106,679	36%
Income before income tax	₱ 1,659,394,727	₱ 2,123,292,911	-22%
Income tax expense	490,270,422	636,145,034	-23%
Net income	₱ 1,169,124,305	₱ 1,487,147,877	-21%
OTHER COMPREHENSIVE INCOME (LOSS)			
Remeasurement gains (losses) on net retirement liability	(7,735,261)	(26,253,170)	-71%
Income tax benefit (expense) relating to item that will not be reclassified	2,320,578	7,875,951	-71%
Total comprehensive income	₱ 1,163,709,622	₱ 1,468,770,658	-21%

Results of Operations for the year ended 31 December 2020 compared to the year ended 31 December 2019.

14% Decrease in Revenues

The decrease in revenue is attributed to a decline in revenues from Real Estate Sales which was largely brought about by changes in market conditions and restrictions on construction activities following the Community Quarantine implemented in NCR and Cebu starting March 2020. While other companies implemented selling strategies involving sizeable discounts and ultra-stretched payment terms, ALCO substantially retained its selling prices across its projects given the strength of its sales pipeline and robust cash flows. ALCO fully expected that during the pandemic, there is a longer period to close sales transactions

given that buyers take more time to conclude their decisions and given the limited access of buyers to ALCO's sales galleries for its projects.

On the other hand, revenues from other segments, particularly leasing and other operations, grew by 15% to ₱382.4 million in 2020 compared to ₱332.1 million in 2019.

22% Decrease in Cost of Sales and Services

The decrease in cost of sales is directly related to the decrease in revenues.

125% Increase in Finance Costs

The increase is accounted for by the non-capitalizable interests from the ASEAN Green Bonds and other working capital loans and interest from the loan obtained for the construction of ACPT, which was no longer capitalized upon the completion of building in 2019.

19% Decrease in Gain on Change in Fair Value of Investment Properties

The decrease is due to less appraisal gain recognized for investment properties.

36% Increase in Other Income – Net

The increase is attributable to earnings on the additional placements made from the proceeds of the ASEAN Green Bonds and various loans.

23% Decrease in Income Tax Expense

The decrease is due to lower net income recognized for the year.

71% Decrease in Remeasurement Gains (Losses) on Net Retirement Liability

The decrease is due to the change in financial assumptions and experience adjustments used in the valuation of the retirement plan.

RESULTS OF OPERATIONS**31 December 2019 vs. 31 December 2018**

	31 Dec 2019	31 Dec 2018	Change
Revenues	3,847,857,424	1,132,470,086	240%
Cost of sales and services	(2,145,739,457)	(618,799,239)	247%
Gross income	₱1,702,117,967	₱513,670,847	231%
Administrative expenses	409,806,713	325,187,083	26%
Selling and marketing expenses	256,010,229	72,423,411	253%
Operating expenses	665,816,942	397,610,494	67%
Income from operations	₱1,036,301,025	₱116,060,353	793%
Finance costs	(124,839,604)	(73,647,288)	70%
Gain on change in fair value of investment properties	1,180,724,811	172,819,094	583%
Other income – Net	31,106,679	339,120,693	-91%
Income before income tax	₱2,123,292,911	₱554,352,852	283%
Income tax expense	636,145,034	165,735,606	284%
Net income	₱1,487,147,877	₱388,617,246	283%
Other comprehensive income (loss)			
Change in actuarial gain (loss)	(₱26,253,170)	₱15,315,863	-271%
Income tax benefit (expense) relating to item that will not be reclassified	7,875,951	(4,594,759)	-271%
Total comprehensive income	₱1,468,770,658	₱399,338,350	268%

Results of Operations for the year ended 31 December 2019 compared to the year ended 31 December 2018.*240% Increase in Revenues*

The increase is mainly attributable to revenue recognized from the sale of office units in Cebu Exchange and the first-time revenue recognition for sale of office units in Savya Financial Center.

247% Increase in Cost of Sales and Services

The increase in cost of sales is directly related to the increase in revenues.

26% Increase in Administrative Expenses

The increase is due to professional fees, personnel related expenses, and taxes.

253% Increase in Selling and Marketing Expenses

The increase is mainly due to amortized commissions from the sale of office units in Cebu Exchange and Savya Financial Center, as well as the increased marketing activities for ongoing and new projects.

70% Increase in Finance Costs

The increase is mainly due to non-capitalization of interest expense from loans due to the completion of ACPT in 2019, and interests from additional working capital loans.

583% Increase in Gain on Change in Fair Value of Investment Properties

The increase is attributable to the appraisal gain of ACPT and other investment properties.

91% Decrease in Other Income – Net

The decrease is largely due to realized gain on the settlement of loans through *dacion en pago* realized in 2018.

284% Increase in Income Tax Expense

The increase is due to higher net income recognized for the year.

271% Decrease in Change in Actuarial Gain (Loss)

The decrease is due to the remeasurement loss from change in financial assumptions used in the valuation of retirement plan as mentioned under Retirement Liability.

RESULTS OF OPERATIONS

31 December 2018 vs. 31 December 2017

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

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

144% Increase in Revenues

The increase is mainly attributable to revenue recognized from the sale of office units in Cebu Exchange offices.

86% Increase in Cost of Sales and Services

The increase in cost of sales is directly related to the increase in revenues from the sales of office units in Cebu Exchange.

19% Increase in Administrative Expenses

The increase is mainly due to the recognition of past service costs as mentioned under Retirement Liability, as well as salaries paid to additional personnel employed.

49% Increase in Selling and Marketing Expenses

The increase is due to sales commissions, travel and advertising expenses for Cebu Exchange.

9% Decrease in Finance Costs

The decrease is largely accounted for by the settlement in November 2017 of an interest-bearing loan under the Parent company.

60% Decrease in Gain on Change in Fair Value of Investment Properties

The decrease pertains to the reversal of unrealized gain on investment properties due to the effect of the *dacion en pago* executed during the year.

403% Increase in Other Income – Net

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

94% Increase in Income Tax Expense

The increase is due to higher net income recognized for the year.

142% Increase in Change in Actuarial Gain – Net of tax and Income tax expense relating to item that will not be reclassified

The increase is due to the remeasurement gains based on the new retirement plan as mentioned under Retirement Liability.

External Audit Fees and Services

The external auditor's fees are based on the estimated time that would be spent on an engagement and ALCO is charged on the experience level of the professional staff members who will be assigned to work for the purpose and generally, on the complexity of the issues involved and the work to be performed, as well as the special skills required to complete the work.

The audit fees of RT&Co insofar as ALCO is concerned are as follows:

2016	-	₱950,000.00
2017	-	₱1,500,000.00
2018	-	₱1,650,000.00
2019	-	₱1,750,000.00
2020	-	₱1,750,000.00

RT&Co rendered services to ALCO's subsidiaries with the exception of CLLC³⁰, and its audit fees are as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Bhavana Properties, Inc.	₱100,000.00	₱100,000.00	N.A.
Bhavya Properties, Inc.	₱100,000.00	₱100,000.00	N.A.
Cazneau Inc.	₱300,000.00	₱300,000.00	₱180,000.00
Emera Property Management, Inc.	₱160,000.00	₱160,000.00	₱150,000.00
Kashtha Holdings, Inc.	₱100,000.00	₱100,000.00	N.A.
Manchesterland Properties, Inc.	₱350,000.00	₱350,000.00	₱330,000.00
Pradhana Land, Inc.	₱100,000.00	₱100,000.00	N.A.
Savya Land Development Corporation	₱250,000.00	₱250,000.00	₱180,000.00
Urban Property Holdings, Inc.	₱130,000.00	₱130,000.00	₱120,000.00
Zileya Land Development Corporation	₱160,000.00	₱160,000.00	₱120,000.00

RT&Co did not charge ALCO for non-audit work for the years 2013, 2014, 2015, 2017 and 2018. In 2016, however, RT&Co charged ALCO for non-audit work in the amount of ₱1.50MM in relation to the public offering of ALCO's Preferred Series B shares. In 2019, RT&Co also charged ALCO for non-audit work in the amount of ₱.60MM in relation to the public offering of ALCO's Preferred Series C shares.

In October 2019, ALCO filed with the SEC a Registration Statement for the shelf registration of ₱6.0 billion fixed rate ASEAN Green Bonds which was approved in January 2020. The initial tranche of these bonds equivalent to ₱3.0 billion was listed with the Philippine Dealing and Exchange Corp. on 06 February 2020. RT&Co charged ALCO for non-audit work on these bonds in the amount of ₱1.60MM.

The foregoing fees are all exclusive of VAT.

³⁰ The external auditor of CLLC is Isla Lipana & Co., a PwC member firm. Its fees for 2020, 2019, 2018 and 2017 amount to ₱538,000.00, ₱520,000.00, ₱500,000.00, and ₱430,000.00, respectively, all of which are net of VAT.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the external auditor of the Company on accounting and financial disclosure.

Interest of Named Experts

Independent Auditors

The consolidated financial statements of the Company as at and for the years ended 31 December 2020, 2019, and 2018 have been audited by Reyes Tacandong & Co., independent auditors, in accordance with Philippine Standards on Auditing as set forth in their report thereon appearing elsewhere in this Prospectus.

The Audit Committee of the Company, reviews and monitors, among others, the integrity of all financial reports and ensures compliance with both internal financial management manual and pertinent accounting standards, including regulatory requirements. The Audit Committee also performs the following duties and responsibilities relating to the services of the Company's external auditors:

- Assess and monitor the (i) external auditor's professional qualifications, competence, independence and objectivity and require the external auditor to make the statements necessary under applicable auditing standards as regards its relationship and services to the Company, discussing any relationship or services which may derogate its independence or objectivity; and (ii) the effectiveness of the audit process in accordance with applicable standards.
- Obtain objective assurance from the external auditor that the conduct of the audit and the manner of the preparation of the financial statements comply with applicable auditing standards and rules of regulatory bodies, including exchanges on which the securities of the Company are listed.
- Review and approve the nature and scope of the audit plans of the external auditor, including scope, audit resources and expenses, and reporting obligations before the audit commences.
- Review the reports or communications of the external auditor and ensure that management or the Board will provide a timely response to the issues raised in such reports or communications.
- Ensure the development and implementation of policies on the engagement of an external auditor to supply non-audit work, including the fees payable therefor, and evaluate any non-audit work undertaken by the external auditor to ensure that the same does not conflict with its audit functions.

There is no arrangement that experts and independent counsels will receive a direct or indirect interest in the Issuer or was a promoter, underwriter, voting trustee, director, officer, or employee of the Issuer.

Legal Matters

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

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

Taxation

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Offer Shares. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Offer Shares and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Offer Shares under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Offer Shares in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect as at the date of this Prospectus, and are subject to any changes in law occurring after such date.

The tax treatment applicable to a holder of the Offer Shares may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a holder of the Preferred Shares.

PROSPECTIVE PURCHASERS OF THE OFFER SHARES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF THE OFFER SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.

As used in this section, the term resident alien refers to an individual whose residence is within the Philippines and who is not a citizen of the Philippines while the term non-resident alien means an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who stays in the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines"; otherwise, such non-resident alien is considered a "non-resident alien not engaged in trade or business within the Philippines". A "resident foreign corporation" is a foreign corporation engaged in trade or business in the Philippines and a "non-resident foreign corporation" is a foreign corporation that is not engaged in trade or business within the Philippines.

PHILIPPINE TAXATION

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN), took effect. The TRAIN amended various provisions of the Tax Code, including those on ordinary income tax of individuals, capital gains tax on the sale and disposition of shares of stock, estate tax, donor's tax, and documentary stamp tax.

Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act ("CREATE"), which took effect on April 11, 2021, amended the provisions of the Tax Code relating to, among others, lowering corporate income taxes and modernizing fiscal incentives in a bid to complement the expected incremental revenues from the first package.

Corporate Income Tax

A domestic corporation is subject to a tax of 25.0%, of its taxable income from all sources within and outside the Philippines effective July 1, 2020, provided that domestic corporations with net taxable income not exceeding ₱5,000,000.00 and with total assets not exceeding ₱100,000,000.00 (excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed) (referred to as micro, small, and medium enterprises, or MSMEs), shall be taxed at 20.0%. Taxable net income refers to items of gross income specified under the Philippine Tax Code (the Tax Code), less itemized deductions under Section 34 of the Tax Code or those allowed under special laws, or the optional standard deduction (OSD) equivalent to an amount not exceeding 40.0% of the corporation's gross income. Passive income of a domestic corporation is taxed as follows: (a) gross interest income from Philippine currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20.0% of the gross amount of such income; and (b) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax at the rate of 15% of such income. Beginning July 1, 2020 and until June 30, 2023, a minimum corporate income tax of 1% of

the gross income as of the end of the taxable year is imposed on a domestic corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum corporate income tax is greater than the ordinary corporate income tax, provided that after June 30, 2023, the rate of minimum corporate income tax shall be 2% of the gross income as of the end of the taxable year. Any excess of the minimum corporate income tax, however, over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Likewise, subject to certain conditions, the minimum corporate income tax may be suspended with respect to a corporation which suffers losses (1) on account of a prolonged labor dispute, or (2) because of force majeure, or (3) because of legitimate business reverses.

Taxes on Dividends on the Offer Shares

Cash and property dividends received from a domestic corporation by individual shareholders who are either citizens or residents of the Philippines are subject to a final withholding tax at the rate of 10.0%, which shall be withheld by the Company. Cash and property dividends received from a domestic corporation by non-resident alien individuals engaged in trade or business in the Philippines are subject to a 20.0% final withholding tax on the gross amount thereof, while cash and property dividends received from a domestic corporation by non-resident alien individuals not engaged in trade or business in the Philippines are subject to a final withholding tax at 25.0% of the gross amount, subject, however, to the applicable preferential tax rates under income tax treaties executed between the Philippines and the country of residence or domicile of such non-resident alien individuals.

Cash and property dividends received from a domestic corporation by another domestic corporation or by a resident foreign corporation are not subject to income tax while those received by a non-resident foreign corporation are generally subject to income tax at a final withholding tax rate of 25.0%, effective January 1, 2021. The 25.0% income tax rate for dividends paid to a non-resident foreign corporation may be reduced to a lower rate of 15.0% if tax sparing applies, which is when: (i) the country where the non-resident foreign corporation is domiciled imposes no tax on foreign sourced dividends or (ii) the country of domicile of the non-resident foreign corporation allows at least 10.0% credit equivalent for taxes deemed to have been paid in the Philippines.

In order to avail of the 15.0% tax sparing rate, Revenue Memorandum Order No. 46-2020 (*Guidelines and Procedures for the Availment of the Reduced Rate of 15% on Intercompany Dividends Paid by a Domestic Corporation to a Non-Resident Foreign Corporation Pursuant to Section 28(B)(5)(B) of the National Internal Revenue Code of 1997, as amended dated December 23, 2020*) requires the non-resident foreign corporation availing itself of the tax sparing rate to file an application with the BIR for a confirmatory ruling on its entitlement to the tax sparing rate. Revenue Memorandum Order No. 46-2020 likewise states the following general requirements that shall accompany the first application for the reduced dividend rate of 15% in a given taxable year:

- (1) letter-request which shall provide a background of the transaction, the relief sought and the legal basis;
- (2) duly accomplished BIR Form No. 0901-TS;
- (3) original copy of the apostilled/duly authenticated Tax Residence Certificate issued by the tax authority of the country of the domicile;
- (4) apostilled/duly authenticated copy of the NRFC's articles of incorporation and proof of establishment in its country of residence;
- (5) original copy of apostilled/duly authenticated Special Power of Attorney (SPA) issued by the NRFC to its authorized representative;

- (6) certified true copy of the Board of Directors' resolution of the domestic corporation approving the issuance of dividends, which shall include the amount of dividends, and dates of declaration, record and payment, among others;
- (7) original copy of the sworn statement executed by the corporate secretary of the domestic corporation stating the legal and beneficial owners, if applicable, of all issued and outstanding shares as of record date, their corresponding subscriptions, date/s of acquisition, percentage of ownership and the allocation of dividend;
- (8) certified true copy of the General Information Sheet (GIS) of the domestic corporation for the year or period immediately preceding the date of declaration, whichever is more applicable
- (9) certified true copy of the Audited Financial Statements (AFS) of the domestic corporation stamped "received" by the BIR and Securities and Exchange Commission, which was used as the basis of such dividend declaration; and
- (10) proof of remittance of the dividend payments.

The application has to be filed within 90 days from "the remittance of the dividends or from the determination by the foreign tax authority of the deemed paid tax credit/non-imposition of tax because of the exemption, whichever is later." A domestic corporation is not required to first secure a ruling from the BIR in order to use the tax sparing rate when it remits the dividends but it is required to determine if under the law of the country of domicile of the non-resident foreign corporation, such non-resident foreign corporation is granted the applicable "deemed paid" tax credit, or an exemption from income tax on such dividends.

The abovementioned tax rates are without prejudice to applicable preferential tax rates under income tax treaties in force between the Philippines and the country of domicile of the non-resident holder. (Please see discussion on tax treaties below.)

The BIR recently revised its procedures for availment of tax treaty relief on dividends by issuing Revenue Memorandum Order No. 14-2021 (Streamlining the Procedures and Documents for the Availment of Treaty Benefits, dated March 31, 2021), as clarified by Revenue Memorandum Circular No. 77-21 (Clarification on Certain Provisions of Revenue Memorandum Order No. 14-21, dated June 15, 2021). In accordance with the foregoing regulations, all income items derived by nonresident taxpayers entitled to tax treaty relief shall be confirmed by the BIR through filing of: (i) a request for confirmation by the withholding agent, or (b) a tax treaty relief application by the nonresident taxpayer, with the required supporting documents in either case.

Request for Confirmation

The withholding agent/income payor may apply the preferential tax treaty rate on the dividend income of the non-resident foreign shareholder by relying the submission by such shareholder of the following documents before the dividend income is paid: (a) on an application form for treaty purposes (BIR Form 0901-D for dividends), an authenticated/apostilled tax residency certificate duly issued by the relevant foreign tax authority in favor of the shareholder, and (c) the relevant provision of the applicable tax treaty which prescribes the preferential tax treatment on dividend income. If the tax treaty rate was applied, the withholding agent/income payor must file with the BIR's International Tax Affairs Division ("ITAD") a request for confirmation of the use of the tax treaty rate. The request for confirmation must be filed after the payment of the withholding tax and in no case later than the last day of the fourth month following the close of the relevant taxable year.

Revenue Memorandum Circular No. 77-21 prescribes the filing of one consolidated request for confirmation per nonresident income recipient, regardless of the number and type of income payments during the year.

Revenue Memorandum Circular No. 77-21 also provides for a list of all documentary requirements that have to be submitted in support of the request for confirmation.

If the BIR determines that the withholding tax rate used is lower than the applicable tax rate that should have been applied, or that the non-resident taxpayer is not entitled to treaty benefits, the request for confirmation will be denied and it will require the withholding agent/income payor to pay the deficiency taxes plus surcharge, interest and penalties.

Tax Treaty Relief Application (“TTRA”)

In case the withholding agent/income payor used the regular rate under the Tax Code, the non-resident foreign shareholder may, at any time after its receipt of the dividend income, file a TTRA with ITAD. Similar to a request for confirmation, the TTRA must also be supported by the documents specified in Revenue Memorandum Circular No. 77-21.

If the BIR determines that the withholding tax rate applied is higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient’s entitlement to treaty benefits, and the shareholder may apply for a refund of excess withholding tax within the two-year period provided in Section 229 of the Tax Code. The claim for refund of the shareholder may also be filed simultaneously with the TTRA. If the regular tax rate is withheld by the Issuer instead of the reduced rates applicable under an income tax treaty, the non-resident holder of the shares may file a claim for refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

With respect to the availment of preferential rates for dividends under an income tax treaty, most tax treaties to which the Philippines is a party provide for a preferential tax rate of either 15% or 25%, in cases where the dividend arises in the Philippines and is paid to a resident of the other contracting state. Most income tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the dividends, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant dividend-earning interest is effectively connected with such permanent establishment. In these cases, however, the provisions on business profits or independent personal services shall apply.

Revenue Memorandum Circular No. 076-20 (Clarifying Certain Issues on the Filing of the Related Party Transaction Form) clarifies that the TTRAs filed with the ITAD relative to payments made to related parties must be indicated in the Related Party Transaction Form. The dividends itself between and among related parties (either paid or payable, received or receivable) should likewise be disclosed in the Related Party Transaction Form. As proof of dividends payments to related parties, certain documents such as a notarized board of directors’ resolution approving the issuance of dividends, a certification under oath by the corporate secretary/custodian banks/depository account holders/broker dealers stating in detail the legal and beneficial owners of all issued and outstanding shares as of record date, their corresponding subscriptions, date/s of acquisition, percentage of ownership and the allocation of dividend, and proof of payment of such dividends must be maintained by the Company.

If the regular tax rate is withheld by the Company instead of the reduced rates applicable under an income tax treaty, the non-resident holder of the shares may file a claim for refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

Transfer taxes (*e.g.* documentary stamp tax, local transfer tax) may be payable if the dividends declared are property dividends, depending on the type of property distributed as dividends. Stock dividends distributed *pro rata* to any holder of shares of stock are generally not subject to Philippine income tax. However, the

sale, exchange or disposition of shares received as stock dividends by the shareholder is subject to stock transaction tax if the transfer is through a local stock exchange; or if the transfer is made outside of the exchange, capital gains tax; and documentary stamp tax.

Sale, Exchange or Disposition of Shares after the Offer Period

Capital gains tax

The net capital gains realized by a citizen, resident alien, non-resident alien, whether or not engaged in trade or business within the Philippines, or a domestic corporation (other than a dealer in securities) during each taxable year from the sale, exchange or disposition of shares of stock outside the facilities of the PSE, are subject to capital gains tax at the rate of 15.0% of the net capital gains realized during the taxable year.

The net capital gains realized by a resident foreign corporation or a non-resident foreign corporation during each taxable year from the sale, exchange or disposition of shares of stock in a domestic corporation outside the facilities of the PSE are subject to the rate of 15% of the net capital gains realized during the taxable year. If an applicable income tax treaty exempts net gains from such sale from capital gains tax, an application for tax treaty relief has to be filed with the BIR in accordance with BIR regulations, and approved by the BIR, to avail of the exemption. (Please see discussion below on tax treaties.) The transfer of shares shall not be recorded in the books of a company, unless the BIR has issued a CAR.

Donor's tax

The sale, exchange or disposition of shares of stock in a domestic corporation outside the facilities of the PSE may also be subject to donor's tax under Section 100 of the Tax Code if the shares of stock are transferred for less than an adequate and full consideration in money or money's worth to the extent of the amount by which the fair market value of the shares of stock exceeded the value of the consideration. However, a sale, exchange, or other transfer of the shares of stock made in the ordinary course of business (a transaction which is a *bona fide*, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Taxes on transfer of shares listed and traded at the PSE

Unless an applicable income tax treaty exempts the sale from income and/or percentage tax (please see discussion below on tax treaties), a sale or other disposition of shares of stock through the facilities of the PSE by a resident or a non-resident holder (other than a dealer in securities) is subject to a percentage tax usually referred to as a stock transaction tax at the rate of six-tenths of one percent (6/10 of 1.0%) of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed, which shall be paid by the seller or transferor. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. The stock transaction tax is classified as a percentage tax in lieu of a capital gains tax. Under certain income tax treaties, the exemptions from capital gains tax may not be applicable to stock transaction tax.

In addition, VAT of 12.0% is imposed on the commission earned by the PSE-registered broker, and is generally passed on to the client, the seller or transferor.

The stock transaction tax will not apply if the shares are sold outside the facilities of the PSE, including during a trading suspension. PSE Memorandum CN-No. 2012-0046 dated August 22, 2012 provides that immediately after December 31, 2012, the Philippine SEC shall impose a trading suspension for a period of not more than six (6) months, on shares of a listed company who has not complied with the Rule on Minimum Public Ownership ("**MPO**") which requires listed companies to maintain a minimum percentage of listed securities held by the public at 10.0% of the listed companies issued and outstanding shares at all times. SEC Memorandum Circular No. 13, Series of 2017 (the "**SEC 2017 Circular**"), which took effect on December 5, 2017, requires a higher MPO requirement of 20%. The SEC 2017 Circular covers any company applying for

the registration of its shares of stocks for the purpose of conducting an IPO from December 5, 2017 but does not cover existing publicly-listed companies as they remain subject to the 10% MPO requirement. The sale of such listed company' shares during the trading suspension may be effected only outside the trading system of the PSE and shall therefore be subject to taxes on the sale of shares that are not listed or traded at the stock exchange (generally, these are capital gains tax and documentary stamp tax).

The stock transaction tax will also not apply if the shares sold are issued by a corporation that does not meet the MPO requirement, even if the sale is done through the facilities of the PSE. Revenue Regulations No. 16-2012 ("R.R. 16-12") provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the MPO requirement after December 31, 2012 will be subject to capital gains tax and documentary stamp tax. R.R. 16-12 also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter.

Preferential Rates under the Income Tax Treaties

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

Country	Dividends (%)	Stock transaction tax on sale or disposition effected through the PSE (%) ⁽⁹⁾	Capital Gains Tax Due on Disposition of Shares Outside the PSE
Canada	25 ⁽¹⁾	0.6	May be exempt ⁽¹³⁾
China	15 ⁽²⁾	Exempt ⁽¹⁰⁾	May be exempt ⁽¹³⁾
France	15 ⁽³⁾	Exempt ⁽¹¹⁾	May be exempt ⁽¹³⁾
Germany	15 ⁽⁴⁾	Exempt ⁽¹²⁾	May be exempt ⁽¹³⁾
Japan	15 ⁽⁵⁾	0.6	May be exempt ⁽¹³⁾
Singapore	25 ⁽⁶⁾	0.6	May be exempt ⁽¹³⁾
United Kingdom	25 ⁽⁷⁾	0.6	Exempt ⁽¹⁴⁾
United States	25 ⁽⁸⁾	0.6	May be exempt ⁽¹³⁾

Notes:

- (1) 15% if the recipient company which is a resident of Canada controls at least 10% of the voting power of the company paying the dividends; 25% in all other cases.
- (2) 10% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends; 15% in all other cases.
- (3) 10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends; 15% in all other cases.
- (4) 5% if the recipient company (excluding a partnership) holds directly at least 70% of the capital of the company paying the dividends; 10% if the recipient company (excluding a partnership) holds directly at least 25% of the capital of the company paying the dividends.; 15% in all other cases

- (5) 10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends; 15% in all other cases.
- (6) 15% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15% of the outstanding shares of the voting shares of the paying company were owned by the recipient company; 25% in all other cases.
- (7) 15% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends; 25% in all other cases.
- (8) 20% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation; 25% in other cases. Notwithstanding the rates provided under the Convention between the Government of the Republic of the Philippines and the Government of the United States of America with respect to Taxes on Income, corporations which are residents of the United States may avail of the 15% withholding tax rate under the tax-sparing clause of the Philippine Tax Code provided certain conditions are met.
- (9) If the stock transaction tax is not expressly included in the tax treaty, the income recipient will be subject to stock transaction tax at the rate of 0.6% of the gross selling price as provided under Section 127 of the Tax Code as amended by Section 39 of the TRAIN.
- (10) Article 2(2)(b) of the Agreement between the Government of the Republic of the Philippines and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed on November 18, 1999.
- (11) Article 1 of the Protocol to the Tax Convention between the Government of the Republic of the Philippines and the Government of the French Republic Signed on January 9, 1976 was signed in Paris, France on June 26, 1995.
- (12) Article 2 (3)(a) of Agreement between the Government of the Republic of the Philippines and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxes on Income and Capital signed on September 9, 2013.
- (13) Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.
- (14) Under the income tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.

When availing of capital gains tax exemption on the sale of shares of stock under an income tax treaty, a certification from the BIR on the exemption from capital gains tax pursuant to the tax treaty shall be necessary in order to completely implement the transfer. For sale of shares made outside the PSE, a Certificate Authorizing Registration (“CAR”) from the BIR is required before the transfer is registered in the stock and transfer book. The BIR issues the CAR only after verifying that the applicable taxes have been paid. Thus, in lieu of proof of payment of capital gains tax, the tax treaty relief ruling should be submitted to the BIR office processing the CAR.

The requirements for a tax treaty relief application in respect of capital gains tax or the stock transaction tax on the sale of shares are set out in Revenue Memorandum Order No. 14-2021 (Streamlining the Procedures and Documents for the Availment of Treaty Benefits dated March 31, 2021), as clarified by Revenue Memorandum Circular No. 77-21 (Clarification on Certain Provisions of Revenue Memorandum Order No. 14-21, dated June 15, 2021), BIR Form No. 0901-C, and other BIR issuances. These include a Tax Residency Certificate (TRC) for the relevant period, duly issued by the tax authority of the foreign country in which the income recipient is a resident. Non-resident legal person or arrangements are also required to submit an authenticated copy of their Articles/Memorandum of Incorporation/Association, Trust Agreement, or equivalent document confirming its establishment or incorporation, with an English translation thereof if in foreign language.

In availing tax treaty benefits, the withholding agent may rely on the submitted BIR Form No. 0901 (Application Form for Treaty Purposes), TRC, and the relevant provision of the tax treaty on whether to apply the treaty rates. If the withholding agent applied the treaty rates, he shall file with the BIR ITAD a request for confirmation on the correctness of the withholding tax rates applied on the income. The request for

confirmation shall be filed any time after the payment of withholding tax but not shall not be later than the last day of the fourth (4th) month following the close of each taxable year.

If the regular rates have been imposed on the income, the non-resident shall file a TTRA with ITAD to prove its entitlement to treaty benefits. Failure to prove the same may result in the confirmation of the tax rate previously applied on the income, and in the eventual denial of the TTRA.

If the BIR determines that the withholding tax rate applied is lower than the rate that should have been applied on an item of income pursuant to the treaty, or that the non-resident taxpayer is not entitled to treaty benefits, it will issue a BIR Ruling denying the request for confirmation or TTRA. Consequently, the withholding agent shall pay the deficiency tax plus penalties

On the contrary, if the withholding tax rate applied is proper or higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient's entitlement to treaty benefits. In the latter case, the taxpayer may apply for a refund of excess withholding tax.

With respect to the availment of preferential rates for dividends under an income tax treaty, most tax treaties to which the Philippines is a party provide for a reduced tax rate of 15.0% in cases where the dividend arises in the Philippines and is paid to a resident of the other contracting state. Most income tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the dividend, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant dividend-earning interest is effectively connected with such permanent establishment.

Documentary Stamp Taxes on Shares

The original issue of shares is subject to documentary stamp tax of ₱2.00 on each ₱200.00 par value, or fraction thereof, of the shares issued. On the other hand, the transfer of shares is subject to a documentary stamp tax at a rate of ₱1.50 on each ₱200.00, or fractional part thereof, of the par value of the Shares. The documentary stamp tax is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable either by the vendor or the purchaser of the shares.

However, the sale, barter or exchange of Offer Shares should they be listed and traded through the PSE are exempt from documentary stamp tax.

Estate and Gift Taxes

Shares of stock in a domestic corporation are considered under Philippine law to be situated in the Philippines and any gain derived from their sale is entirely from Philippine sources; hence, such gain is subject to Philippine income tax and the transfer of such shares by gift (donation) or succession is subject to the donors' tax or estate tax.

The transfer of the Offer Shares upon the death of a registered holder to his heirs by way of succession, whether such an individual was a citizen of the Philippines or an alien, regardless of residence, shall be subject to an estate tax which is levied on the net estate of the deceased at a uniform rate of 6.0%. An Investor shall be subject to donor's tax at a uniform rate of 6.0% based on the value of the total gift on the transfer of the Offer Shares by gift in excess of ₱250,000.00 made during a calendar year, regardless of the relation of the donor to the donee.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor. The estate tax and the donor's tax, in respect of the Offer Shares, shall not be collected: (1) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a

transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (2) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

In case the Offer Shares are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Offer Shares exceeded the value of the consideration may be deemed a gift, and donor's taxes may be imposed on the transferor of the Offer Shares, based on Section 100 of the Philippine Tax Code, provided that a transfer of property made in the ordinary course of business (a transaction which is a bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Taxation outside the Philippines

The tax treatment of a non-resident holder in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of its domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations of non-resident holders of shares of stock under laws other than those of the Philippines.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE OFFER SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

Regulatory Framework

The statements herein are based on the laws in force as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the regulatory and environmental considerations that may be relevant to the Company or the offering.

Laws on housing and land projects

Presidential Decree No. 957: The Subdivision and Condominium Buyers' Protective Decree

Presidential Decree No. 957, or the Subdivision and Condominium Buyers' Protective Decree ("PD 957"), as amended, is the principal statute regulating the development and sale of real property as part of a condominium project or subdivision. It was enacted pursuant to the policy of the state to ensure that real estate subdivision owners, developers, operators, and/or sellers provide and properly maintain roads, drainage, sewerage, water systems, lighting systems and other similar basic requirements in order to guarantee the health and safety of home and lot buyers. PD 957 covers condominium and subdivision projects for residential, commercial, industrial and recreational areas as well as open spaces and other community and public areas in the project. The Housing and Land Use Regulatory Board ("HLURB") is the administrative agency of the government which, together with local government units, enforces PD 957 and has jurisdiction over real estate trade and business.

All subdivision and condominium plans for residential, commercial, industrial and other development projects are required to be filed with and approved by the HLURB and the relevant local government unit of the area where the project is situated. Approval of such plans is conditional on, among other things, the developer's financial, technical and administrative capabilities. Before it is approved, the subdivision plan must comply with the Subdivision Standards and Regulations. On the other hand the condominium plan, in addition to complying with the same procedure, must also comply with Presidential Decree No. 1096, or the National Building Code, with respect to the building or buildings included in the condominium project. The owner or developer shall submit the condominium plan in accordance with the requirements of the National Building Code to the building official of the city or municipality where the property lies and the same shall be acted upon subject to the conditions in accordance with the procedure prescribed in Section 4 of Republic Act No. 4726, or the Condominium Act.

Alterations of approved condominium plans affecting significant areas of the project, such as infrastructure and public facilities, also require prior approval of the HLURB and the city or municipal engineer.

The development of subdivision and condominium projects can only commence after the relevant government body has issued the required development permit and the necessary building or construction permits in accordance with the requirements of the city or municipality where the property lies. The issuance of a development permit is dependent on, among other things: (i) compliance with required project standards and technical requirements that may differ depending on the nature of the project; and (ii) issuance of the barangay clearance, the locational clearance, permits issued by the Department of Environment and Natural Resources ("DENR") (such as the Environmental Compliance Certificate ("ECC") or Certificate of Non-Coverage ("CNC")), conversion order or exemption clearance from the Department of Agrarian Reform ("DAR"), permit to drill from the National Water Resources Board, and such other permits and approvals. In cases where the property involved is located in an area already classified as residential, commercial, industrial or other similar development purposes, a DAR conversion order shall no longer be required as a precondition for issuance of certificate of registration and license to sell.

Developers who sell lots or units in a subdivision or a condominium project are required to register the project with and obtain a license to sell from the HLURB. Subdivision or condominium units may only be sold or offered for sale after a license to sell has been issued by the HLURB. Further, to ensure that the owner or developer of a proposed subdivision or condominium project shows firm commitment to proceed with a

project, current HLURB regulations require minimum developments before the issuance of a license to sell: (a) for subdivision projects, proof of land clearing and grubbing, road tracing and entrance gate if included in the brochure or advertisement; and (b) for condominium projects, excavation per approved plan/excavation permit, are required. Developers must also include a statement in their license to sell that buyers of houses and lots, lots, or condominiums shall be given the option to avail of a home financing scheme of their choice.

As a requisite for the issuance of a license to sell by the HLURB, developers are required to file with the HLURB any of the following to guarantee the construction and maintenance of the roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision or condominium project and compliance with the applicable laws, rules and regulations:

1. a surety bond equivalent to 20% of the development cost of the unfinished portion of the approved plan, issued by a duly accredited bonding company (whether private or government), and acceptable to the HLURB;
2. a real estate mortgage executed by the applicant developer as mortgagor in favor of the Republic of the Philippines, as represented by the HLURB, as mortgagee, over property other than that subject of the application, free from any liens and encumbrance and provided that the value of the property, computed on the basis of the zonal valuation of the Bureau of Internal Revenue, shall be at least 20% of the total development cost; or
3. other forms of security equivalent to 10% of the development cost of the unfinished portion of the approved plan which may be in the form of the following:
 - a) a cash bond;
 - b) a fiduciary deposit made with the cashier and/or disbursing officer of the HLURB;
 - c) a certificate of guaranty deposit issued by any bank or financing institution of good standing in favor of the HLURB for the total development cost;
 - d) a letter from any bank of recognized standing certifying that so much has been set aside from the bank account of the developer in favor of the HLURB, which amount may be withdrawn by the HLURB at any time the developer fails or refuses to comply with its duties and obligations under the bond contract; or
 - e) any irrevocable credit line to be utilized in the development of the project from any bank of recognized standing and a refinancing re-structuring program indicating sources of funding from duly accredited funding institutions.

The HLURB is vested with quasi-judicial powers and regulatory functions necessary for the enforcement and implementation of PD 957. Among these regulatory functions are: (i) regulation of the real estate trade and business; (ii) registration of subdivision lots and condominium projects; (iii) issuance of license to sell subdivision lots and condominium units in the registered units; (iv) approval of performance bond and the suspension of license to sell; (v) registration of dealers, brokers and salesman engaged in the business of selling subdivision lots or condominium units; (vi) revocation of registration of dealers, brokers, and salesmen; (vii) approval of mortgage on any subdivision lot or condominium unit made by the owner or developer; (viii) granting of permits for the alteration of plans and the extension of period for completion of subdivision or condominium projects; (ix) approval of the conversion to other purposes of roads and open spaces found within the project which have been donated to the city or municipality concerned; (x) regulation of the relationship between lessors and lessees; and (xi) hear and decide cases on unsound real estate business practices, claims involving refund filed against project owners, developers, dealers, brokers or salesmen, and cases of specific performance.

The HLURB is also authorized, *motu proprio* or upon verified complaint filed by a buyer of a subdivision lot or condominium unit, to revoke the registration of any subdivision project or condominium project and the license to sell any subdivision lot or condominium unit in said project upon showing that the owner or dealer:

- a) is insolvent;
- b) has violated any of the provisions of PD 957, or any applicable rule or regulation of the HLURB, or any undertaking under his/its bond;
- c) has been or is engaged or is about to engage in fraudulent transactions;
- d) has made any misrepresentation in any prospectus, brochure, circular, or other literature about the subdivision project or condominium project that has been distributed to prospective buyers;
- e) is of bad business repute; or
- f) does not conduct his business in accordance with law or sound business principles.

Project permits and licenses to sell may be suspended, cancelled or revoked by the HLURB, by itself or upon a verified complaint from an interested party, for reasons such as involvement in fraudulent transactions, misrepresentation, and/or failure to conduct business in accordance with law or sound business principles. A license or permit to sell may only be suspended, cancelled or revoked after a written notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HLURB's rules of procedure and other applicable laws.

Executive Order No. 71, Series of 1993

Under *Executive Order No. 71, Series of 1993*, cities and municipalities assume the powers of the HLURB over the following:

- a) approval of preliminary as well as final subdivision schemes and development plans of all subdivisions, residential, commercial, industrial, and for other purposes;
- b) approval of preliminary as well as final subdivision schemes and development plans of all economic and socialized housing projects;
- c) evaluation and resolution of opposition against issuance of development permits for any of said projects; and
- d) monitoring the nature and progress of its approved land development projects, to ensure their faithfulness to the approved plans and its specifications.

Republic Act No. 7279: Urban Development and Housing Act of 1992

Republic Act No. 7279, as amended, or the Urban Development and Housing Act of 1992, requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15% of the total subdivision area or total subdivision project cost, and at least five percent (5%) of condominium area or project cost, at the option of the developer, within the same city or municipality, whenever feasible, and in accordance with the standards set by the HLURB and other existing laws. Alternatively, the developer may opt to buy socialized housing bonds issued by various accredited government agencies, enter into joint venture arrangements with other developers engaged in socialized housing development, or undertake the other manners of compliance under HLURB Memorandum Circular No. 9, series of 2018.

Republic Act No. 9646: Real Estate Service Act

Real estate dealers, brokers and salesmen are also required to register with the HLURB before they can sell lots or units in a registered subdivision or condominium project. Furthermore, no person shall practice or offer to practice real estate service in the Philippines, unless he/she has satisfactorily passed the licensure examination given by the Professional Regulatory Board of Real Estate Service. Under Republic Act No. 9646, or the Real Estate Service Act, the real estate service practitioners required to take the licensure examination are:

1. Real estate consultants — duly registered and licensed natural persons who, for a professional fee, compensation or other valuable consideration, offer or render professional advice and judgment on:

- (i) the acquisition, enhancement, preservation, utilization or disposition of lands or improvements thereon; and (ii) the conception, planning, management and development of real estate projects;
2. Real estate appraisers — duly registered and licensed natural persons who, for a professional fee, compensation or other valuable consideration, perform or render, or offer to perform services in estimating and arriving at an opinion of or act as an expert on real estate values, such services of which shall be finally rendered by the preparation of the report in acceptable written form; or
 3. Real estate brokers — duly registered and licensed natural persons who, for a professional fee, commission or other valuable consideration, act as an agent of a party in a real estate transaction to offer, advertise, solicit, list, promote, mediate, negotiate or effect the meeting of the minds on the sale, purchase, exchange, mortgage, lease or joint venture, or other similar transactions on real estate or any interest therein.

Republic Act No. 4726: The Condominium Act

Under the Condominium Act, the owner of a project shall, prior to the conveyance of any condominium therein, register a declaration of restrictions relating to such project, which restrictions shall constitute a lien upon each condominium in the project, and shall insure to and bind all condominium owners in the project. Such liens, unless otherwise provided, may be enforced by any condominium owner in the project or by the management body of such project. The RD shall enter and annotate the declaration of restrictions upon the certificate of title covering the land included within the project.

The declaration of restrictions shall provide for the management of the project by anyone of the following management bodies: a condominium corporation, an association of the condominium owners, a board of governors elected by condominium owners, or a management agent elected by the owners or by the board named in the declaration. It shall also provide for voting majorities *quorums*, notices, meeting date, and other rules governing such body or bodies.

Further, any transfer or conveyance of any unit or an apartment, office or store or other space, shall include the transfer or conveyance of the undivided interests in the common areas, or, in a proper case, the membership or shareholdings in the condominium corporation.

A condominium corporation shall not, during its existence, sell, exchange, lease, or otherwise dispose of the common areas owned or held by it in the condominium project unless authorized by the affirmative vote of a simple majority of the registered owners with prior notification to all registered owners. Further, the condominium corporation may expand or integrate the project with another upon the affirmative vote of a simple majority of the registered owners, subject only to the final approval of the HLURB.

HLURB Memorandum Circular No. 03, Series of 2016

HLURB Memorandum Circular No. 03, Series of 2016, or the 2015 Guidelines on Time Completion (the "Guidelines") provides that projects required by law to be registered with the HLURB such as industrial, commercial and residential subdivisions, residential or commercial condominiums, and similar projects, such as memorial parks, should be completed within one year from the date of the issuance of the license to sell, or any other period fixed by the HLURB ("Time of Completion"). Failure to comply with the Time of Completion will: (1) entitle buyers to exercise their rights under PD 957 and the Civil Code of the Philippines in addition to other rights and remedies under other laws; and (2) subject the owner or developer to administrative fines, sanctions and penalties which may include the suspension of the license to sell and a cease and desist order.

The HLURB shall rely on the work program or program of development submitted during the application for a Certificate of Registration and license to sell in determining the applicable Time of Completion of a project.

Residential subdivision projects are subject to different Times of Completion for the land and the housing components. The Time of Completion for land development, which includes land clearing and grubbing, road construction, installation of power and water distribution system, construction of drainage and sewerage systems, and other developments, will depend on the work program or program of development submitted by the owner or developer. All subdivision amenities and facilities such as clubhouse, playgrounds, sports facilities and other infrastructures included in the approved project plans, brochures, prospectus, printed matters, letters or any forms of advertisement shall be developed and completed within the period for the project's land development. Meanwhile, the completion and delivery of any housing unit purchased shall be explicitly provided in the contract to sell or any purchase agreement, and absent any indication thereof, will not exceed one year from the date of purchase.

For condominium projects, all facilities and amenities included in the approved project plans, brochures, prospectus, printed matters, letters or any forms of advertisement shall be completed in accordance with the work program or program of development of the project. The Time of Completion as stated in the license to sell shall be binding and obligatory upon the owner or developer, but if it provides a shorter period in any form of advertisement, it shall be bound by the shorter period.

The Guidelines also provides that the Time of Completion which shall include the date, time and year shall be indicated in the license to sell of the project, which shall be binding and obligatory on the part of the owner or developer, unless a shorter period of completion or delivery is represented in any form of advertisement. The Time of Completion should be indicated in any advertisement of a project.

As a general rule, the Time of Completion is non-extendible, except in the following instances and upon the posting of a bond or security:

1. Existence of sub-soil conditions discoverable only after actual excavation and would require additional excavation time;
2. Occurrence of a fortuitous event completely independent of the will of the owner or developer, that requires reconstruction or causes delays in the project, and renders its completion within the original approved period impossible in a normal manner;
3. Issuance of a lawful order of a court, other government agency or local government unit that temporarily enjoins the development of the project, unless such issuance is caused by the fault, mistake or negligence of the owner or developer.

If an owner or developer wishes to apply for additional time due to the foregoing grounds, it shall file a sworn application with the Regional Field Office of the HLURB where the project is registered, including a proof of notice to all lot or unit buyers, a revised work program with computation of remaining cost of completion and other requirements, within 60 days from the discovery of the unfavorable sub-soil conditions, the occurrence of the fortuitous event, or from receipt of the order or issuance of a court or government body.

The owner or developer of a project that is not completed on time will be given a Notice of Alleged Reported Violation requiring it to explain under oath why no administrative fine and sanctions and cease and desist order should be imposed against it. Should the owner or developer fail to comply with the order or justify the non-completion of a project, an order imposing administrative fines and sanction shall be issued, and the owner or developer shall be required to submit additional documentations on the project.

Upon review of the submitted documents, a final order shall be issued requiring the completion of the project within such period as may be fixed by the HLURB, and a performance bond shall be secured conditioned on this undertaking. In case of non-completion of the project within the approved Time of Completion, an administrative fine shall be imposed in accordance with the approved Schedule of Fines and other existing HLURB guidelines, the license to sell shall be suspended, and a cease and desist order shall be

issued enjoining the owner or developer from further selling any lot, including any building or improvement thereon, or any unit in a project, from advertising the project, and from collecting amortization payment, until the completion of the project and issuance of a Certificate of Completion.

Republic Act No. 11201: Department of Human Settlements and Urban Development Act

Republic Act No. 11201 or the Department of Human Settlements and Urban Development Act, creates the Department of Human Settlements and Urban Development (the “Department”), through the consolidation of the HLURB and the Housing and Urban Development Coordinating Council (“HUDCC”). It shall act as the primary national government entity responsible for the management of housing, human settlement and urban development. It shall be the sole and main planning and policy-making, regulatory, program coordination, and performance monitoring entity for all housing, human settlement and urban development concerns, primarily focusing on the access to and the affordability of basic human needs.

The Department shall exercise administrative supervision over the following housing agencies, which shall remain to be attached for purposes of policy and program coordination, monitoring and evaluation: (a) National Housing Authority (NHA), (b) National Home Mortgage Finance Corporation (NHMFC), (c) Home Development Mutual Fund (HDMF), and (d) Social Housing Finance Corporation (SHFC).

The HLURB is reconstituted and shall be known as Human Settlements Adjudication Commission (the “Commission”). The adjudicatory functions of the HLURB are transferred to the Commission, and is attached to the Department for policy, planning and program determination only.

On July 19, 2019, the implementing rules and regulations (“IRR”) of R.A. No. 11201 were approved. These describe in more detail the functions of the Department and enumerates the functions of the HLURB that were transferred to it, such as, among others, its regulatory function, including the formulation, promulgation, and enforcement of rules, standards and guidelines over subdivisions, condominiums and similar real estate developments. The IRR also enumerates the oversight and monitoring functions of the Department and its powers and functions in relation to public housing and urban development.

HLURB Resolution No. 985, Series of 2019: 2019 Real Estate Development Monitoring Rules of HLURB

On June 17, 2019 the HLURB released HLURB Resolution No. 985 entitled approving the 2019 Administrative Rules of Procedure in the Monitoring of Real Estate Development Projects and Imposition of Sanctions for Violation of Presidential Decree No. 957 and Other Related Laws and their Implementing Rules and Regulations. This is primarily aimed at ensuring the faithful observance by owners and/or developers of their obligation to fully develop the project on time and in accordance with the approved development plan, contractual stipulations, sales representations, and pertinent conditions imposed in clearances, permits and licenses.

The Regional Officer shall have jurisdiction and power to investigate land use or development projects in real estate transactions and verify reports of alleged violations of the laws, rules and regulations implemented by the HLURB. The Regional Officer may issue Authority to Monitor specific projects, cease-and-desist orders restraining the commission or continuance of acts, impose fines and penalties for violations of law, rules and regulation, cite any person in direct contempt, and issue writs or alias writs of execution to enforce orders and rulings of the Regional Office.

Real estate sales on installments

Republic Act No. 6552: Maceda Law

The provisions of Republic Act No. 6552, or the Maceda Law, apply to all transactions or contracts involving the sale or financing of real estate on installment payments (including residential condominium units but excluding industrial and commercial lots).

Under the provisions of the Maceda Law, where a buyer of real estate has paid at least two years of installments, the buyer is entitled to the following rights in case he/she defaults in the payment of succeeding installments:

1. To pay, without additional interest, the unpaid installments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of installment payments made. However, the buyer may exercise this right only once every five years during the term of the contract and its extensions, if any.
2. If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50% of the total payments made, and in cases where five years of installments have been paid, an additional 5% every year (but with a total not to exceed 90% of the total payments); Provided, that the actual cancellation of the contract shall take place after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

The computation of the total number of installment payments made includes down payments, deposits, or options on the contract.

In the event that the buyer has paid less than two years of installments, the seller shall give the buyer a grace period of not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

Zoning and land use

Republic Act No. 7160: Local Government Code of the Philippines

A city or municipality may, through an ordinance passed by the Sanggunian, after conducting public hearings for the purpose, authorize the reclassification of agricultural lands and provide for the manner of their utilization or disposition in the following cases: (i) when the land ceases to be economically feasible and sound for agriculture or (ii) where the land shall have substantially greater economic value for residential, commercial or industrial purposes, as determined by the Sanggunian concerned; provided that such reclassification shall be limited to the following percentage of total agricultural land area at the time of the passage of the ordinance:

1. For Highly Urbanized and Independent Component Cities, fifteen percent (15%);
2. For Component Cities and First to Third Class Municipalities, ten percent (10%);
3. For Fourth to Sixth Class Municipalities, five percent (5%).

Zoning ordinances may also limit land use. Once enacted, a comprehensive land use plan approved by the relevant local government unit may restrict land use in accordance with such land use plan. Zoning ordinances may also classify lands as commercial, industrial, residential or agricultural. Lands may also be further re-classified based on a local government unit's future projection of needs.

Republic Act No. 6657: Comprehensive Agrarian Reform Law of 1988

Under Republic Act No. 6657, as amended, or the Comprehensive Agrarian Reform Law of 1988, and such other rules and regulations currently in effect in the Philippines, however, land classified for agricultural purposes as of or after June 1, 1988 cannot be converted to non-agricultural use without the prior approval

of the DAR.

Republic Act No. 11231: Agricultural Free Patent Reform Act

This Act removes restrictions on free patents to allow the efficient and effective utilization of these lands. Under this Act, agricultural public lands alienated or disposed in favor of qualified public land applicants under Section 44 of Commonwealth Act No. 141, as amended, shall not be subject to restrictions imposed under Sections 118, 119 and 121 thereof regarding acquisitions, encumbrances, conveyances, transfers, or dispositions. Agricultural free patent shall now be considered as title in fee simple and shall not be subject to any restriction on encumbrance or alienation.

This Act has retroactive effect and any restriction regarding acquisitions, encumbrances, conveyances, transfers, or dispositions imposed on agricultural free patents issued under Section 44 of Commonwealth Act No. 141, as amended, before the effectivity of this Act shall be removed and are hereby immediately lifted.

Property registration and nationality restrictions

Presidential Decree No. 1529: Property Registration Decree

The Philippines has adopted a system of land registration, which evidences land ownership that is binding on all persons. Once registered, title to registered land becomes indefeasible after one year from the date of entry of the decree of registration except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription. Presidential Decree No. 1529, as amended, or the Property Registration Decree, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper surveying, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment to the Court of Appeals and ultimately to the Supreme Court within 15 days from receiving notice of judgment. Upon finality of judgment, the appropriate Register of Deeds ("RD") may issue an Original Certificate of Title ("OCT"). The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR's issuance of a patent. The patent becomes the basis for issuance of the OCT by the RD. All land patents (i.e., homestead, sales and free patents) must be registered with the appropriate RD since the conveyance of the title to the land covered thereby takes effect only upon such registration.

The act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned, and in all cases under the said decree, the registration shall be made in the office of the RD for the province or city where the land lies. Every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument or entry affecting registered land shall, if registered, filed or entered in the office of the RD for the province or city where the land to which it relates lies, be constructive notice to all persons from the time of such registering, filing or entering.

All interests in registered land less than ownership (such as liens created by mortgages and leases) shall be registered by filing with the RD the instrument which creates or transfers or claims such interests and by a brief memorandum thereof made by the RD upon the certificate of title, and signed by him. A similar memorandum shall also be made on the owner's duplicate.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the RD. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment of the sales price. In the event a mortgage over the lot or unit is outstanding at the time of the issuance of the title to the buyer, the owner or developer shall redeem the mortgage or the corresponding portion thereof within six months from such issuance in order that the title over any fully paid lot or unit may be secured and delivered to the buyer. To evidence ownership of condominium units, the RD issues a Condominium Certificate of Title.

Article XII, Section 7 of the Constitution; Commonwealth Act No. 141

Article XII, Section 7 of the Constitution, in relation to Chapter 5 of the Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, pursuant to Republic Act No. 4726 (as amended), with respect to condominium developments, the ownership of condominium units where the common areas in the condominium project are co-owned by the owners of the separate units or owned by a corporation is limited to up to 40% foreign equity.

Environmental laws and safety standards

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate (“ECC”) prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau (“EMB”), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement (“EIS”) to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination (“IEE”) to the proper DENR regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EIS and ECC are mandatory. In determining the scope of the EIS System, two factors are considered: (i) the nature of the project and its potential to cause significant negative environmental impacts, and (ii) the sensitivity or vulnerability of environmental resources in the project area.

The EIS refers to both the document and the study of a project’s environmental impact, including a discussion of the direct and indirect consequences of the project to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, as a minimum, each contains all relevant information regarding the project’s environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a government certification that the proposed project or undertaking will not cause a significant negative environmental impact, that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund (“EGF”) when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The EGF is intended to meet any damages caused by such a project as well as any rehabilitation and restoration

measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund (“EMF”) when an ECC is eventually issued. In any case, the establishment of an EMF must not be later than the initial construction phase of the project. The EMF shall be used to support the activities of a multi-partite monitoring team organized to monitor compliance with the ECC and applicable laws, rules and regulations.

While a development project may not fall under the categories wherein an ECC is required, it is still required to obtain a CNC from the EMB or the DENR Regional Office. The applicant must submit a Project Description to the EMB, which will then evaluate whether or not an ECC is required for the project. If an ECC is not required, then the EMB will issue a CNC to be submitted to the HLURB.

Aside from the EIS and IEE, engineering, geological and geo-hazard assessments are also required for ECC applications covering subdivisions, housing and other land development and infrastructure projects.

All development projects, installations and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay Region are also required to obtain a discharge permit from the Laguna Lake Development Authority.

All buildings or structures as well as accessory facilities thereto shall conform in all respects to the principles of safe construction under the National Building Code. Every applicant for a building permit under the National Building Code is likewise required to secure a Height Clearance Permit from the Civil Aviation Authority of the Philippines.

Real property taxation

Republic Act No. 7160: Local Government Code of the Philippines

Real property taxes are payable annually or quarterly based on the property’s assessed value. Assessed values are determined by applying the assessment levels (fixed by ordinances of the concerned Sanggunian) against the fair market values of real property. Under Republic Act No. 7160, as amended, or the Local Government Code of the Philippines, the assessed value of property and improvements varies depending on the location, use and nature of the property. Land is ordinarily assessed at 20% to 50% of its fair market value; buildings may be assessed up to 80% of their fair market values; and machinery may be assessed at 40% to 80% of its fair market value. Real property taxes may not exceed 2% of the assessed value in municipalities and cities within Metro Manila and 1% in provinces. A province or city, or a municipality within Metro Manila may also levy and collect an annual tax of one percent (1%) on the assessed value of real property which shall be in addition to the basic real property tax to accrue exclusively to the Special Education Fund of the local government unit where the property is located. Failure to pay the real property tax will result in the payment of interest at the rate of two percent (2%) per month on the unpaid amount or a fraction thereof, until the delinquent tax shall have been fully paid; provided, however, that in no case shall the total interest on the unpaid tax or portion thereof exceed thirty-six (36) months.

Construction license

A regular contractor’s license is required to be obtained from the Philippine Contractors Accreditation Board (“PCAB”). In applying for and granting such license, the PCAB takes into consideration the applicant-contractor’s qualifications and compliance with certain minimum requirements in the following criteria: (i) financial capacity, (ii) equipment capacity, (iii) experience of the firm, and (iv) experience of technical personnel. Philippine laws also require a contractor to secure construction permits and environmental clearances from appropriate government agencies prior to actually undertaking each project.

ASEAN Green Bonds

SEC Memorandum Circular No. 12-18: Guidelines on the Issuance of Green Bonds under the ASEAN Green Bonds Standards in the Philippines

The issuance of ASEAN Green Bonds is subject to the requirements under the ASEAN Green Bonds Standards, as enumerated and incorporated in the *Guidelines on the Issuance of Green Bonds under the ASEAN Green Bonds Standards in the Philippines* issued by SEC in its Memorandum Circular No. 12-18 on August 31, 2018. These requirements shall be in addition to the applicable requirements under Sections 8 and 12 of the SRC, unless an exemption is available under Section 9 or 10 of the SRC.

ASEAN Green Bonds are bonds which comply with ASEAN Green Bonds Standards, the proceeds of which will be exclusively applied to finance or refinance, in part or in full, new and/or existing Green Projects. To be eligible to issue ASEAN Green Bonds, the issuer must be a member of the ASEAN. However, a non-member of the ASEAN can also issue ASEAN Green Bonds as long as the Eligible Green Projects it funds are located in any ASEAN member country. Eligible Green Projects are those that provide clear environmental benefits and address one or more key areas of environmental concern, except fossil fuel power generation.

The guidelines stipulate that the use of proceeds from ASEAN Green Bonds must be described in the documentation for issuance of the ASEAN Green Bonds. The issuer must also disclose information on the following: i) the categories of eligible Green Projects to which the ASEAN Green Bonds proceeds will be allocated; ii) information on specific Green Projects in cases where the Issuer has identified the specific Green Projects to which the ASEAN Green Bonds proceeds will be allocated; iii) the process for project evaluation and selection; iv) the process of managing the net proceeds from the ASEAN Green Bonds; and v) the intended types of temporary placement for the balance of unallocated proceeds.

It also recommends that the issuer's process of project evaluation and selection and its management of proceeds from the ASEAN Green Bonds be supported by external review or audit. Issuers of ASEAN Green Bonds must also continuously report to investors on the use of proceeds from the ASEAN Green Bonds and on material developments in a) the list of the projects to which the ASEAN Green Bonds proceeds have been allocated; b) brief description of the projects; and c) the amounts allocated and their expected impact. These reports must be done at least annually and are recommended to be confirmed by external review.

Issuers of ASEAN Green Bonds must make the external review reports on their project evaluation and selection process and auditor or third party reports on their management of proceeds publicly available on a website designated by the Issuer.

The Philippine Stock Market

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company.

Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Philippine government resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. The PSE previously maintained two trading floors, one in Makati City and the other in Pasig City, which were linked by an automated trading system that integrated all bid and ask quotations from the bourses. In February 2018, the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City. The PSE Tower houses the PSE corporate offices and a single, unified trading floor.

In June 1998, the Philippine SEC granted the Self-Regulatory Organization status to the PSE, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, the PSE completed its demutualization, converting from a non-stock member- governed institution into a stock corporation in compliance with the requirements of the SRC. The PSE had an authorized capital stock of ₱120 million, of which 61.2 million shares were subscribed and fully paid-up as of June 30, 2018. Each of the 184 member-brokers was granted 50,000 common shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a “Trading Participant Certificate” was immediately conferred on each member broker allowing the use of the PSE’s trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President of the PSE.

On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE’s Main Board or the Small, Medium and Emerging Board. Recently, the PSE issued Rules on Exchange Traded Funds (“ETF”) which provides for the listing of ETFs on an ETF Board separate from the PSE’s existing boards.

The PSE has a benchmark index, referred to as the PSEi, which reflects the price movements of the 30 largest and most active stocks at the PSE. The PSEi is a free float market capitalization-weighted index.

With the increasing calls for good corporate governance and the need to consistently provide full, fair, accurate and timely information, the PSE adopted a new online disclosure system to support the provision of material information coming from listed companies and enhance access to such reports by the investing public. In December 2013, the PSE Electronic Disclosure Generation Technology (EDGe), a new disclosure system co-developed with the Korea Exchange, went live. The EDGe system provided a dedicated portal for listed company disclosures and also offered a free-to download mobile application for easy access by investors.

In June 2015, the PSE shifted to a new trading system, the PSEtrade XTS, which utilizes NASDAQ's X-stream Technology. The PSEtrade XTS, which replaced the NSC trading platform provided by NYSE Euronext Technologies SAS, is equipped to handle large trading volumes. It is also capable of supporting the future requirements of the PSE should more products and services be introduced.

In November 2016, PSE received regulatory approvals to introduce new products in the stock market – the Dollar Denominated Securities and the Listing of PPP Companies.

In June 2018, the PSE received approval from the Philippine SEC to introduce short selling in the equities market.

The PSE launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of 10 guidelines embodying principles of good business practice and based on internationally recognized corporate governance codes and best practices

The table below sets out movements in the composite index as of the last business day of each calendar year from 2008 to 2020, and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	PSEi Level Closing	Number of Listed Companies	Aggregate Capitalization (in ₱ billions)	Market Combined Value of Turnover (in ₱ billions)
2008	1,872.85	246	4,072.16	763.90
2009	3,052.68	248	6,032.22	994.15
2010	4,201.14	253	8,866.11	1,207.38
2011	4,371.96	253	8,696.96	1,422.59
2012	5,812.73	254	10,930.09	1,771.71
2013	5,889.83	257	11,931.29	2,546.18
2014	7,230.57	263	14,251.72	2,130.12
2015	6,952.08	265	13,465.57	2,151.41
2016	6,840.64	265	14,438.77	1,929.50
2017	8,558.42	267	17,583.12	1,958.36
2018	7,466.02	267	16,146.69	1,736.82
2019	7,815.26	270	16,705.35	1,776.15
2020	7,139.71	274	15,888.92	1,770.90

Source: PSE

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Equities trading on the PSE starts at 9:30 a.m. and ends at 12:00 p.m. for the morning session, and resumes at 1:30 p.m. and ends at 3:30 p.m. for the afternoon session. Trading days are Monday to Friday, except legal and special holidays and days when the BSP clearing house is closed.

Minimum trading lots range from 5 to 1,000,000 shares depending on the price range and nature of the security traded. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, whenever an order will result in a breach of the trading threshold of a security within a trading day, the trading of that security will be frozen. Orders cannot be posted, modified or cancelled for a security that is frozen. In cases where an order has been partially matched, only the portion of the order that will

result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- In case the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50.0% of the previous day's reference or closing price, or the last adjusted closing price); otherwise, such order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60.0% All orders breaching the 60.0% static threshold will be rejected by the PSE.
- In case the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (i.e., 20.0% for security cluster A and newly-listed securities, 15.0% for security cluster B and 10.0% for security cluster C); otherwise, such order will be rejected by the PSE.

Non-Resident Transactions

When the purchase/sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

The SCCP is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on January 17, 2002. It is responsible for:

- synchronizing the settlement of funds and the transfer of securities through Delivery versus Payment clearing and settlement of transactions of Clearing Members, who are also Trading Participants of the PSE;
- guaranteeing the settlement of trades in the event of a Trading Participant's default through the implementation of its Fails Management System and administration of the Clearing and Trade Guaranty Fund; and
- performance of Risk Management and Monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three days after transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book entry system of the PDTC. Each PSE Trading Participant maintains a Cash Settlement Account with one of the nine existing Settlement Banks of SCCP which are BDO Unibank, Inc., Rizal Commercial Banking Corporation, Metropolitan Bank & Trust Company, Deutsche Bank, Union Bank of the Philippines, The Hongkong and Shanghai Banking Corporation Limited, Maybank Philippines, Inc., Asia United Bank, and China Banking Corporation. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its Central Clearing and Central Settlement ("CCCS") system on May 29, 2006. CCCS employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member.

Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

Scripless Trading

In 1995, the PDTC (formerly the Philippine Central Depository, Inc.), was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the Philippine SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares in favor of the PCD Nominee Corporation ("**PCD Nominee**"), a corporation wholly-owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares lodged in the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of the PCD Nominee through the PDTC participant will be recorded in the issuing corporation's registry. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the Philippine SEC. No consideration is paid for the transfer of legal title to the PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (*e.g.* brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant-custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP Central Clearing and Central Settlement system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and

send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of the PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD Nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "*de facto*" custodianship role.

Amended Rule on Lodgment of Securities

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the Philippine SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the Revised Listing Rules.

For listing applications, the amended rule on lodgment of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering;
- The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the Philippine SEC in the case of a listing by way of introduction;
- New securities to be offered and applied for listing by an existing listed company; and
- Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

- For a new company to be listed at the PSE as of July 1, 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on the listing date.
- On the other hand, for an existing listed company, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCD Nominee jumbo certificates and upon such advice the PDTC shall surrender all PCD Nominee jumbo certificates to the transfer agent for cancellation. The transfer agent shall issue a Registry Confirmation Advice to PDTC evidencing the total number of shares registered in the name of PCD Nominee in the listed company's registry as of confirmation date.

Further, the PSE apprised all listed companies and market participants on May 21, 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgement of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the PSE.

Issuance of Stock Certificates for Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are on the account of the uplifting shareholder.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

Amended Rule on Minimum Public Ownership

Under the PSE Amended Rule on Minimum Public Ownership, listed companies are required, at all times, to maintain a minimum percentage of listed securities held by the public of 10.0% of the listed companies' total issued and outstanding shares (*i.e.*, exclusive of treasury shares), or at such percentage that may be prescribed by the PSE. For purposes of determining compliance with the MPO, shares held by the following are generally considered "held by the public": (i) individuals (for as long as the shares held are not of a significant size (*i.e.*, less than 10.0%) and are non-strategic in nature; (ii) trading participants (for as long as the shares held are non-strategic in nature); (iii) investment and mutual funds; (iv) pension funds; (v) PCD nominees if this account constitutes a number of shareholders, none of which has significant holdings (provided that if an owner of shares under the PCD Nominee has a shareholding that is 10% or more of the total issued and outstanding shares, then this shareholder is considered a principal stockholder); and (vi) social security funds.

Listed companies which become non-compliant with the MPO on or after January 1, 2013 will be suspended from trading for a period of not more than six (6) months and will automatically be delisted if it remains non-compliant with the MPO after the lapse of the suspension period. Suspended or delisted shares will not be traded on the exchange. In addition, sale of shares of listed companies that do not maintain the MPO are not considered publicly listed for taxation purposes and should, therefore, be subjected to capital gains tax and documentary stamp tax.

In accordance with the SEC Memorandum Circular No. 13 Series of 2017 issued on December 1, 2017, the MPO requirement on IPOs was increased from 10% to 20%. On August 3, 2020, the PSE issued Memorandum Circular No. 2020-0076 re: *Guidelines on Minimum Public Ownership Requirement for Initial and Backdoor Listings*, which requires a company applying for an initial listing through an initial public offering ("IPO") to have a minimum public offer size of 20% to 33% of its outstanding capital stock post-IPO based on the amount of its market capitalization, in accordance with the following table:

Market Capitalization	Public Offer
Not exceeding P500M	33% or P50M, whichever is higher
Over P500M to P1B	25% or P100M, whichever is higher
Over P1B	20% or P250M, whichever is higher

After the initial listing, companies are required to maintain a public ownership level of at least 20% at all times. A company applying for listing by way of introduction or by doing a back listing is required to have at least 20% public float upon and after listing.

For companies that completed IPOs prior to the effectivity of the foregoing SEC issuance, the PSE Amended Rule on Minimum Public Ownership applies, which requires that listed companies shall, at all times, maintain a minimum percentage of listed securities held by the public of 10.0% of the listed companies' issued and outstanding shares, exclusive of any treasury shares, or as such percentage that may be prescribed by the PSE. As of date, the SEC is looking at increasing the MPO requirement of existing listed companies to 25.0%, such proposed rules on MPO is yet to be issued by SEC for comments by the public.

Appendix

Consolidated Audited Financial Statements for December 31, 2020, 2019 and 2018

Consolidated Unaudited Interim Financial Statements for June 30, 2021