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PRELIMINARY PROSPECTUS



ARTHALAND CORPORATION

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

Shelf Registration in the Philippines of 30,000,000 Non-Voting Preferred Shares

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

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

This Prospectus is dated April 24, 2019

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 shelf registration and continuous offer by way of sale in the Philippines of 30,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable Peso-denominated Preferred Shares (the "Shelf Registration", and such shares the "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 registration statement filed by the Company covering the Shelf Registration was rendered effective by the SEC in its order and certificate of permit to offer securities for sale for the ₱2.0 Billion initial tranche of the Preferred Shares (the "Initial Tranche") issued on November 22, 2016.

The Preferred Shares shall be sold and issued in tranches within a period of three (3) years (the "Shelf Period") from [November 22, 2016]. Each Preferred Share has a par value of ₱1.00. The specific terms of the Preferred Shares with respect to each issue tranche thereof shall be determined by ALCO taking into account prevailing market conditions and shall be provided at the time of the relevant offering.

For each offer of the Preferred Shares, an Offer Supplement will be issued by ALCO along with this Prospectus. The relevant Offer Supplement will contain the final terms for a particular offer of the Preferred Shares subject of the offer and must be read in conjunction with this Prospectus and the other related documents. Full information on ALCO and such offer of the Preferred Shares is only available on the basis of the combination of this Prospectus, the relevant Offer Supplement and the other related documents. All information contained in this Prospectus are deemed incorporated by reference in the relevant Offer Supplement.

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

Pursuant to its amended Articles of Incorporation approved by the SEC on 22 September 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, a total of 5,318,095,199 common shares have been subscribed and fully paid-up, and a total of 12,500,000 preferred shares have been subscribed (the "Series A Preferred Shares") and fully paid up. A total of 20,000,000 cumulative, nonvoting, non-participating, non-convertible, redeemable, Peso-denominated Preferred Shares (the "Series B Preferred Shares") which are have likewise been subscribed and fully paid up. Any additional Preferred Shares will be issued from the unissued preferred shares of ALCO.

On 13 September 2016, ALCO filed an application with the SEC to register the Preferred Shares under the provisions of the SRC of the Philippines (Republic Act No. 8799). The SEC has issued an order rendering the Registration Statement effective, and has issued a corresponding permit to offer securities for sale covering the Initial Tranche, and any subsequent offering under the relevant rules requires the submission by ALCO of the relevant updates and amendments to the Registration Statement and the issuance of the corresponding permit to sell by the SEC. As a listed company, ALCO regularly disseminates such updates and information in its disclosures to the SEC and the Philippine Stock Exchange ("PSE").

An application to list the relevant tranche of the Preferred Shares shall be filed with the PSE as indicated in the relevant Offer Supplement. An approval for listing is permissive only and does not constitute a recommendation or endorsement of the Preferred Shares by the PSE. The PSE assumes no responsibility for the correctness of any statements made or opinions expressed in this Prospectus. The PSE makes no representation as to its completeness and expressly disclaims any liability whatsoever for any loss arising from reliance on the entire or any part of the Prospectus.

ALCO reserves the right to withdraw any offer and sale of the Preferred Shares at any time, and the underwriter/s (the "Underwriter/s") for any particular offer of the Preferred Shares reserve the right to reject any application to purchase the Preferred Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Preferred Shares sought by such purchaser. If an offer of the Preferred Shares is withdrawn or discontinued, ALCO shall subsequently notify the SEC and, as applicable, the PSE. The Underwriters, any participating underwriter, co-manager and selling agent for any particular offer of the Preferred Shares may acquire for their own account a portion of the Preferred Shares.

The Company owns land as identified in the section on "Description of Property" on page 73. In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60.0% of whose capital is owned by such citizens. Accordingly, ownership of shares by foreign nationals in the Company shall be subject to the applicable foreign equity ownership limitation.

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

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

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

The Company and the Underwriter/s have exercised due diligence in ascertaining that all material representations contained in this prospectus, their amendments and supplements are true and correct and that no material information was omitted which was necessary in order to make the statements contained in said documents not misleading.

Unless otherwise indicated, all information in the Prospectus is as of the date hereof. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date. Market data and certain industry forecasts used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, the Company does not make any representation, undertaking or other assurance as to the accuracy or completeness of such information or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to the Offer. Any reliance placed on any projections or forecasts is a matter of commercial judgment. Certain agreements are referred to in this Prospectus in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

This Prospectus is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Underwriters or their respective affiliates or legal advisers that any recipient of this Prospectus should purchase the Preferred Shares. Each person contemplating an investment in the 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 Preferred Shares. A person contemplating an investment in the 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 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 Preferred Shares, see the section on "Risks Factors" starting on page 29.

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

[Signature page follows.]

ARTHALAND CORPORATION

By:

JAIME C. GONZALEZ

President

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

Doc No.

Page No.

Book No.

Series of 2019.

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Forward-looking Statements

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

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

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

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

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

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

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

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

Definition of Terms

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

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

GFA	Gross Floor Area
IFRS	International Financial Reporting Standards
KMC	KMC MAG Group, Inc. (Savills)
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
NSA	Net Saleable Area
Offer Price	₱100.0 per Preferred Share
PAS	Philippine Accounting Standards
PDTC	Philippine Depository and Trust Corporation
Pesos, ₱, Php and Philippine Currency	The legal currency of the Republic of the Philippines
PGBC	Philippine Green Building Council
Philippines	The Republic of the Philippines
PSE	Philippine Stock Exchange
Record Date	In relation to declaration of cash dividends, the record date shall be not less than 15 Business Days but not more than 20 Business Days from the date of the declaration of the BOD
Registry of Shareholders	Electronic register of shareholders of the outstanding 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
Preferred Shareholders	Shareholders of the outstanding Preferred Shares
sqm	Square meters
SOM	Skidmore, Owings & Merrill LLP

SRC	: The Securities Regulation Code of the Philippines (Republic Act No. 8799)
Stock Transfer Agent	: BDO Unibank, Inc. – Trust and Investments Group, a duly authorized stock and transfer agent organized and existing under the laws of the Philippines
Subscription, or Subscription Agreement	: The agreement by which the Applicant agreed to purchase a certain number of the Preferred Shares which will be issued upon the SEC's approval of the Application for Amendment
Trading Day	: A day when the PSE is open for business
UPHI	: Urban Property Holdings, Inc.
ZLDC	: Zileya Land Development Corporation

Executive Summary

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

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

BRIEF BACKGROUND OF THE COMPANY

ARTHALAND CORPORATION is a world-class boutique real estate developer of enduring, sustainable and future-ready properties, recognized internationally as the best residential and commercial green developments in the Philippines and in Asia. ALCO has built its mark in the Philippine real estate market by giving its commitment to sustainability and innovation, and by developing and managing properties that adhere to the global and national standards in green buildings.

ALCO was incorporated on 10 August 1994¹ 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 transaction concerning all kinds of real property, including but not limited to the acquisition, construction, utilization and disposition, sale, lease, exchange or any mode of transfer of residential, industrial or commercial property.

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

The year 2011 marked the entry of CPG Holdings, Inc. ("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 31 December 2018, CPG and AOCH1 are the largest shareholders of ALCO with 40.29%² and 26.02%, respectively of ALCO's total issued and outstanding common shares. Both the Company's common shares and Series B Preferred Shares are traded on the PSE with the trading symbol ALCO and ALCPB, respectively.

ALCO's developments are registered or are set to be registered under 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.

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

² Including 125,000,000 indirectly owned shares

ALCO'S BUSINESS AND SUMMARY OF KEY PROJECTS

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

Project Name	GFA (in sqm)	NLA/NSA (in sqm)	Location	Development Type	Year of Completion
Arya	76,284	67,876	BGC, Taguig City	Residential	Tower I - 2013 Tower II - 2016
ArthaLand Century Pacific Tower	34,295	32,016	BGC, Taguig City	Office	2018
Cebu Exchange	108,564	89,018	Salinas Drive, Cebu City	Office	2021
Sevina Park	138,804	109,245	Biñan, Laguna	Mixed use	In phases from 2022 onward
Makati CBD Residential Project	32,288	25,185	Makati CBD	Residential	2024
Savya Financial Center	59,763	49,220	Arca South, Taguig City	Office	North Tower - 2021 South Tower - 2022

Arya

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

ArthaLand Century Pacific Tower

Designed by SOM, the same group behind One World Trade Center in New York City and Burj Khalifa in Dubai, ACPT is one of the first AAA-grade office in BGC. It is located along the prime 5th Avenue within BGC's E-Square, opposite The Shangrila at the Fort and proximate to the Philippine Stock Exchange. ACPT addresses the strong demand for office space in BGC with its 34,295 sqm of GFA and 32,016 sqm of NLA. ALCO commenced the development of ACPT in 2014 and it was completed in 2018. Around 90% of ACPT's NLA has been leased out while lease contracts covering approximately 10% of the NLA are currently being finalized.

Cebu Exchange

ALCO is currently developing Cebu Exchange, a 39-storey office building with retail establishments, poised to be one of Cebu's largest and tallest office developments and will cater to Cebu's booming office space market. It is being built on an 8,440 sqm property located along Salinas Drive directly across the Cebu IT Park in Cebu City, and it will have a total NSA of almost 90,000 sqm. ALCO expects Cebu Exchange to receive green building certifications from both the LEED and PGBC BERDE programs. Phase 1 of Cebu Exchange, covering areas from the basement to the 15th level, was topped off on the 30th of April 2019. Percentage of completion of Cebu Exchange as of the date of this Prospectus is at 31.83%. As of year-end 2018, ALCO has executed about Php4.0 billion in reservation sales contracts covering about 40% of the total office NSA for Cebu Exchange.

Sevina Park

In September 2016, ALCO, through its 100% owned subsidiary, Cazneau acquired eight hectares of land adjacent to the De La Salle Science and Technology Complex in Laguna. Sevina Park is conceptualized to be a masterplanned mixed-use community that will feature a mix of residential low- and mid- rise buildings, student and faculty housing, commercial office buildings as well as retail and supplemental amenities which ALCO expects to fully develop in phases from 2022 onward, in step with the growth of new and existing schools in the area namely: the De La Salle Science and Technology Complex in Canlubang, the University of Santo Tomas, Saint Scholastica's College, Miriam College Nuvali and Xavier School Nuvali.

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

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

ALCO appointed Sasaki of Boston as masterplanner for the project, and expects to launch the succeeding phase of the project within 2019.

Makati CBD Residential Project

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

Savya Financial Center

In 2017, ALCO, together with its 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.

Cebu Residential Project

ALCO is in discussions with the owner of a prime property located inside the foremost business district of Cebu City to jointly develop the property into the first premier, dual certified, sustainable residential condominium in Cebu City. The property is in excess of 2,000 sqm and is expected to be developed into approximately 27,000 sqm of GFA and approximately 21,000 sqm of NSA.

Makati Residential Project 2

ALCO is in discussions for the acquisition of a prime property located inside the Makati Central Business District. ALCO intends to develop the property into a high-end residential condominium. The property is approximately 1,800 sqm and is expected to be developed into approximately 29,000 sqm of GFA and approximately 22,500 sqm of NSA.

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

COMPETITIVE STRENGTHS

ALCO believes that its competitive strengths include:

- Strong brand equity resulting from a clear differentiation in value and sustainability and proven track record from recently completed projects
- Strong, hands-on and committed shareholders
- Highly professional and entrepreneurial management team with extensive experience
- Purposeful development strategy that is supportive to the Company's plans
- Strong financial management
- Conducive macroeconomic environment

(For a more detailed discussion, see "Competitive Strengths" on page 49.)

BUSINESS STRATEGIES

The Company's business strategies include the following:

- Over-all growth strategy
- Diversification
- Providing a superior value proposition by maintaining high quality of projects
- Matching of Fixed Costs with recurring income

(For a more detailed discussion, see "ALCO's Business Strategy" starting on page 51.)

RISKS OF INVESTING

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

- Risks relating to the business (including specific risks related to land and real estate development businesses)
- Risks relating to the Philippines
- Risks relating to the Preferred Shares
- Risks relating to the presentation of information in this Prospectus.

(For a more detailed discussion, see "Risk Factors" on page 28)

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) 403-6910.

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

USE OF PROCEEDS

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

OFFER SUPPLEMENT

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

The Offer Supplement shall contain the following information:

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

PLAN OF DISTRIBUTION

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

Summary of Financial Information

Prospective purchasers of the Preferred Shares should read the summary financial data below together with the consolidated financial statements, including the notes thereto, included in this Prospectus and "Management's Discussion and Analysis of Results of Operations and Financial Condition". The summary financial data for the three years ended December 31, 2016, 2017 and 2018 are derived from the audited consolidated financial statements of ALCO, including the notes thereto, which are found as Appendix "A" of this Prospectus.

The summary financial and operating information of ALCO presented below as of and for the years ended 31 December 2016, 2017 and 2018 were derived from the consolidated financial statements of ALCO, audited by Reyes Tacandong & Co. and prepared in compliance with the Philippine Financial Reporting Standards ("PFRS"). The information below should be read in conjunction with the consolidated financial statements of ALCO and the related notes thereto, which are included in Appendices "A" 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,

	2016	2017	2018
	Audited		
	(in ₺ millions except per share figures)		
Consolidated Statements of Income			
Revenue from Real Estate Sales	451	464	1,132
Cost of Real Estate Sold	(396)	(333)	(619)
Gross Income	55	131	513
Operating Expenses	(362)	(322)	(398)
Income from Operations	(307)	(191)	115
Gain on Change in Fair Value of Properties	1,418	428	173
Finance Costs	(80)	(81)	(74)
Other Income	147	67	339
Income before Income Tax	1,178	223	553
Income Tax Expense	(355)	(85)	(166)
Net income	823	138	387
Other Comprehensive Income (Loss)			
Not to be reclassified to profit or loss			
Remeasurement gain (loss) on retirement liability	3	6	15
Income tax benefit (expense) relating to item that will not be reclassified	(1)	(2)	(5)
	2	4	10
Total Comprehensive Income	825	142	397
Net income attributable to:			
Equity holders of ArthaLand Corporation	840	192	333
Non-controlling interests	(18)	(53)	55
	822	139	388
Total comprehensive income attributable to:			
Equity holders of ArthaLand Corporation	842	196	344
Non-controlling interests	(18)	(53)	55
	824	143	399
Earnings Per Share	0.1514	0.0096	0.04

	As of the years ended December 31,		
	2016	2017	2018
	Audited		
	(in ₦ millions except per share figures or where otherwise indicated)		
Consolidated Statements of Financial Position			
Assets			
Cash and cash equivalents	991	722	327
Financial assets at fair value through profit or loss	2050	388	155
Trade and other receivables	301	186	743
Real estate for sale	1,722	2,647	3,413
Investment properties	4,534	6,457	5,901
Property and equipment	20	40	237
Net deferred tax assets	258	314	276
Contract Assets			785
Other assets	185	493	499
Total assets	10,061	11,247	12,336
Liabilities and Equity			
Liabilities			
Loans payable	3,111	4,269	4,170
Accounts payable and other liabilities	1,149	1,111	2,063
Retirement liability	47	51	66
Net deferred tax liabilities	645	753	779
Total Liabilities	4,952	6,184	7,078
Equity			
Capital stock	990	990	990
Additional paid-in capital	2,031	2,031	2,031
Retained earnings	2,098	2,085	2,214
Cumulative remeasurement gains (losses) on retirement liability- net of tax	3	7	18
Parent Company's preferred shares held by a subsidiary	(13)	(13)	(13)
	5,110	5,100	5,240
Non-controlling interests	0	(37)	18
Total Equity	5,109	5,063	5,258
Total Liabilities and Equity	10,061	11,247	12,336

For the years ended December 31,

	2016	2017	2018
	Audited		
	(in £ millions except per share figures)		
Cash Flow Data			
Net cash provided by (used in)			
Operating activities	436	(1,466)	(1,729)
Investing activities	(2,342)	250	(262)
Financing activities	2,291	947	1,590
Effect of Consolidation of ArcoSouth	(0)	(0)	5
Effect of exchange rates changes in cash and cash equivalents	(1)	(0)	1
Net increase/(decrease) in cash and cash equivalents	386	(269)	(395)
Cash and cash equivalents at beginning of year	605	991	722
Cash and cash equivalents at end of period	991	722	327

Capitalization

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

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 subscribed capital stock of the Company is ₱957,257,135.82 consisting of 5,318,095,199 Common Shares, ₱12,500,000 consisting of 12,500,000 Series A Preferred Shares, and ₱20,000,000.00 consisting of 20,000,000 Series B Preferred Shares equivalent to ₱989,757,135.82 in total subscribed capital stock. Total paid-up capital, inclusive of additional paid-in capital is ₱3,021,198,676.82.

Terms of the Offer

A discussion containing the "*Terms of the Offer*" shall be set out in the relevant Offer Supplement. However, any such discussion should be read together with, and is qualified in its entirety by reference to, the additional information appearing elsewhere in this Prospectus, the Offer Supplement, including, but not limited to, the discussion on the "Description of the Securities", the Articles of Incorporation and By-Laws of the Company (each as amended to date), the Deed Poll, the Application to Purchase and applicable laws and regulations. This discussion may not contain all of the information that prospective investors should consider before deciding to invest in the Preferred Shares. Accordingly, any decision by a prospective investor to invest in the Preferred Shares should be based on a consideration of this Prospectus, the Offer Supplement, the Application to Purchase, the Articles of Incorporation and By-Laws of the Company (each as amended to date), the Deed Poll (as applicable), and applicable laws and regulations as a whole.

Description of the Securities

Set forth below is information relating to the Preferred Shares. This description does not purport to be a complete listing of all the features, rights, obligations, or privileges of the 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 30 August 2016 and 7 September 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 13 September 2016, the Company filed an application with the SEC for the approval of the foregoing amendment, which was approved by the SEC on 22 September 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 subscribed capital stock of the Company is ₱957,257,135.82 consisting of 5,318,095,199 Common Shares, ₱12,500,000 consisting of 12,500,000 Series A Preferred Shares, and ₱20,000,000.00 consisting of 20,000,000 Series B Preferred Shares equivalent to ₱989,757,135.82 in total subscribed capital stock. Total paid-up capital, inclusive of additional paid-in capital is ₱3,021,198,676.82.

A. COMMON SHARES

Voting Rights

Each Common Share is entitled to one vote at all stockholders' meetings for each Common Share standing in his 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 he thinks fit.

Fundamental Matters Requiring Stockholder Approval

Corporate power and competence are lodged primarily with the BOD. However, the 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 and the delegation to the BOD of the power to amend, repeal or adopt new the By-Laws;
- 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, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the corporate property;
- Merger or consolidation of the Company with another corporation or corporations;
- Investment of corporate funds in any other corporation, business or for a purpose other than the primary purpose for which the Company was organized;
- Dissolving the Company;
- Declaration or 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 vote of such director was not necessary for the approval of the contract, (ii) the presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum; or (iii) the is fair and reasonable under the circumstances;
- Entering into a management contract where (a) a majority of directors of the managing corporation constitutes the majority of the board of the managed company or (b) stockholders of both the managing and managed corporations represent the same interest and own or control more than one third of the outstanding capital stock entitled to vote;
- Removal of directors;
- Ratification of an act of disloyalty by a director; 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

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.

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

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

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

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

Right to Dividends of Common Shares

Dividends shall be declared from the unrestricted retained earnings of the Company, including stock dividends from paid-in surplus, 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 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 business days but not more than twenty 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 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 Preferred Shares, see the discussion on Regulatory Regulations covering restrictions on foreign ownership in page 127 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 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 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 directors, including two independent directors, to serve for one 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 15 business days prior to the date of the meeting or published in a newspaper of general circulation at least once and at least fifteen (15) business days prior to the date of the meeting.

Special Meetings of Stockholders

Special meetings of the stockholders may be called by the 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 40 business days from receipt by the Corporate Secretary of such written demand by the stockholders. In all other cases, written notice stating the date, time, place and purpose of the meeting shall be sent to each registered stockholder through personal service, fax or ordinary mail at least fifteen (15) business days prior to the date of the special meeting, or published in a newspaper of general circulation at least once and at least fifteen (15) business days prior to the date of the meeting.

Place of Meetings

All meetings of the stockholders shall be held at the principal office of the Company or at such places within Metro Manila as the 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 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 22 September 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 7 September 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	<p>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.</p> <p>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.</p>
Optional Redemption	Applicable only if the Series B Preferred Shares and all other preferred shares ranking pari passu with Series B Preferred Shares (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 shall have features, rights and privileges as set out in the relevant Deed Poll dated 21 November 2016, and the Certificate of Filing of Enabling Resolution approved by the SEC on 22 November 2016.

The Series C Preferred Shares

Please refer to the discussion under “Description of the Series C Preferred Shares” in the Offer Supplement dated 24 April 2019 for the terms and conditions covering the Series C 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

No assurance of successful implementation of business plans and strategies

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

Real estate developments are subject to risks such as delays in obtaining financing, finalizing project plans, obtaining approvals, increases in construction costs, natural calamities and market downturns. ALCO's future financial performance may be significantly affected by factors that limit its ability to finance and complete its current and future projects in a timely and cost-effective manner and to market them successfully. There

is no guarantee that ALCO's future projects, will, similar to Arya, be successfully completed and sold as planned. There is likewise no guarantee that the take up for its new developments will remain robust.

However, the Company continues to capitalize on the extensive experience of its management team composed of highly experienced industry veterans from various real estate developers with more than 200 years of cumulative management experience in the Philippines and abroad to transform its plans into reality through a deep understanding of its market as well as the careful formation of its strategies. ALCO also banks on the success of Arya and ACPT, as proof of its track record and capability to deliver quality projects on schedule and within budget.

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

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

The Company's business is inherently volatile

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

With the completion of ACPT, however, ALCO expects its recurring leasing revenues from ACPT to cover its fixed overhead costs, and mitigate the volatility that ALCO's business is exposed to on a continuous basis. ALCO also takes specific measures to enable it to launch and complete its projects at the right time to address volatility in revenues and earnings.

Ability to obtain financing at favorable terms and interest rates

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

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

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

While these risks are inherently uncontrollable, the Company practices what it considers prudent financial management, such as opting for fixed interest rates for the duration of its term loans, matching financing tenors to the project's cash flows and limiting borrowing to peso denominated loans, to minimize any risks from the factors mention above. In addition, the Company structures the capitalization for each of its projects such that debt to equity ratios are maintained at conservative levels, cash flows from each of the

projects are not commingled with other projects and that reliance on collections from pre-selling is kept at a low percentage of total revenues from each project.

Possibility of a rapid increase of interest rates

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

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

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

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

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

However, the Company has already secured the required land bank for its current line up of projects including those targeted for launch within the next 12 months and is actively negotiating to acquire 2 more properties for its pipeline projects which are targeted for launch within the next 24 months. The Company remains constantly on the lookout for opportunities to acquire properties that will match its developmental plans.

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

Significant competition in the real estate industry

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

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

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

While the Philippines has adopted a system of land registration which is intended to conclusively confirm land ownership, and which is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land which has already been registered and over which a title has been issued. The Company's subsidiary, UPHI, is a party to cases involving quieting of title and expropriation involving a small portion of its property in Tagaytay City. Litigation may result in delays or suspension of project developments. (For a more detailed discussion, see "Legal Proceedings" on page 76.)

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

Environmental laws could adversely affect the Company's business

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

(For a more detailed discussion, see "Regulatory Framework" on page 126.)

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

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

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

Cyclicalities of Property Development

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

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

The BPO industry, organized under the IT-Business Process Association of the Philippines (IBPAP), comprises primarily of contact centers, back office operations and medical transcription, among others. The BPO industry has experienced phenomenal growth since the mid-2000. In 2008-2009, however, demand for BPO office space dropped as a result of the global recession which led to a glut in office space and a reduction in

rental rates. The industry saw a recovery in 2010 as BPO offices resumed their expansion plans which brought an upward adjustment in rental rates. The fast-paced growth of this industry in the past five years as well as its prospects for the next five to ten years in Metro Manila and other emerging cities across the Philippines have become the major drivers of growth in the office sector of the property industry. The absorption rate of newly built office buildings in major central business districts and key cities remain high because of the requirements of these BPO companies.

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

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

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

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

IFRS 15, Revenue from Contracts with Customers was issued in September 2015 by International Accounting Standards Board and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Retrospective application is required for annual periods beginning on or after 1 January 2018, however, IFRS 15 is currently not yet adopted by the Financial Reporting Standards Council and the SEC as of prospectus date.

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

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, including dividends on the Preferred Shares 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. Such covenants may likewise prevent the Company from declaring dividends on the Preferred Shares. ALCO's failure to comply with these covenants would cause a default, which, if not waived, could result in the debts becoming immediately due and payable.

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

No assurance that all the insurance policies will be renewed

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

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

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

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

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

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

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

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

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

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

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

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

Risks Relating to the Philippines

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks relating to the Preferred Shares

Preferred Shares may not be suitable investment for all investors

Each potential investor in the Preferred Shares must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- Have sufficient knowledge and experience to make a meaningful evaluation of the 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 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 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 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 Preferred Shares may not be paid or may pay less than full dividends, under the terms and conditions governing the Preferred Shares. Holders of the 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 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 well laid out business plans.

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.

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 the relevant Offer Supplement. 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 would 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 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 Preferred Shares will be listed on its target listing date as indicated in the relevant Offer Supplement.

The 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 of time or sell them for an amount less than the Offer Price.

Volatility of the Preferred Shares

The market price of the Preferred Shares could be affected by various factors, including:

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

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

Use of Proceeds

The use of proceeds for each tranche of the Offer shall be set out in the relevant Offer Supplement. For details on the use of proceeds for the first tranche of the Offer, please refer to page 31 of the Offer Supplement dated 18 November 2016. For the second tranche of the Offer, please refer to page [●] of the Offer Supplement dated [●].

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

Except for the underwriting fees, issue management fees and expenses related to the Offer, no amount of the proceeds will be utilized to pay any outstanding financial obligations to the Underwriters.

In the event of any material deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC, PSE and the holders of the Preferred Shares in writing at least 30 days before such deviation, adjustment or reallocation is implemented. Any material or substantial adjustments in the use of proceeds, as indicated above, should be approved by the BOD and disclosed to the PSE. In addition, the Company shall submit via EDGE, the following disclosures 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 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 the proceeds on or before 31 January of the following year. The annual summary report should be certified by the Company's Chief Financial Officer or Treasurer and external auditor; and
- (iv) Approval by the BOD 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 must be disclosed by the Company at least 30 days prior to the said actual disbursement or implementation.

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

Dilution

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

Plan of Distribution

ALCO plans to issue the Preferred Shares to institutional and retail investors in the Philippines through a public offering to be conducted through the Underwriters. The Offer does not include an international offering.

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

The Company

OVERVIEW

ARTHALAND CORPORATION is a world-class boutique real estate developer of enduring, sustainable, and future-ready properties recognized internationally as the best residential and green developments in the Philippines and in Asia. ALCO is building its mark in the Philippine real estate market by its unwavering commitment to sustainability and innovation, and by developing and managing properties that adhere to the global and national standards in green buildings.

ALCO was incorporated on 10 August 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 transaction concerning all kinds of real property, including but not limited to the acquisition, construction, utilization and disposition, sale, lease, exchange or any mode of transfer of residential, industrial or commercial property.

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

The year 2011 marked the entry of CPG Holdings, Inc. ("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 31 December 2018, CPG and AOCH1 are the largest shareholders of ALCO with 40.29%⁵ and 26.02%, respectively of ALCO's total issued and outstanding common shares. Both the Company's common shares and Series B Preferred Shares are traded in the PSE with the trading symbol ALCO and ALCPB respectively.

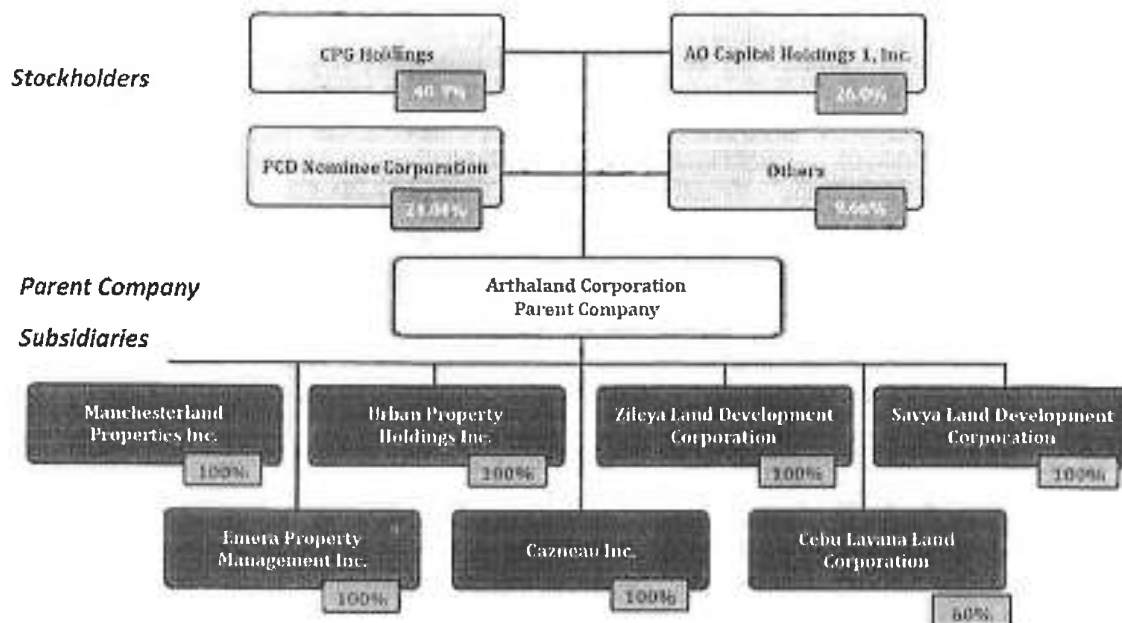
ALCO's developments are registered or are set to be registered under U.S. Green Building Council's LEED program, a globally recognized green building rating system that warrants comprehensive, inclusive and calibrated measures in ensuring sustainability and environmentally sound practices.

All of the revenues and net income of ALCO for the years 2016, 2017, and 2018 were contributed by the revenues and net income from (i) the sale of units in Arya and Cebu Exchange and (ii) lease income from ACPT, retail units of Arya Plaza in Arya and Courtyard Hall in Sevina Park, the student dormitory component inside Sevina Park. ALCO expects to continue to generate lease revenues from the retail units of Arya Plaza, office units in ACPT and student dormitories of Courtyard Hall moving forward. In addition to the lease revenues, ALCO expects sales revenues from Cebu Exchange and Savya Financial Center in 2019. ALCO's other projects, Sevina Park, Makati Residential Project, Cebu Residential Project and Makati Residential Project 2 are expected to contribute to ALCO's revenues from 2020 onward.

CORPORATE STRUCTURE

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 Including 125,000,000 indirectly owned shares



Subsidiaries and Joint Ventures

- i. **Cazneau Inc.** was incorporated on 31 July 2008 principally to engage in the realty development business, including, but not limited to, the acquisition, construction, utilization and disposition, sale, lease, exchange or any mode of transfer of residential, industrial or commercial property. ALCO has 100% ownership interest in this company. On 8 September 2016, Cazneau executed a deed of absolute sale for the acquisition of an 8.1- hectare property in Biñan, Laguna for ALCO's *Biñan Laguna Project* 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 Php1,00,000.00.
- ii. **Cebu Lavana Land Corp.** was incorporated on 11 September 2015 to principally engage in the realty development business. It is the vehicle ALCO used to acquire two parcels of adjacent land in Cebu City, Philippines with a total area of 8,440 sqm.

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

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

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

- iii. **Emera Property Management, Inc.** was incorporated on 31 July 2008. It was originally established to engage in the realty development business but it now serves as the property management arm of ALCO for Arya, ACPT and all its succeeding development projects to ensure the maintenance of high quality

standards therein. Presently, it has seventeen 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 Php210,200.00, respectively.

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

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 10 February 2017 principally to engage in the realty development business. It is the vehicle ALCO used to acquire Lots 9 and 10 in Arca South located in Barangay West Bicutan, Taguig City. In October 2018, SLDC applied with the SEC 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.

Currently, SLDC 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.

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

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

- vii. **Zileya Land Development Corporation** was incorporated on 28 December 2015 with the primary purpose of engaging in the realty development business. ZLDC is the investment vehicle which ALCO used to acquire about 47.4% of the property which will be the site for the *Makati Residential Project* as discussed in more detail under the section *Projects*. ALCO has 100% ownership interest in this company. Currently, ZLDC has an authorized capital stock of Php200,000,000.00. Its total subscribed capital and paid up capital are Php50,000,000.0 and Php12,500,000.00 respectively.

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

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

ARTHALAND CORPORATION AND SUBSIDIARIES
SUMMARY OF REVENUE AND NET INCOME
For the Years ended December 31, 2016 - 2018

<i>In Php millions</i>		REVENUE (Audited)					
Company	2016		2017		2018		
	Amount	%	Amount	%	Amount	%	
Arthaland Corporation	410	90%	443	96%	371	30%	
Manchesterland Properties, Inc.	42	9%	14	3%	8	1%	
Emera Property Management Inc.	4	1%	7	1%	10	1%	
Cazneau Inc.	-	0%	-	0%	3	0%	
Urban Property Holdings, Inc.	-	0%	-	0%	-	0%	
Cebu Lavana Land Corp.	-	0%	-	0%	845	68%	
Zileya Land Corporation	-	0%	0	0%	1	0%	
Savya Land Development Corporation	-	0%	-	0%	-	0%	
Total before consolidation	456	100%	464	100%	1,237	100%	
Consolidation Entries	-5		0		-105		
Consolidated Revenues	451		464		1,132		

<i>In Php millions</i>		NET INCOME (Audited)					
Company	2016		2017		2018		
	Amount	%	Amount	%	Amount	%	
Arthaland Corporation	463	53%	30	16%	63	15%	
Manchesterland Properties, Inc.	429	49%	219	122%	56	14%	
Emera Property Management Inc.	-1	0%	0	0%	2	0%	
Cazneau Inc.	-1	0%	-1	0%	102	25%	
Urban Property Holdings, Inc.	23	3%	44	25%	76	19%	
Cebu Lavana Land Corp.	-36	-4%	-107	-59%	110	27%	
Zileya Land Corporation	0	0%	-3	-1%	0	0%	
Savya Land Development Corporation	-	0%	-3	-1%	-1	0%	
Total before consolidation	876	100%	180	100%	408	100%	
Consolidation Entries	-54		-42		-19		
Consolidated Revenues	822		138		389		

CORPORATE HISTORY

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

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

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

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

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

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

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

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

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

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

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

On 28 January 2008, EIBR stockholders amended anew the Articles of Incorporation and approved the increase of the authorized capital stock by ₱2.70 Billion or 15.0 Billion common shares, *i.e.* from ₱246,257,135.82 divided 1,368,095,199 common shares at a par value of ₱0.18 per share to ₱2,946,257,135.82 divided into 16,368,095,199 common shares also at a par value of ₱0.18 per share.

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

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

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

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

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

ARTHALAND'S COMPETITIVE STRENGTHS

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

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

To date, Arya is the Philippines' first and only residential condominium to achieve dual green building certification. It is registered under the U.S. Green Building Council's ("USGBC") LEED program with a gold certification, as well as being the benchmark vertical residential development for the Philippine Green Building Council's (PGBC) Building for Ecologically Responsive Design Excellence ("BERDE"). ACPT, on the other hand, has achieved LEED Platinum and BERDE 5-Star Certification, the highest standards in both U.S. and Philippine green building standards.

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

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

Strong, Hands-On and Committed Shareholders

ALCO's largest shareholders, CPG and AOCH1 represent groups that have substantial financial resources and track record. Aside from the approximately ₱1.0 billion in equity investment provided by ALCO's shareholders, CPG also provided a non-interest bearing loan to ALCO for ₱1.6 billion for the development of ACPT. Both CPG and AOCH1 are well represented in ALCO's management team that deliberates on day to day decisions and executes its plans. *Please refer to Projects- ACPT and Related Party Transactions 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 more than 300 years of cumulative management experience in

the Philippines and abroad. From its management team specializing in sales, development, design and engineering, ALCO draws a deep understanding of its customers and adapts best practices of established high-end real estate developers to execute its plans.

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

ALCO also engages best-in-class partners such as construction companies, architecture 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 SOM. The same group designed some of the world's most iconic buildings such as the Burj Khalifa, the tallest man-made structure ever built, and One World Trade Center in New York City.

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

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

ALCO's land bank is uniquely positioned in both prime and upcoming locations around the Philippines thereby allowing it to both realize values from buoyant prices in the central business districts of Bonifacio Global City (Arya and ACPT), Makati CBD (Makati CBD Residential Project), Arca South (Savya Financial Center) and Cebu (Cebu Exchange), while allowing it to develop its land bank in emerging communities such as Biñan (Sevina Park), Tagaytay, and Calamba.

Strong Financial Management

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

Conducive Macroeconomic Environment

The Philippine economy continues to remain supportive of the real estate market. GDP Growth remains robust at 6.2% for the full year 2018, as driven by sustained overseas remittances as well as the growing BPO sector which is expected to reach US\$ [55] Billion in 2020.

ALCO'S BUSINESS STRATEGY

Over-all Growth Strategy

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

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

Of the target 506,000 sqm of developed GFA, ALCO's on-going projects and projects scheduled for launch in 2019, including Cebu Exchange, Savva Financial Center and Sevina Park already account for 78% of the incremental GFA that ALCO expects to support its growth target. The property acquisition stage is likewise completed for ALCO's Makati CBD Residential Project which is expected to contribute another 8% to the incremental GFA target. Thus, ALCO has already secured the location and is mobilizing its resources for a substantial portion of its growth target. ALCO is in the process of constructing or securing the land for the balance 14% of the target incremental GFA and will make the relevant disclosures 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 2019 to 2024. Given recent trends in the industry, ALCO has identified opportunities in the office sub-sector following the continuous strong demand for office space in key locations. In the residential sub-sector, ALCO has identified pockets of the market segments that promise significant potential.

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

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

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

Providing a Superior Value Proposition by Maintaining High Quality of Projects

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

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

Thoughtful Planning and Space Management

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

Quality Assurance

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

Safety and Security

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

Operating Efficiency

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

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

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

Enabling Technology

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

Healthy Living and Working Experience

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

Matching of Fixed Costs with Recurring Income

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

PROJECTS

Arya



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

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



Seeing the strong demand for office space particularly in BGC, ALCO commenced the development of ACPT in 2014 and was completed in 2018. To date, ACPT's NLA is 90% leased out with the remaining 10% undergoing lease negotiations.

The construction of ACPT was partially funded by a non-interest bearing loan from Centrobless Corporation (an investment vehicle of CPG). In accordance with the terms of the loan agreement, Centrobless Corporation chose to be repaid through the dacion of office units in ACPT representing approximately 31% of ACPT's net leasable area. As a result, ALCO has 20,976 sqm of net leasable space in ACPT which it will keep to generate recurring lease revenues.

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

ACPT was designed by SOM New York, the same group that penned One World Trade Center and Burj Khalifa in Dubai. Similar to Arya, it is on target to achieve dual platinum building certification from the USGBC LEED and PhilGBC BERDE programs. ACPT is recognized by the Philippines Property Awards as the Best Green Development in the Philippines for 2016 and is cited to have the Best Office Architectural Design.

Cebu Exchange

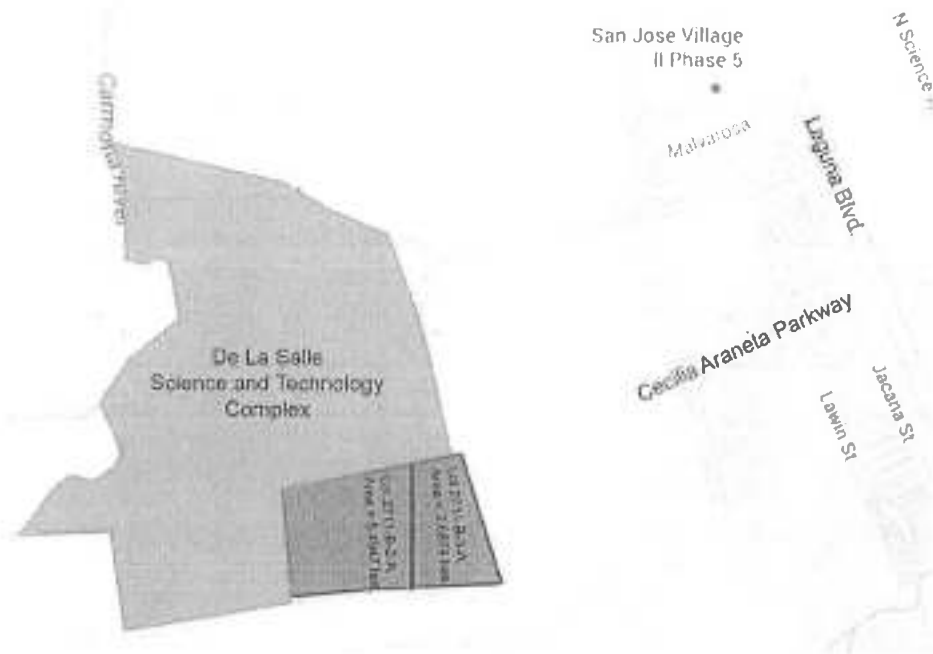


Cebu Exchange is currently being built on an 8,440 sqm property located along Salinas Drive across the Cebu IT Park in Cebu City. It will be a 39-storey office building with retail establishments at the ground level and lower floors, one of the largest and tallest office developments in Cebu with total NLA or NSA of almost 90,000 sqm. ALCO's design for Cebu Exchange gives it the flexibility to serve the wide office space market in Cebu: (i) The Cebu Exchange will have a lower office zone of three levels which will have floorplates of around 5,400 sqm, which is targeted to cater to larger BPOs that may benefit from consolidating their operations; (ii) The project will have a middle zone of nineteen levels with floorplates of approximately 3,000 sqm, which will cater to conventional offices and BPOs; and (iii) a high zone of eight levels with floorplates of approximately 100 to 300 sqm, which is intended to cater to start up businesses.

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. Arch Capital was co-founded by Ayala Land and Ayala Corporation. Arch Capital's major shareholders are Richard Yue (50%), the Rohatyn Group, (40%), and Ayala Land (8%).

As with Arya and ACPT, ALCO expects the Cebu Exchange to receive green building certification from both the USGBC LEED and PhilGBC BERDE programs.

Sevina Park



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

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

ALCO has started operations of a 340 bed student dormitory which was constructed on approximately 4,000 sqm within its eight-hectare property in Bifan City, Laguna adjacent to the De La Salle University Science and Technology campus. Soon to be launched also in the same master planned community will be a 108-unit low density residential development to cater to families with children from schools in the nearby areas and executives from the industrial estates.

Makati CBD Residential Project

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

Savya Financial Center



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

In October 2018, SLDC, the Company's investment vehicle for the project, applied for the approval of its merger with Arcosouth Development Corporation ("Arcosouth") with SLDC as the surviving entity. Arcosouth is currently the registered owner for approximately 2,000 sqm of the 6,000 sqm property. The merger is intended to implement the joint development by SLDC and Arcosouth of the 6,000 sqm property as agreed between SLDC and Arcosouth. As of the date of the Prospectus, SEC has not yet approved the merger between SLDC and Arcosouth.

Cebu Residential Project

ALCO is in discussions with the owner of a prime property located inside the foremost business district of Cebu City to jointly develop the property into the first premier, dual certified, sustainable residential condominium in Cebu City. The property is in excess of 2,000 sqm and is expected to be developed into approximately 27,000 sqm of GFA and approximately 21,000 sqm of NSA.

Makati Residential Project 2

ALCO is in discussions for the acquisition of a prime property located inside the Makati Central Business District. ALCO intends to develop the property into a high-end residential condominium. The property is approximately 1,800 sqm and is expected to be developed into approximately 29,000 sqm of GFA and approximately 22,500 sqm of NSA.

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

MATERIAL AGREEMENTS

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

1. Project Management Contracts

Project Management Agreement between ALCO and CLLC

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

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

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

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

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

2. Partnership Agreements

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. The merger, when approved, will consolidate 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. The property will be the site where the two towers of Savva Financial Center will be constructed.

In January 2019, ALCO finalized the Terms of Reference with the principal shareholders of Arcosouth containing the key principles of the parties' 50-50 sharing in the returns from the development of North and South Tower of the Savva Financial Center.

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

3. Loan Agreements

Omnibus Loan and Security Agreement between CLLC and Philippine National Bank

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

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

CLLC has made several drawdowns from this facility totaling Php 1,378,219,000 to date.

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

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

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

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

SLDC has since made the following drawdowns from this facility: Php 640,000,000 on 29 August 2018, and Php 50,000,000 on 09 November 2018.

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 shall convey, by way of pledge, 500,000 common shares; and Arch SPV shall convey, by way of pledge, 214,349 common shares and 118,982 preferred shares. The pledged shares may not be alienated by either ALCO or Arch SPV without the prior written consent of PNB, and such alienation shall be subject to the terms and conditions of these respective contracts.

Short Term Loan Facilities

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

4. Construction Contracts

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

5. Property Acquisition

Acquisition of approximately 4,000 sqm in Area South

In April 2017, SLDC acquired approximately 4,000 sqm of land located in lots 9 and 10 of block 10 inside Arca South, Taguig City for approximately Php1.05 billion. The site will be the location of the Savva Financial Center.

Acquisition of 47.4% of 2,018 sqm property in Makati

From December 2017 to Q1 2019, the Company, through its wholly owned subsidiary, ZLDC, acquired various condominium units in a condominium property which currently stands on a 2,018 sqm property located in Antonio Arnaiz Avenue, Legazpi Village, Makati City. Of the total 48 condominium units covering a total net saleable area in the condominium of 5,322 sqm, ALCO has acquired condominium units equivalent to 47.4% of the total net saleable area of the condominium. The property will be the site of the Company's Makati CBD Residential Project.

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 eleven sales managers, eleven deputy sales managers and twenty-five sales associates on a contractual basis. These sales managers and sales associates coordinate and deal with commission-based sales professionals who sell to ALCO's customers. The structure applies to both individual and corporate sales.

COMPETITION

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

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

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

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

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

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

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
DDT Konstract, Inc.	General contractor for Cebu Exchange
Datem Construction, Inc.	General contractor for Arya
Megawide Construction Corporation	General contractor for ACPT
Sasaki and Associates	Masterplanner for Sevina Park
SOM	Architecture Services
GF and Partners	Architecture Services
Rchitects, Inc.	Architecture Services
Arcadis NV	Quantity Surveyor for Arya, ACPT and Cebu Exchange
Quantity Solutions, Inc.	Quantity Surveyor for SLDC
Metri Quantity Surveyors	Quantity Surveyor for Sevina Park
Danilo C. Mancita, Inc.	Construction Manager

DEPENDENCE ON CERTAIN CUSTOMERS

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

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

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

Please refer to the page 118 for a discussion on Certain Relationships and Related Transactions for a more comprehensive discussion of transactions with related parties.

PATENTS, TRADEMARKS AND COPYRIGHTS

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

NEED FOR GOVERNMENT APPROVAL FOR PRINCIPAL PRODUCTS OR SERVICES

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

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

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

In accordance with the PSE requirements, Atty. Dickson B. Berberabe of Berberabe Santos and Quinones Law Firm has issued an opinion dated September 7, 2016 indicating that all permits by the Company and its Subsidiaries', the details of which are summarized below, are valid and subsisting.

CORPORATE PERMITS

ArthaLand Corporation

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

8. Certificate of Employer's Registration	Social Security System (SSS)	SSS Employer No. 03-9211531-5-000	23-Aug-16	N/A
9. Certificate of Employer's Registration	PhilHealth	PhilHealth Employer No. 001000014010	23-Aug-16	N/A
10. Unified Registration Record	SEC, BIR, Pag-IBIG, PhilHealth	SEC Registration No. CS201518355 TIN 009-129-450-000 Pag-IBIG Employer Number (Employer ID) 205669160009 Philhealth Employer Number (PEN) 001000041180 SSS Employer Number (ER No.) 0395044218	N/A	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	18-Jan-19	31-Dec-19
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 005480, s. 2019	16-Jan-19	N/A

Urban Property Holdings, Inc.

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

Cazneau, Inc.

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

Manchesterland Properties, Inc.

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

Emera Property Management, Inc.

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

Zileya Land Development Corporation

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

Cebu Lavana Land Corp.

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

3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 005485, s. 2016	16-Jan-19	N/A
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Savya Land Development Corporation

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1. Certificate of Registration- BIR Forms 2302	Bureau of Internal Revenue (BIR)	OCN 9RC0000882334E TIN 009-559-200-000	27-Feb-17	N/A
2. Business Permit	City of Taguig	LCN-11-023117	19-Jan-19	31-Dec-19
3. Barangay Business Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 005484, s. 2016	16-Jan-19	N/A

PROJECT PERMITS

Arthaland Century Pacific Tower

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

Arya

	Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
1.	Certificate of Registration	Housing and Land Use Regulatory Board ("HLURB")	No. 22290	26-Apr-10	N/A
2.	Zoning Certification	HLURB	N/A	28-Aug-09	N/A
3.	License to Sell (Sale of units in Tower 1)	HLURB	No. 23693	13-Oct-10	N/A
4.	License to Sell (Sale of units in Tower 2)	HLURB	No. 25103	25-Nov-11	N/A
5.	Certificates of Occupancy (Towers 1 and 2)	DPWH, Office of the Building Official, Taguig City	Nos. 15-2015-0438 and 15-2014-0142	06-Mar-2014 and 20-Aug-15	N/A
6.	Zoning Certification	HLURB	N/A	28-Aug-09	N/A
7.	Environmental Compliance Certificate	DENR-EMB	ECC Ref. Code ECC-NCR-0907-0645	13-Oct-11	N/A
8.	Fire Safety Evaluation Clearance	Taguig City Fire Department	Tower 1: R16-20231 Tower 2: R16-191699	Tower 1: 10-July-12 Tower 2: 7-July-15	N/A
9.	Certificate of Installation of Earthquake Recording Instrumentation	Office of the Building Official, City of Taguig	N/A	21-Sept-16	N/A
10.	Certificate of Occupancy (Towers 1 and 2)	Office of the Building Official, City of Taguig	No. 15-2014-0142 and 15-2015-0438	6-Mar-14 and 20-Aug-15	N/A
11.	Barangay Clearance	Barangay Fort Bonifacio, City of Taguig	Serial No. 005480	16-Jan-19	N/A
12.	Permit to Operate Air Pollution Source Installation	DENR - EMB	POA No. 14-POA-J-137607-237	16-Mar-2015	31-Oct-19

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

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	FSFC 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	HLURB	License to Sell No. 034553	11-Feb-19	N/A

Sevina Park

	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 (Application Nos. 319-0679, 319-0680, and 319-0681)	N/A (Applications filed 28-Mar-19)	N/A
2.	Certificate of Registration	HLURB	N/A	N/A	N/A
3.	Permit/License to Sell	HLURB	N/A	N/A	N/A
4.	Environmental Compliance Certificate	DENR - EMB	N/A	N/A	N/A

Courtyard Hall (Sevina Park Phase 1)

Name of Permit	Issuing Agency	License/ Permit No.	Issue Date	Expiry Date
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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 December 2018, ALCO has a total of 98 personnel, 43 of whom are in management and 55 are non-managers. As of the same period, ALCO also engaged 58 sales agents.

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

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

Description of Property

ALCO is the registered owner of the 2,233-sqm property along 5th Avenue corner 30th Street 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 39-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.

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 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.

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)

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 lower of their acquisition cost and appraisal values for each reporting period consistent with the Company's accounting policies in reporting Real Estate Assets for Sale.

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 ₱132.4 million in 2018, ₱23.0 million in 2017, and ₱8.1 million in 2016. Lease receivables amounted to ₱30.4 million as at 31 December 2018. Advance rent from tenants amounted to ₱53.3 million and ₱10.8 million as at 31 December 2018 and 2017, respectively. Security deposits, which may be applied to unsettled balances or refunded at the end of the lease term, amounted to ₱70.3 million and ₱17.0 million in 2018 and 2017, respectively.

OPERATING LEASE COMMITMENTS—GROUP AS LESSEE

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

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

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

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

Legal Proceedings

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

Termination of Trust Account

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

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

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

Quieting of Title

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

Expropriation

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

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

Claim for Refund

- a. A buyer offered to purchase a unit in Arya, paid the reservation fee and signed the Reservation Agreement, which reads, in part, that should the buyer "fail to pay any of the amounts due xxx, the Seller shall have the sole option to (i) cancel the sale and forfeit in its favor all payments made xxx." A total of P950,000.00 was paid in a span of less than one (1) year and the buyer defaulted in the rest of the obligations. The sale was, therefore, cancelled accordingly. The buyer demanded a refund of all payments made by filing a complaint before the Housing and Land Use Regulatory Board (HLURB) on May 2017, as well attorney's and appearance fees.

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

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

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

Both parties having submitted their respective Position Papers, the complaint is now submitted for decision.

Labor

- a. In an Order dated on 03 July 2017, the Department of Labor and Employment (DOLE) found ALCO non-compliant with certain labor standards per Rules 1020, 1030, 1040, 1050 and 1065. Records, however, show that ALCO is in fact compliant. A Memorandum of Appeal was filed in October 2017 because serious errors in the finding of facts were committed by DOLE which, if not corrected, would cause grave or irreparable damage or injury to ALCO. Among the reliefs sought are the recall of the Order for Compliance and a finding that ALCO is fully compliant with labor laws and occupational health and safety standards. As of the date of this Report, there is no resolution to the Appeal.
- b. In an Order dated 29 November 2017, the DOLE found that ALCO did not comply and failed to effect corrective actions on noted deficiencies per Rules 1050, 1060 and 1065 within the period prescribed by the Labor Laws Compliance Officer. A Memorandum of Appeal was filed in February 2018 seeking, among others, the recall of the Order for Compliance and a finding that ALCO is fully compliant. ALCO did institute corrective measures and in fact completed the noted deficiencies prior to the issuance of the Order for Compliance. As of the date of this Report, there is no resolution to the Appeal.

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

Please also see "Directors and Executive Officers & Key Persons - Involvement in Certain Legal Proceedings" on page 94 of this Prospectus for additional discussions on these proceedings involving certain directors and an officer of the Company.

Ownership and Capitalization

SHARE CAPITAL

As of 31 December 2018, 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 and 20,000,000 of the Series B Preferred Shares are issued and outstanding.

Top 20 Stockholders

Common Shares (as of 31 December 2018)

Rank	Name	No. of Ordinary Shares	%
1	CPG HOLDINGS INC	2,142,619,910	40.29
2	AO CAPITAL HOLDINGS 1, INC.	1,383,730,000	26.02
3	PCD NOMINEE CORPORATION (FILIPINO)	1,151,331,682	21.65 ⁹
4	EDIMAX INVESTMENT LIMITED	296,460,000	5.58
5	ELITE HOLDINGS, INC.	119,809,996	2.25
6	PCD NOMINEE CORPORATION (NON-FILIPINO)	91,428,268	1.72
7	TINA KENG	25,000,000	0.47
8	EQL PROPERTIES, INC.	14,671,125	0.28
9	URBAN BANK TRUST DEPARTMENT A/C NO. 625	4,838,488	0.09
10	RBL FISHING CORPORATION	4,350,000	0.08
11	VERONICA D. REYES	3,799,272	0.07
12	VERONICA D. REYES &/OR CECILIA D. REYES	2,654,061	0.05
13	THEODORE G. HUANG &/OR CORAZON B. HUANG	2,501,250	0.05
14	ANITO TAN &/OR LITA TAN	2,027,049	0.04
15	LOURDES D. DIZON	1,740,000	0.03
16	KWAN YAN DEE &/OR CHRISTINA DEE	1,631,250	0.03
17	DANTE GARCIA SANTOS	1,631,250	0.03
18	LUCIANO H. TAN	1,505,950	0.03
19	SAMUEL UY	1,087,500	0.02
20	DATAKOM SYSTEMS CORP.	1,004,394	0.02
		5,253,821,445	98.79
	Others	64,273,754	1.21
	Total Outstanding	5,318,095,199	100.00

Series A Preferred Shares (As of 31 December 2018)

Rank	Name	No. of Preferred Shares	% ¹⁰
1	Manchesterland Properties, Inc.	12,500,000	100.00%

⁹ Excluding 125,000,000 shares indirectly owned by CPG Holdings

¹⁰ 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 31 December 2018)

Rank	Name	No. of Ordinary Shares	%
1	PCD NOMINEE CORP. (FILIPINO)	19,612,310	98.06
2	PCD NOMINEE CORP. (NON-FILIPINO)	148,590	0.74
3	DOMINIC G. HING	114,000	0.57
4	ANTONIO T. CHUA	35,100	0.18
	CHIONG PING G. CHING AND/OR MARIA		
5	GRACIA J. TAN	29,000	0.15
	CHIONG PING GO CHING /OR CHIONG BIO GO		
6	CHING	29,000	0.15
	CHING BUN TENG TIU AND/OR CHING CHIONG		
7	PING GO &/OR ONGKING GIOVANNA JOY TAN	29,000	0.15
8	CHRISTOPHER CHUA W. KAWPENG	600	0.00
9	DANIEL CHUA W. KAWPENG	600	0.00
10	DAVID CHUA W. KAWPENG	600	0.00
11	EDWIN CHUA W. KAWPENG	600	0.00
12	TOMAS CHUA W. KAWPENG	600	0.00
	GRAND TOTAL	20,000,000	100.00

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

As of 31 December 2018 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
Common	Edimax Investment Limited	British	296,460,000 Direct	5.5746

Excluding the indirect holdings of CPG Holdings, Inc., PCD Nominee Corporation (Filipino) is the holder of 1,151,331,692 Common shares, or 21.65% of the total issued and outstanding Common shares of ALCO.

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

As of 31 December 2018, 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 December 31, 2018, 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 and Position of Record Owners</i>	<i>Citizenship</i>	<i>Amount & Nature of Ownership</i>	<i>% of Class</i>
Common	Ernest K. Cuyegkeng <i>Chairman of the Board</i>	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	Jaime C. Gonzalez <i>Vice Chairman and President</i>	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	Jaime Enrique Y. Gonzalez <i>Director</i>	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	Christopher Paulus Nicolas T. Po <i>Director</i>	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	Leonardo Arthur T. Po <i>Executive Vice President and Treasurer</i>	Filipino	1 Direct and Beneficial Owner	N.A.
Common	Ricardo Gabriel T. Po <i>Director/Vice Chairman</i>	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	Emmanuel A. Rapadas <i>Independent Director</i>	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	Hans B. Sicat <i>Independent Director</i>	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	Andres B. Sta. Maria <i>Independent Director</i>	Filipino	1 Direct and Beneficial Owner	0.00 %
None	Riva Khristine V. Maala <i>Corporate Secretary and General Counsel</i>	Filipino	0	N.A.
		TOTAL	9 shares	

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

VOTING TRUST HOLDERS

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

CHANGES IN CONTROL

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

SALE OF UNREGISTERED OR EXEMPT INCLUDING SECURITIES CONSTITUTING AN EXEMPT TRANSACTION

The Company has not issued any securities within the past three years which are unregistered under the SRC ("SRC") or otherwise sold on the basis of an exempt transaction under the SRC.

EFFECT ON COMMON EQUITY HOLDERS

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

FOREIGN EQUITY HOLDERS

Common shares owned by foreigners as of 31 December 2018 amount to 388,730,293 or 7.31% of the Company's total number of outstanding shares entitled to vote.

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

Market Information

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

	2019	2018				2017				2016			
	1Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Hi	1.03	1.01	0.9	0.78	0.65	1.66	0.9	0.78	0.96	0.23	0.29	0.3	N/A
Low	0.82	0.85	0.76	0.64	0.51	0.44	0.76	0.64	0.51	0.2	0.23	0.26	N/A

The closing price as of 22 April 2018, the latest practicable trading date, is ₱ 0.77.

The approximate number of shareholders on record as of 31 December 2018 is 1,955 for its common shares, 1 for its Series A Preferred Shares and 12 for its Series B Preferred Shares.

Dividends and Dividend Policy

ALCO declared cash dividends to Common stockholders, as follows:

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

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

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

No dividends to common shareholders were declared in 2016.

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

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

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

Directors and Executive Officers & Key Persons

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

Members of the Board of Directors

All of the Company's directors were elected at the Company's annual stockholders' meeting held last 29 June 2018 and will continue to serve as such until the next annual stockholders' meeting or until their successors have been duly elected and qualified. Information on each member of the Company's BOD as of the date of this Prospectus, including each director's term of office as a director and the period during which the director has served is set out in the table below.

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

Emmanuel A. Rapadas	59	Independent Director	24 June 2016 – 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

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 – A. Soriano Corporation</i>	April 2009 – Present
	<i>Director – iPeople, Inc.</i>	2016 – Present
Jaime C. Gonzalez	<i>Chairman of the Board – IP E-game Ventures, Inc.</i>	October 2005 – Present
	<i>Independent Director – Southeast Asia Cement Holdings, Inc. (subsidiary of Lafarge S.A.)</i>	1998 – April 2013
	<i>Independent Director - Euromoney Institutional Investors PLC (UK publicly listed media company)</i>	November 2005 – January 2013
	<i>Director – Export and Industry Bank, Inc. (Chairman of the Board from May 2006)</i>	February 2006 – April 2012
Ricardo Gabriel T. Po	<i>Vice Chairman/Director – Century Pacific Food, Inc.</i>	October 2013 – Present
Jaime Enrique Y. Gonzalez	<i>Deputy Chairman/President – IP E-game Ventures, Inc.</i>	October 2005 – Present
Christopher Paulus Nicolas T. Po	<i>President & Chief Executive Officer/Director – Century Pacific Food, Inc.</i>	October 2013 – Present
Leonardo Arthur T. Po	<i>Treasurer/Director – Century Pacific Food, Inc.</i>	October 2013 – Present
Emmanuel A. Rapadas	<i>President – Concrete Aggregates Corp</i>	2006 – 2013
Hans B. Sicat	<i>President – Philippine Stock Exchange</i>	2011 – 2017
	<i>Director – Philippine Stock Exchange</i>	2018 - Present
Andres B. Sta. Maria	<i>Director – South East Asian Cement, Inc.</i>	2000 – 2013

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

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

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

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

Christopher Paulus Nicolas T. Po, is the Executive Chairman of Century Pacific Food, Inc., a food company listed in the Philippine Stock Exchange and trading under the symbol CNPF, and he concurrently serves as Chairman of Shakey's Pizza Asia Ventures, Inc., likewise a listed chain restaurant business trading under the symbol PIZZA, and as Chief Executive Officer of Century Pacific Group, Inc. (CPG). Prior to joining CPG, he was Managing Director for Guggenheim Partners, a US financial services firm, where he was in charge of the firm's Hong Kong office. Previously, he was a Management Consultant at McKinsey and Company working with companies in the Asian region. He also worked as the Head of Corporate Planning for JG Summit

Holdings, a Philippine-based conglomerate with interests in food, real estate, telecom, airlines, and retail. He graduated summa cum laude from Wharton School and College of Engineering of the University of Pennsylvania with dual degrees in Economics (finance concentration) and applied science (system engineering) in 1991. He holds a Master degree in Business Administration from the Harvard University Graduate School of Business Administration. Mr. Christopher Po is a member of the board of trustees of WWF-Philippines and the President of the CPG-RSPo Foundation.

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

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

Emmanuel A. Rapadas is presently the Chief Financial Officer of Torre Lorenzo Development Corporation and a Fellow of the Institute of Corporate Directors. He graduated cum laude from the University of the East with a Bachelor of Science degree in Accounting and holds a Masters in Business Administration from the Ateneo de Manila University. He has had training from Singapore Institute of Management (Job of the Chief Executive), the University of Asia and the Pacific (Strategic Business Economic Program) and the Institute of Corporate Directors (Independent Directors Certification Program). Prior to joining Torre Lorenzo, Mr. Rapadas was the CFO & Treasurer of Ortigas & Company from 2001 to 2014.

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

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

SyCip, he worked with the New York law firms Cleary Gottlieb Steen & Hamilton and Coudert Brothers. Mr. Sta. Maria maintains a private practice in commercial and corporate law.

Executive Officers and Significant Employees

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

Name	Age	Position	Years Served in the Company	Citizenship
Riva Khristine V. Maala	46	Corporate Secretary	08 February 2017 – Present	Filipino
		Compliance Officer	1 March 2017 – Present	
		Assistant Corporate Secretary/Corporate Information Officer	21 May 2007 – 07 February 2017	
		Vice President/ Head, Legal Affairs	1 October 2012- Present	
		Vice President/ Investor Relations	1 October 2012 – 08 February 2017	
Gabriel I. Paulino	62	Senior Vice President/Head, Technical Services	31 August 2011 – Present	Filipino
Ferdinand A. Constantino	57	Chief Finance Officer	01 July 2016 – Present	Filipino
Christopher G. Narciso	49	Executive Vice President	09 May 2018 - Present	Filipino
Sheryll P. Verano	41	Senior Vice President/ Head, Strategic Funding and Investments and Investor Relations Officer	21 March 2018 - Present	Filipino
		Vice President/Head, Strategic Funding and Investments and Investor Relations Officer	08 February 2017 – 21 March 2018	
		Vice President- Head, Strategic Funding and Investments	01 July 2016 – 08 February 2017	
Oliver L. Chan	38	Senior Vice President/Head of Sales Operations	21 March 2018 - Present	Filipino
Leilani G. Kanapi	45	Vice President/Head of Procurement	21 March 2018 - Present	Filipino
Clarence P. Borromeo	47	Data Privacy Officer	09 May 2018 – Present	Filipino

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

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

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

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

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

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

Manual on Corporate Governance

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

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

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

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

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

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

Independent Directors

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

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

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

COMMITTEES OF THE BOARD

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

Executive Committee

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

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

Nomination Committee

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

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

Stock Option and Compensation Committee

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

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

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: Emmanuel A. Rapadas as Chairman and Andres B. Sta. Maria and Hans B. Sicat as members.

An assessment of the performance of ALCO's Audit Committee for the previous year is set for mid-2019.

Family Relationships

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

Involvement in Certain Legal Proceedings

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

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

2. Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
4. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

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

One director and an officer of the Company are currently parties to legal proceedings which do not directly involve the Company nor acts of such directors and officers of the Company as such 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 complaint pending before the BSP is concerned, the matter is now submitted for resolution as of January 2019.

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

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

the Company of one of the bank's non-performing assets in the sum of P13 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.

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

EXECUTIVE COMPENSATION

Compensation of Directors and Executive Officers

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

Beginning June 2016, the per diem given to each director for each meeting of the Board (special or regular) attended was increased to P75,000.00 for independent directors and P10,000.00 for regular directors, except for the Chairman of the Board who receives P100,000.00.

Each director is also paid a per diem of P2,500.00 for each committee meeting he attends, of which he is a member. These committees are the Executive Committee, the Audit Committee, the Stock Option and Compensation Committee, the Nomination Committee and the Risk Management Committee.

The current members of ALCO's various committees are:

Audit Committee	Emmanuel A. Rapadas, Chairman Hans B. Sicat Andres B. Sta. Maria
Stock Option and Compensation Committee	Jaime C. Gonzalez, Chairman Ricardo Gabriel T. Po Emmanuel A. Rapadas Hans B. Sicat
Nomination Committee	Ricardo Gabriel T. Po, Chairman Hans B. Sicat Andres B. Sta. Maria
Executive Committee ¹¹	Ernest K. Cuyegkeng, Chairman Jaime C. Gonzalez, Vice Chairman

¹¹The By-laws provides that the Executive Committee shall be composed of the Chairman of the Board, the President, the Chief Finance Officer and such other officers of the Corporation as may be appointed by the Board of Directors.

Ricardo Gabriel T. Po, Vice Chairman Jaime Enrique Y. Gonzalez Christopher Paulus Nicolas T. Po Leonardo Arthur T. Po Ferdinand A. Constantino
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Section 7, Article IV, in turn, provides that the "Chairman, or such other officer(s) as the Board of Directors may authorize, shall determine the compensation of all the officers and employees of the Corporation. xxx" The following table sets out the CEO and the four most highly compensated senior officers as of the date of this Prospectus:

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

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

	Year	Basic Compensation (in millions of pesos)	Other Compensation (in millions of pesos)
Directors and Executives			
	2018	81.72	19.48
	2017	49.53	9.18
	2016	57.49	5.91
Aggregate compensation paid to all other officers and directors as a group unnamed.....			
	2018	48.69	5.63
	2017	12.97	1.30
	2016	14.81	2.04

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

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

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

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

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

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

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

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

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

Certain Relationships and Related Transactions

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

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

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

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

Interest Free Loan provided by Centrobless

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

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

Interest Free Loan provided by SOPI

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

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

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

Continuing Suretyship

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

Transactions between ALCO and its subsidiaries

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

SUBSIDIARY	As of December 31 (Audited)		
	2018	2017	2016
UPHI	62,304,320	59,257,734	56,792,941
MPI	314	314	3,514
CAZNEAU	483,817,470	354,362,919	318,305,242
EMERA	-	1,328,813	2,183,742
CLLC	447,504,789	270,000,000	560,500,397
ZILEYA	353,023,444	106,434,006	7,573,444
SAVYA	497,381,392	1,042,812,933	-
Total	1,844,030,729	1,830,196,719	945,359,280

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.

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

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

OVERALL GROWTH STRATEGY

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

By 2022, ALCO expects to have in its portfolio a total of more than 520,000 sqm of developed GFA. Compared against the combined GFA of Arya and ACPT of approximately 110,000 sqm, this represents a growth multiple of almost five times its portfolio in 2016 or an estimated compounded annual growth rate of 30%.

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

Diversification

ALCO believes that while the outlook for the entire real estate sector is positive, the real estate sub-sectors will be in varying stages of growth from 2016 to 2022. 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 2022, 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 2022 to be located outside Metro Manila through its Sevina Park project. The other 50% is also allocated among key locations in Fort Bonifacio and Makati.

Maintaining High Quality in its Projects

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

Matching of Fixed Costs with Recurring Income

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

KEY PERFORMANCE INDICATORS

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

Key Performance Indicators	FY December 2018	FY December 2017	FY December 2016
Current Ratio	2.45	1.55	3.08
Total Liabilities to Equity Ratio	1.35	1.22	0.97
Interest Bearing Debt to Equity Ratio	0.79	0.52	0.31
Interest Coverage Ratio	8.61	3.87	15.80
Return on Equity ¹²	7.36%	4.48%	30.45%
Acid test Ratio ¹³	0.24	0.21	0.67
Net profit margin	34.32%	29.86%	182.32%

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

EXECUTIVE COMPENSATION

Please refer to pages 96 to 98 of this Prospectus for a discussion on Executive Compensation.

RELATED PARTY TRANSACTIONS

Please refer to pages 99 to 100 of this Prospectus for the further discussion on related party transactions.

¹² Calculated as Net Income over Average Equity (Excluding Series B Preferred Shares)

¹³ Calculated as Quick Assets divided by Current Liabilities. Quick Assets are assets easily convertible to cash and only include cash and cash equivalents, financial assets at FVPL, and trade and other receivables.

FINANCIAL POSITION

31 December 2018 vs. 31 December 2017

	<u>31 Dec 2018</u>	<u>31 Dec 2017</u> <i>As Restated</i>	<u>Change</u>
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 ₱12.33 billion is 10% higher than the 31 December 2017 level of ₱11.25 billion due to the following:

55% Decrease in Cash and Cash Equivalents

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

60% Decrease in Financial Assets at Fair Value through Profit or Loss (FVPL)

The reduction was due to termination of money market placements which were subsequently used to fund the operating requirements of ALCO including its ongoing projects.

299% Increase in Trade and Other Receivables

The increase was accounted for by the receivables from the ACPT leasing operations and downpayments made to contractors for the construction of the Group's real estate projects.

100% Increase in Contract Assets

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

29% Increase in Real Estate for Sale

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

9% Decrease in Investment Properties

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

497% Increase in Property and Equipment

The increase was due to the reclassification from investment properties of the ACPT floor used as ALCO's principal office, as mentioned above.

74% Decrease in Deferred Tax Assets

The decrease was due to realization of net income in CLLC.

136% Increase in Accounts Payable and Other Liabilities

The increase was largely due to the effect of consolidated payables to stockholders of Arcosouth and deferred VAT payables from sales of Cebu Exchange office units.

83% Decrease in Contract Liabilities

The decrease pertains to downpayments received that were subsequently recognized as revenues from real estate sales, as mentioned under contract assets.

35% Increase in Due to a Related Party

This pertains to additional advances made by stockholders for the Cebu project.

30% Increase in Retirement Liability

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

6% Increase in Retained Earnings

The increase was due to the net income for the year, net of dividends declared.

144% Increase in Cumulative re-measurement gains (losses) on retirement liability

The difference was due to the change in financial assumptions and experience adjustments based on the new retirement plan as mentioned above.

146% Increase in Non-Controlling Interests

The increase was due to CLLC's net income recognized for the year.

RESULTS OF OPERATIONS

31 December 2018 vs. 31 December 2017

	31 Dec 2018	31 Dec 2017	Change
Revenues	P 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	273,749,585	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	P 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	P 399,338,350	142,826,351	180%

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

144% Increase in Revenues

The increase was mainly attributable to revenue recognized from the sale of Cebu Exchange office units.

86% Increase in Cost of Sales and Services

The increase in cost of sales was directly related to the increase in revenues from the sales of Cebu Exchange office units.

19% Increase in Administrative Expenses

The increase was mainly due to recognition of past service costs as mentioned under Retirement Liability.

49% Increase in Selling and Marketing Expenses

The increase was due to sales commissions, travel and advertising expenses for Cebu Exchange.

9% Decrease in Finance Costs

The decrease was largely accounted for by the settlement on November 2017 of an interest bearing loan under the Parent company.

60% Decrease in Gain on Change in Fair Value of Investment Properties

The decrease pertains to the reversal of unrealized gain on investment properties due to the effect of the *dacion en pago* executed during the year.

403% Increase in Other Income – Net

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

94% Increase in Income Tax Expense

The increase was due to higher net income recognized for the year.

142% Increase in Change in Actuarial Gain – Net of tax and Income tax expense relating to item that will not be reclassified

The increase was due to the remeasurement gains based on the new retirement plan as mentioned under Retirement Liability.

FINANCIAL POSITION

31 December 2017 vs. 31 December 2016

	31 Dec 2017	31 Dec 2016	Change
Cash and cash equivalents	P721,795,236	990,742,203	-27%
Financial assets at fair value through profit or loss (FVPL)	387,879,631	2,050,075,279	-81%
Trade and other receivables	186,274,230	301,089,586	-38%
Real estate for sale	2,646,731,618	1,722,192,699	54%
Creditable withholding taxes (CWT)	253,188,078	243,216,792	4%
Investment properties	6,457,315,253	4,534,143,705	42%
Property and equipment	39,743,166	20,071,668	98%
Deferred tax assets	61,212,233	15,282,811	301%
Other assets	492,672,321	184,828,088	167%
Total Assets	P11,246,811,766	10,061,642,831	12%
Loans payable	P4,268,892,416	3,111,038,703	37%
Accounts payable and other liabilities	824,456,920	899,207,290	-8%
Due to a related party	286,666,691	249,789,836	15%
Retirement liability	50,668,546	47,244,365	7%
Net deferred tax liabilities	752,508,368	644,775,603	17%
Total Liabilities	6,183,192,941	4,952,055,797	25%
Capital stock	989,757,136	989,757,136	0%
Additional paid-in capital	2,031,441,541	2,031,441,541	0%
Retained earnings	2,085,398,501	2,098,281,063	-1%
Cumulative re-measurement gains on retirement liability – net of tax	7,448,391	3,022,025	146%
Parent Company's shares held by a subsidiary	(12,500,000)	(12,500,000)	0%
Total equity attributable to the Parent Company	5,101,545,569	5,110,001,765	-0.2%
Non-controlling interest	(37,926,744)	(414,731)	-9045%
Total Equity	5,063,618,825	5,109,587,034	-1%
Total Liabilities And Equity	P11,246,811,766	10,061,642,831	12%

ALCO's total resources as of 31 December 2017 was at P11.25 billion, or about 12% higher than the 31 December 2016 level of P10.06 billion due to the following:

27% Decrease in Cash and Cash Equivalents

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

81% Decrease in Financial Assets at Fair Value through Profit or Loss (FVPL)

The reduction was due to partial termination of money market placements which were subsequently used to fund property acquisition and the on-going projects of the group.

38% Decrease in Trade and Other Receivables

The decrease was largely due to collection of maturing accounts, as well as the application of previous advances to contractors against their 2017 progress billings.

54% Increase in Real Estate for Sale

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

42% Increase in Investment Properties

The increase was largely attributable to the appraisal increment and additional construction costs of ACPT that were recognized and recorded during the year.

98% Increase in Property and Equipment

The increase is basically due to the new office and transportation equipment acquired as well as leasehold improvements made during the year.

301% Increase in Deferred Tax Assets

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

167% Increase in Other Assets

The increase was largely accounted for by VAT inputs from the property acquired and advance payments made to suppliers and contractors.

37% Increase in Loans Payable

Net increase was attributable to borrowings made during the year to finance the on-going projects particularly for ACPT and Cebu Exchange.

8% Decrease in Accounts Payable and Other Liabilities

The net decrease was largely due to payments made to suppliers as well as contractors and the full payment of the Cebu property in Q3 2017.

15% Increase in Due to a Related Party

This pertains to additional advances made by shareholders for CLLC.

7% Increase in Retirement Liability

The increase was due to additional provisions for the year to comply with the requirements of PAS 19.

17% Increase in Net Deferred Tax Liabilities

The increase was directly attributable to the additional gain on change in fair value of investment properties that was recognized during the year.

146% Increase in Cumulative re-measurement gains (losses) on retirement liability

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

9045% Decrease in Non-Controlling Interests

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

RESULTS OF OPERATIONS

31 December 2017 vs. 31 December 2016

	31 Dec 2017	31 Dec 2016	Change
Revenues	₱463,538,594	451,075,061	3%
Cost of sales and services	328,509,674	393,674,538	-17%
Gross income	135,028,920	57,400,523	135%
Administrative expenses	278,065,313	298,360,928	-7%
Selling and marketing expenses	48,493,636	66,767,530	-27%
Operating expenses	326,558,949	365,128,458	-11%
Income (loss) from operations	(191,530,029)	(307,727,935)	-38%
Gain on change in fair value of investment properties	428,390,699	1,417,865,206	-70%
Finance costs	(80,663,240)	(80,348,345)	0%
Other income – Net	67,443,318	147,643,198	-54%
Income before income tax	223,640,748	1,177,432,124	-81%
Income tax expense	85,240,763	355,015,749	-76%
Net Income	138,399,985	822,416,375	-83%
Other comprehensive income			
Change in actuarial gain - Net of tax	4,426,366	2,031,514	118%
Total comprehensive income	142,826,351	824,447,889	-83%

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

17% Decrease in Cost of Sales and Services

The decrease in cost of sales was due to the decrease in revenues from sales of the few remaining units in Tower 2.

7% Decrease in Administrative Expenses

The decline was attributable to less manpower related cost, taxes and licenses, insurance premium and utility expenses paid during the year.

27% Decrease in Selling and Marketing Expenses

The decrease was mainly attributable to lower commission expenses and lesser marketing efforts in 2017 as compared to previous year.

70% Decrease in Gain on Change in Fair Value of Investment Properties

The decrease was due to first time adoption of fair valuation for investment properties in 2016 and thus substantial appraisal gain was recognized in previous year as compared to current year.

54% Decrease in Other Income – Net

The decrease was attributable to the “Day 1 Gain” on a larger loan acquired in 2016 as compared to 2017.

76% Decrease in Income Tax Expense

The decrease is attributable to the tax effect of gain on change in fair value of investment properties in 2016.

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

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

FINANCIAL POSITION

31 December 2016 vs. 31 December 2015

	31 Dec 2016	31 Dec 2015 <i>As Restated</i>	Change
Cash and cash equivalents	990,742,203	604,613,767	64%
Financial assets at fair value through profit or loss (FVPL)	2,050,075,279	732,635,225	180%
Trade and other receivables	301,089,586	1,831,115,193	-84%
Real estate for sale	1,722,192,699	1,558,711,101	10%
Creditable withholding taxes (CWT)	243,216,792	214,119,974	14%
Investment properties	4,534,143,705	2,005,226,322	126%
Property and equipment	20,071,668	17,202,058	17%
Deferred tax assets	15,282,811	32,010	47644%
Other assets	184,828,088	190,629,078	-3%
Total Assets	10,061,642,831	7,154,284,728	41%
Loans payable	3,111,038,703	3,091,768,912	1%
Accounts payable and other liabilities	899,207,291	1,377,927,383	-35%
Due to a related party	249,789,836	-	100%
Retirement liability	47,244,365	40,801,518	16%
Net deferred tax liabilities	644,775,602	352,484,029	83%
Total Liabilities	4,952,055,797	4,862,981,842	2%
Capital stock	989,757,136	957,257,136	3%
Additional paid-in capital	2,031,441,541	75,000,000	2609%
Retained earnings	2,098,281,063	1,258,055,239	67%
Cumulative re-measurement gains on retirement liability – net of tax	3,022,025	990,511	205%
Parent Company's shares held by a subsidiary	(12,500,000)	-	100%
Total equity attributable to the Parent Company	5,110,001,765	2,291,302,886	123%
Non-controlling interest	(414,731)	-	100%
Total Equity	5,109,587,034	2,291,302,886	123%
Total Liabilities And Equity	10,061,642,831	7,154,284,728	41%

ALCO's total resources as of 31 December 2016 was at P10.06 billion, or about 41% higher than the 31 December 2015 level of P7.15 billion due to the following:

64% Increase in Cash and Cash Equivalents

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

180% Increase in Financial Assets at Fair Value through Profit or Loss (FVPL)

The significant increase is mainly brought about by proceeds from the Parent Company's P2.0 billion Series B Preferred shares issuance in December 2016, which are invested in money market placements pending actual use.

84% Decrease in Trade and Other Receivables

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

10% Increase in Real Estate for Sale

The increase is basically accounted for by the additional investments made and paid by ALCO during the year for its other ongoing projects.

14% Increase in Creditable Withholding Taxes

The additional creditable withholding taxes were attributable to the collections of receivables both from prior and current years' sales of Arya units.

126% Increase in Investment Properties

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

17% Increase in Property and Equipment

The increase is basically due to the acquisition of new office machinery, furniture and fixtures, and transportation equipment.

47644% Increase in Deferred Tax Assets

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

35% Decrease in Accounts Payable and Other Liabilities

The decrease is accounted for by payments made to the different contractors and suppliers of the Group, among others.

100% Increase in Due to a Related Party

The increase is due to the advances made by a shareholder to CLLC as previously mentioned in the discussion for Cash and Cash equivalent.

16% Increase in Retirement Liability

The increase is due to additional provisions for the year to comply with the requirements of PAS 19, as supported by the latest independent third party actuarial valuation report.

83% Increase in Net Deferred Tax Liabilities

The increment is attributable to this year's gain on change in fair value of investment properties.

2609% Increase in Additional paid-in capital

This is largely accounted for by the additional or over par payments made by subscribers to the Series B Preferred shares issuance last December 2016.

67% Increase in Retained Earnings

The consolidated net income of the Group for the year contributed to the increase in this year's reported retained earnings.

205% Increase in Cumulative remeasurement gains (losses) on retirement liability

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

100% Increase in Parent Company's Shares Held by a Subsidiary

This represents a subsidiary's subscription to the Series A Preferred shares issued by the Parent company in 2016.

100% Increase in Non-controlling Interest

This represents the 40% share of a third party shareholder in CLLC's net equity for 2016.

RESULTS OF OPERATIONS

31 December 2016 vs. 31 December 2015

	<u>31 Dec 2016</u>	<u>31 Dec 2015</u> <u>As Restated</u>	<u>Change</u>
Revenues	451,075,061	1,587,578,861	-72%
Cost of sales and services	393,674,538	1,043,700,643	-62%
Gross income	57,400,523	543,878,218	-89%
Administrative expenses	298,360,928	244,806,979	22%
Selling and marketing expenses	66,767,530	69,323,793	-4%
Operating expenses	365,128,458	314,130,772	16%
Income (loss) from operations	(307,727,935)	229,747,446	-234%
Gain on change in fair value of investment properties	1,417,865,206	33,495,000	4133%
Finance costs	(80,348,345)	(40,566,579)	98%
Other income - Net	147,643,198	122,372,763	21%
Income before income tax	1,177,432,124	345,048,630	241%
Income tax expense	355,015,749	98,017,162	262%
Net income	822,416,375	247,031,468	233%
Other comprehensive income			
Change in actuarial gain - Net of tax	2,031,514	1,048,252	94%
Total comprehensive income	824,447,889	248,079,720	232%

Results of Operations for the year ended 31 December 2016 compared to the year ended 31 December 2015.

72% Decrease in Revenue

Lesser revenue was recognized inasmuch as there were very few remaining units left for sale in 2016 as compared to the previous year.

62% Decrease in Cost of Sales and Services

The decrease in cost of sales is directly related to the decrease in revenues mentioned in the foregoing.

22% Increase in Administrative Expenses

The increase is basically attributable to documentation and other expenses incurred during the year in relation to the turnover and titling of fully paid units in Arya Towers 1 and 2.

4133% Increase in Gain on Change in Fair Value of Investment Properties

The significant increase is due to the Group's adoption of fair value model of accounting for investment properties which also resulted in the restatement of prior years' reports.

98% Increase in Finance Costs

The increase is due to amortization of "Day 1" gain on loan discounting.

21% Increase in Other Income – Net

The increase is largely accounted for by income from forfeited collections.

262% Increase in Income Tax Expense

The substantial increase is attributable to the tax effect of gain on change in fair value of investment properties.

94% Increase in Change in Actuarial Gain – Net of tax

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

FINANCIAL RATIOS

	December 2018	December 2017	December 2016
Current/Liquidity Ratio (Current Assets over Current Liabilities)	2.45:1	1.55	3.08
Solvency Ratio (Net income (Loss) before depreciation over total liabilities)	0.06:1	0.02	0.17
Debt-to-equity Ratio (Total debt to total equity)	1.35:1	1.22	0.97
Debt-to-equity (Interest-bearing) Ratio (Interest-bearing debt to total equity)	0.79:1	0.52	0.31
Asset-to-equity Ratio (Total assets over total equity)	2.35:1	2.22	1.97
Interest Coverage Ratio (Pretax income before Interest over interest expense)	8.61:1	3.87	15.80
Profitability Ratio (Net Income over total equity)	0.07:1	0.03	0.16

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations and other relationship of the company with unconsolidated entities or other persons created during the reporting period.

Except for the development costs of ArthaLand Century Pacific Tower, Cebu Exchange, Savva Financial Center, Sevina Park and [Makati Project], there are no other material commitments for capital expenditures as of the period covered by the Report.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenue or income from continuing operations.

There is no foreseen event that will cause a material change in the relationship between costs and revenues.

External Audit Fees and Services

The external auditor's fees are based on the estimated time that would be spent on an engagement and ALCO is charged on the experience level of the professional staff members who will be assigned to work on the engagement and generally, on the complexity of the issues involved and the work to be performed, as well as the special skills required to complete the work.

The audit fees of Reyes Tacandong and Co. ("RT&Co") are ₱1,650,000 for 2018, P1,500,000.00 for 2017, and ₱950,000.00 for 2016, all of which are exclusive of VAT.

The audit fees of RT&Co for services rendered to ALCO's subsidiaries are as follows:

<i>In ₱</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cazneau Inc.	180,000.00	120,000	100,000
Emera Property Management, Inc.	330,000.00	140,000	110,000
Manchesterland Properties, Inc.	180,000.00	300,000	270,000
Savya Land Development Corporation	120,000.00	110,000	
Urban Property Holdings, Inc.	120,000.00	110,000	90,000
Zileya Land Development Corporation	180,000.00	100,000	80,000

RT&Co did not charge ALCO for non-audit work in 2018 and 2017. In 2016 however, RT&Co. charged ALCO for non-audit work in the amount of ₱1,500,000.00 in relation to the public offering of ALCO's Series B Preferred Shares.

The partner-in-charge for the ensuing year is Ms. Carolina P. Angeles of Reyes Tacandong & Co.

The stockholders approve the appointment of the external auditors of the Company. The Audit Committee reviews the audit scope and coverage, strategy and results for the approval of the BOD and ensures that audit services rendered shall not impair or derogate the independence of the external auditors or violate SEC regulations. Likewise, the Audit Committee evaluates and determines any non-audit work performed by external auditors, including the fees therefor, and ensures that such work will not conflict with external auditor's duties as such or threaten its independence.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the external auditor of the Company on accounting and financial disclosure.

Interest of Named Experts

Independent Auditors

The consolidated financial statements of the Company as at and for the years ended 31 December 2018, 2017, and 2016 have been audited by Reyes Tacandong & Co., independent auditors, in accordance with Philippine Standards on Auditing as set forth in their report thereon appearing elsewhere in this Prospectus.

The Audit Committee of the Company, reviews and monitors, among others, the integrity of all financial reports and ensures compliance with both internal financial management manual and pertinent accounting standards, including regulatory requirements. The Audit Committee also performs the following duties and responsibilities relating to the services of the Company's external auditors:

- Asses and monitor the (i) external auditor's professional qualifications, competence, independence and objectivity and require the external auditor to make the statements necessary under applicable auditing standards as regards its relationship and services to the Company, discussing any relationship or services which may derogate its independence or objectivity; and (ii) the effectiveness of the audit process in accordance with applicable standards.
- Obtain objective assurance from the external auditor that the conduct of the audit and the manner of the preparation of the financial statements comply with applicable auditing standards and rules of regulatory bodies, including exchanges on which the securities of the Company are listed.
- Review and approve the nature and scope of the audit plans of the external auditor, including scope, audit resources and expenses, and reporting obligations before the audit commences.
- Review the reports or communications of the external auditor and ensure that management or the Board will provide a timely response to the issues raised in such reports or communications.
- Ensure the development and implementation of policies on the engagement of an external auditor to supply non-audit work, including the fees payable therefor, and evaluate any non-audit work undertaken by the external auditor to ensure that the same does not conflict with its audit functions.

There is no arrangement that experts and independent counsels will receive a direct or indirect interest in the Issuer or was a promoter, underwriter, voting trustee, director, officer, or employee of the Issuer.

Taxation

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Preferred Shares. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Preferred Shares and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Preferred 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 Preferred Shares in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus. The tax treatment applicable to a holder of the Preferred 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 PREFERRED SHARES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF THE PREFERRED 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; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines." A non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "resident foreign corporation" is a non-Philippine corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines. The term "dividends" under this section refers to cash or property dividends. "Tax Code" means the Philippine National Internal Revenue of 1997, as amended.

Taxes on Dividends on the Preferred Shares

Individual Philippine citizens and resident aliens are subject to a final tax on dividends derived from the Preferred Shares at the rate of 10.0%, which tax shall be withheld by the Company.

A non-resident alien individual engaged in trade or business in the Philippines is subject to a final withholding tax on dividends derived from the Preferred Shares at the rate of 20.0% on the total amount thereof, subject to applicable preferential tax rates under a tax treaty in force between the Philippines and the country of domicile or residence of such non-resident alien individual. A non-resident alien individual not engaged in trade or business in the Philippines is subject to a final withholding tax on income received from all sources within the Philippines, including dividends derived from the Preferred Shares at the rate of 25.0% of the gross income, subject to applicable preferential tax rates under a tax treaty in force between the Philippines and the country of domicile or residence of such non-resident alien individual.

The term "non-resident holder" means a holder of the Preferred Shares:

- who is an individual who is neither a citizen nor a resident of the Philippines or an entity which is a foreign corporation not engaged in trade or business in the Philippines; and
- should a tax treaty be applicable, whose ownership of the Preferred Shares is not effectively connected with a fixed base or a permanent establishment in the Philippines.

Dividends derived by domestic corporations (i.e., corporations created or organized in the Philippines or under its laws) and resident foreign corporations from the Preferred Shares shall not be subject to tax.

Dividends received from a domestic corporation by a non-resident foreign corporation are generally subject to a final withholding tax at the rate of 30.0%, subject to applicable preferential tax rates under a tax treaty

in force between the Philippines and the country of domicile of such non-resident foreign corporation. The 30.0% rate for dividends paid to a non-resident foreign corporation with a country of domicile having no tax treaty with the Philippines may be reduced to a special 15.0% rate if any of the following apply, and subject to the compliance by the non-resident foreign corporation with applicable tax regulations on documents prescribed for the availment of this special 15.0% rate:

- the country in which the non-resident foreign corporation is domiciled allows a credit against the tax due from the non-resident foreign corporation for taxes deemed to have been paid in the Philippines equivalent to 15.0%; or
- the country in which the non-resident foreign corporation is domiciled imposes no taxes on foreign sourced dividends;

The BIR has prescribed, through an administrative issuance, procedures for the availment by a non-resident holder of the preferential tax treaty rates on dividends under an applicable tax treaty.

The application for tax treaty relief involves the submission of a Certificate of Residence for Tax Treaty Relief Form ("CORTT Form") with the BIR by the non-resident holder of the Preferred Shares (or its duly authorized representative) within thirty (30) days after the payment of the withholding taxes due on the dividends received from the Preferred Shares.

The requirements for claiming preferential tax treaty benefits in respect of dividends are set out in the applicable tax treaty, Revenue Memorandum No. 8-2017, and the CORTT Form.

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 (%)	Capital Gains Tax Due on Disposition of Shares Outside the PSE (%)
Canada	25 ^(a)	Exempt ^(h)
France	15 ^(b)	Exempt ^(h)
Germany	15 ^(c)	5/10 ⁽ⁱ⁾
Japan	15 ^(d)	Exempt ^(h)
Singapore	25 ^(e)	Exempt ^(h)
United Kingdom	25 ^(f)	Exempt ⁽ⁱ⁾
United States	25 ^(g)	Exempt ^(h)

Notes:

- (a) 25.0% if the recipient company controls at least 10.0% of the voting power of the company paying the dividends.
- (b) 20.0% if the recipient company (excluding a partnership) holds directly at least 10.0% of the voting shares of the company paying the dividends.
- (c) 10.0% if the recipient company (excluding a partnership) owns directly at least 25.0% of the capital of the company paying the dividends.
- (d) 10.0% if the recipient company holds directly at least 10.0% 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.
- (e) 15.0% if during the part of the paying company's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year (if any) at least 25.0% of the outstanding shares of the voting shares of the paying company were owned by the recipient company.
- (f) 25.0% if the recipient company is a company which controls directly or indirectly at least 10.0% of the voting power of the company paying the dividends.
- (g) 20.0% if during the part of the paying corporation's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year (if any), at least 10.0% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation. Notwithstanding the notes provided under the Republic of the Philippines-United States Treaty, residents of the United States may avail of the 15.0% withholding tax rate under the tax-sparing clause¹⁴ of the Tax Code provided certain conditions are met.
- (h) 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.
- (i) Under the tax treaty between the Philippines and Germany, capital gains from the disposition of shares of a Philippine corporation may be taxed in the Philippines irrespective of the nature of the assets of the Philippine corporation.

¹⁴ The tax-sparing clause of the Tax Code may also apply to countries other than the United States, i.e. Switzerland.

- (j) *Under the 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.*

Sale, Exchange or Disposition of Shares after the Offer Period

Capital gains tax

Net capital gains realized by a resident or non-resident individual, or a resident corporate holder of the Preferred Shares during each taxable year from the sale, exchange or disposition of shares outside the facilities of the PSE, unless an applicable treaty exempts such gains from tax or provides for preferential rates, are subject to a flat rate of 15% on such gain. While net gains realized by a non-resident corporate holder of the Preferred Shares during each taxable year from the sale, exchange or disposition of shares outside the facilities of the PSE, unless an applicable treaty exempts such gains from tax or provides for preferential rates, are subject to the rate of 5% on net gain not over ₱100,000 and the rate of 10% on any amount in excess of ₱100,000.

In order for non-resident holder of the Preferred Shares to avail of exemption from capital gains tax on the sale of Preferred shares outside the PSE under a tax treaty, an application for tax treaty relief has to be filed with the BIR's International Tax Affairs Division by the non-resident holder of the Preferred Shares (or its duly authorized representative) before the first taxable event (as defined under Revenue Memorandum Order No. 72-2010), which in the case of a straight sale of shares outside the facilities of the PSE, is before the deadline for the payment of documentary stamp tax on the sale of the shares, and the BIR has to issue a ruling confirming the entitlement of such holder to be exempt from capital gains tax based on the tax treaty. The transfer of shares shall not be recorded in the books of the Company unless the BIR certifies that all the taxes relating to the sale or transfer have been paid or, where applicable, that the seller is exempt from capital gains tax based on the tax treaty and all other applicable taxes on such sale have been paid.

The requirements for a tax treaty relief application in respect of capital gains tax on the sale of shares are set out in the applicable tax treaty, Revenue Memorandum Order No. 72-2010, other applicable BIR issuances, and BIR Form No. 0901-C (the Application for Relief From Double Taxation on Capital Gains, which is an annex to Revenue Memorandum Order No. 72-2010). The documentary requirements include proof of residence in the country that is a party to the tax treaty with the Philippines. Proof of residence consists of a consularized certification from the tax authority of the country of residence of the seller of shares which provides that the seller is a resident of such country under the applicable tax treaty. If the seller is a juridical entity, authenticated certified true copies of its articles of incorporation or association issued by the proper government authority should also be submitted to the BIR in addition to the certification of its residence from the tax authority of its country of residence.

Taxes on transfer of shares listed and traded on the PSE

A sale or other disposition of shares through the facilities of the PSE by a resident or a non-resident holder, other than a dealer in securities, is subject to a stock transaction tax at the rate of 0.6% of the gross selling price or gross value in money of the shares sold or otherwise disposed. This tax is required to be collected by and paid to the BIR by the seller's 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 tax treaties, the exemption from capital gains tax discussed above may not be applicable to the 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 broker's client.

Prospective purchasers of the Preferred Shares should obtain their own tax advice in respect of their investment in relation to these matters.

A listed company shall maintain a minimum percentage of listed securities held by the public of 10% of the company's issued and outstanding shares, exclusive of treasury shares, or such percentage as may be prescribed by the PSE or the SEC. Failure to comply with the minimum public ownership requirement shall

cause the suspension from trading of the company's shares, and shall subject the sale or disposition of shares of such non-compliant company to capital gains tax and documentary stamp tax.

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 not listed on the PSE or outside the PSE 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 Preferred Shares should they be listed and traded through the PSE are exempt from documentary stamp tax.

Estate and Gift Taxes

The transfer of the Preferred 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, will be subject to Philippine estate tax at 6% of the net estate of the decedent.

Registered holders, whether individual or corporate holders, who transfer the Preferred Shares by way of gift or donation (including transfers for inadequate consideration), will be liable for Philippine donor's tax on such transfers at 6% on total gifts during the calendar year in excess of ₱250,000.

Estate and gift taxes will not be collected in respect of intangible personal property, such as shares, (1) if the deceased at the time of death, or the donor at the time of 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 deceased or the donor was a citizen and resident at the time of his death or donation allow 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.

Corporate Income Tax

In general, a tax of 30.0% is imposed upon the taxable net income of a domestic corporation from all sources (within and outside the Philippines, except, among other things, (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.

Minimum Corporate Income Tax ("MCIT") of 2.0% 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 MCIT is greater than the ordinary income tax for the taxable year.

Nevertheless, any excess of the MCIT over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Furthermore, subject to certain conditions, the MCIT may be suspended by the Secretary of Finance of the Republic of the Philippines with respect to a corporation which suffers losses on account of a prolonged labor dispute, force majeure,

or legitimate business reverses.

Regulatory Framework

The statements herein are based on the laws in force as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the regulatory and environmental considerations that may be relevant to the Company or the offering.

Laws on housing and land projects

Presidential Decree No. 957: The Subdivision and Condominium Buyers' Protective Decree

Presidential Decree No. 957, or the Subdivision and Condominium Buyers' Protective Decree ("PD 957"), as amended, is the principal statute regulating the development and sale of real property as part of a condominium project or subdivision. It was enacted pursuant to the policy of the state to ensure that real estate subdivision owners, developers, operators, and/or sellers provide and properly maintain roads, drainage, sewerage, water systems, lighting systems and other similar basic requirements in order to guarantee the health and safety of home and lot buyers. PD 957 covers condominium and subdivision projects for residential, commercial, industrial and recreational areas as well as open spaces and other community and public areas in the project. The Housing and Land Use Regulatory Board ("HLURB") is the administrative agency of the government which, together with local government units, enforces PD 957 and has jurisdiction over real estate trade and business.

All subdivision and condominium plans for residential, commercial, industrial and other development projects are required to be filed with and approved by the HLURB and the relevant local government unit of the area where the project is situated. Approval of such plans is conditional on, among other things, the developer's financial, technical and administrative capabilities. Before it is approved, the subdivision plan must comply with the Subdivision Standards and Regulations. On the other hand the condominium plan, in addition to complying with the same procedure, must also comply with Presidential Decree No. 1096, or the National Building Code, with respect to the building or buildings included in the condominium project. The owner or developer shall submit the condominium plan in accordance with the requirements of the National Building Code to the building official of the city or municipality where the property lies and the same shall be acted upon subject to the conditions in accordance with the procedure prescribed in Section 4 of Republic Act No. 4726, or the Condominium Act.

Alterations of approved condominium plans affecting significant areas of the project, such as infrastructure and public facilities, also require prior approval of the HLURB and the city or municipal engineer.

The development of subdivision and condominium projects can only commence after the relevant government body has issued the required development permit and the necessary building or construction permits in accordance with the requirements of the city or municipality where the property lies. The issuance of a development permit is dependent on, among other things: (i) compliance with required project standards and technical requirements that may differ depending on the nature of the project; and (ii) issuance of the barangay clearance, the locational clearance, permits issued by the Department of Environment and Natural Resources ("DENR") (such as the Environmental Compliance Certificate ("ECC") or Certificate of Non-Coverage ("CNC")), conversion order or exemption clearance from the Department of Agrarian Reform ("DAR"), permit to drill from the National Water Resources Board, and such other permits and approvals. In cases where the property involved is located in an area already classified as residential, commercial, industrial or other similar development purposes, a DAR conversion order shall no longer be required as a precondition for issuance of certificate of registration and license to sell.

Developers who sell lots or units in a subdivision or a condominium project are required to register the project with and obtain a license to sell from the HLURB. Subdivision or condominium units may only be sold or offered for sale after a license to sell has been issued by the HLURB. Further, to ensure that the owner or developer of a proposed subdivision or condominium project shows firm commitment to proceed with a

project, current HLURB regulations require minimum developments before the issuance of a license to sell: (a) for subdivision projects, proof of land clearing and grubbing, road tracing and entrance gate if included in the brochure or advertisement; and (b) for condominium projects, excavation per approved plan/excavation permit, are required.

As a requisite for the issuance of a license to sell by the HLURB, developers are required to file with the HLURB any of the following to guarantee the construction and maintenance of the roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision or condominium project and compliance with the applicable laws, rules and regulations:

1. a surety bond equivalent to 20% of the development cost of the unfinished portion of the approved plan, issued by a duly accredited bonding company (whether private or government), and acceptable to the HLURB;
2. a real estate mortgage executed by the applicant developer as mortgagor in favor of the Republic of the Philippines, as represented by the HLURB, as mortgagee, over property other than that subject of the application, free from any liens and encumbrance and provided that the value of the property, computed on the basis of the zonal valuation of the Bureau of Internal Revenue, shall be at least 20% of the total development cost; or
3. other forms of security equivalent to 10% of the development cost of the unfinished portion of the approved plan which may be in the form of the following:
 - a) a cash bond;
 - b) a fiduciary deposit made with the cashier and/or disbursing officer of the HLURB;
 - c) a certificate of guaranty deposit issued by any bank or financing institution of good standing in favor of the HLURB for the total development cost;
 - d) a letter from any bank of recognized standing certifying that so much has been set aside from the bank account of the developer in favor of the HLURB, which amount may be withdrawn by the HLURB at any time the developer fails or refuses to comply with its duties and obligations under the bond contract; or
 - e) any irrevocable credit line to be utilized in the development of the project from any bank of recognized standing and a refinancing re-structuring program indicating sources of funding from duly accredited funding institutions.

The HLURB is vested with quasi-judicial powers and regulatory functions necessary for the enforcement and implementation of PD 957. Among these regulatory functions are: (i) regulation of the real estate trade and business; (ii) registration of subdivision lots and condominium projects; (iii) issuance of license to sell subdivision lots and condominium units in the registered units; (iv) approval of performance bond and the suspension of license to sell; (v) registration of dealers, brokers and salesman engaged in the business of selling subdivision lots or condominium units; (vi) revocation of registration of dealers, brokers, and salesmen; (vii) approval of mortgage on any subdivision lot or condominium unit made by the owner or developer; (viii) granting of permits for the alteration of plans and the extension of period for completion of subdivision or condominium projects; (ix) approval of the conversion to other purposes of roads and open spaces found within the project which have been donated to the city or municipality concerned; (x) regulation of the relationship between lessors and lessees; and (xi) hear and decide cases on unsound real estate business practices, claims involving refund filed against project owners, developers, dealers, brokers or salesmen, and cases of specific performance.

The HLURB is also authorized, *motu proprio* or upon verified complaint filed by a buyer of a subdivision lot or condominium unit, to revoke the registration of any subdivision project or condominium project and the license to sell any subdivision lot or condominium unit in said project upon showing that the owner or dealer:

- a) is insolvent;

- b) has violated any of the provisions of PD 957, or any applicable rule or regulation of the HLURB, or any undertaking under his/its bond;
- c) has been or is engaged or is about to engage in fraudulent transactions;
- d) has made any misrepresentation in any Prospectus, brochure, circular, or other literature about the subdivision project or condominium project that has been distributed to prospective buyers; or
- e) does not conduct his business in accordance with law or sound business principles.

Project permits and licenses to sell may be suspended, cancelled or revoked by the HLURB, by itself or upon a verified complaint from an interested party, for reasons such as involvement in fraudulent transactions, misrepresentation, and/or failure to conduct business in accordance with law or sound business principles. A license or permit to sell may only be suspended, cancelled or revoked after a written notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HLURB's rules of procedure and other applicable laws.

Executive Order No. 71, Series of 1993

Under *Executive Order No. 71, Series of 1993*, cities and municipalities assume the powers of the HLURB over the following:

- a) approval of preliminary as well as final subdivision schemes and development plans of all subdivisions, residential, commercial, industrial, and for other purposes;
- b) approval of preliminary as well as final subdivision schemes and development plans of all economic and socialized housing projects;
- c) evaluation and resolution of opposition against issuance of development permits for any of said projects; and
- d) monitoring the nature and progress of its approved land development projects, to ensure their faithfulness to the approved plans and its specifications.

Republic Act No. 7279: Urban Development and Housing Act of 1992

Republic Act No. 7279, as amended, or the Urban Development and Housing Act of 1992, requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15% of the total subdivision area or total subdivision project cost, and at least five percent (5%) of condominium area or project cost, at the option of the developer, within the same city or municipality, whenever feasible, and in accordance with the standards set by the HLURB and other existing laws. Alternatively, the developer may opt to buy socialized housing bonds issued by various accredited government agencies or enter into joint venture arrangements with other developers engaged in socialized housing development.

Republic Act No. 9646: Real Estate Service Act

Real estate dealers, brokers and salesmen are also required to register with the HLURB before they can sell lots or units in a registered subdivision or condominium project. Furthermore, no person shall practice or offer to practice real estate service in the Philippines, unless he/she has satisfactorily passed the licensure examination given by the Professional Regulatory Board of Real Estate Service. Under Republic Act No. 9646, or the Real Estate Service Act, the real estate service practitioners required to take the licensure examination are:

1. Real estate consultants — duly registered and licensed natural persons who, for a professional fee, compensation or other valuable consideration, offer or render professional advice and judgment on:
 - (i) the acquisition, enhancement, preservation, utilization or disposition of lands or improvements thereon; and
 - (ii) the conception, planning, management and development of real estate projects;

2. Real estate appraisers — duly registered and licensed natural persons who, for a professional fee, compensation or other valuable consideration, perform or render, or offer to perform services in estimating and arriving at an opinion of or act as an expert on real estate values, such services of which shall be finally rendered by the preparation of the report in acceptable written form; or
3. Real estate brokers — duly registered and licensed natural persons who, for a professional fee, commission or other valuable consideration, act as an agent of a party in a real estate transaction to offer, advertise, solicit, list, promote, mediate, negotiate or effect the meeting of the minds on the sale, purchase, exchange, mortgage, lease or joint venture, or other similar transactions on real estate or any interest therein.

Republic Act No. 4726: The Condominium Act

Under the Condominium Act, the owner of a project shall, prior to the conveyance of any condominium therein, register a declaration of restrictions relating to such project, which restrictions shall constitute a lien upon each condominium in the project, and shall insure to and bind all condominium owners in the project. Such liens, unless otherwise provided, may be enforced by any condominium owner in the project or by the management body of such project. The RD shall enter and annotate the declaration of restrictions upon the certificate of title covering the land included within the project.

The declaration of restrictions shall provide for the management of the project by anyone of the following management bodies: a condominium corporation, an association of the condominium owners, a board of governors elected by condominium owners, or a management agent elected by the owners or by the board named in the declaration. It shall also provide for voting majorities *quorums*, notices, meeting date, and other rules governing such body or bodies.

Further, any transfer or conveyance of any unit or an apartment, office or store or other space, shall include the transfer or conveyance of the undivided interests in the common areas, or, in a proper case, the membership or shareholdings in the condominium corporation.

A condominium corporation shall not, during its existence, sell, exchange, lease, or otherwise dispose of the common areas owned or held by it in the condominium project unless authorized by the affirmative vote of a simple majority of the registered owners with prior notification to all registered owners. Further, the condominium corporation may expand or integrate the project with another upon the affirmative vote of a simple majority of the registered owners, subject only to the final approval of the HLURB.

HLURB Memorandum Circular No. 03, Series of 2016

HLURB Memorandum Circular No. 03, Series of 2016, or the 2015 Guidelines on Time Completion (the "Guidelines") provides that projects required by law to be registered with the HLURB such as industrial, commercial and residential subdivisions, residential or commercial condominiums, and similar projects, such as memorial parks, should be completed within one year from the date of the issuance of the license to sell, or any other period fixed by the HLURB ("Time of Completion"). Failure to comply with the Time of Completion will: (1) entitle buyers to exercise their rights under PD 957 and the Civil Code of the Philippines in addition to other rights and remedies under other laws; and (2) subject the owner or developer to administrative fines, sanctions and penalties which may include the suspension of the license to sell and a cease and desist order.

The HLURB shall rely on the work program or program of development submitted during the application for a Certificate of Registration and license to sell in determining the applicable Time of Completion of a project.

Residential subdivision projects are subject to different Times of Completion for the land and the housing components. The Time of Completion for land development, which includes land clearing and grubbing, road construction, installation of power and water distribution system, construction of drainage and sewerage

systems, and other developments, will depend on the work program or program of development submitted by the owner or developer. All subdivision amenities and facilities such as clubhouse, playgrounds, sports facilities and other infrastructures included in the approved project plans, brochures, prospectus, printed matters, letters or any forms of advertisement shall be developed and completed within the period for the project's land development. Meanwhile, the completion and delivery of any housing unit purchased shall be explicitly provided in the contract to sell or any purchase agreement, and absent any indication thereof, will not exceed one year from the date of purchase.

For condominium projects, all facilities and amenities included in the approved project plans, brochures, prospectus, printed matters, letters or any forms of advertisement shall be completed in accordance with the work program or program of development of the project. The Time of Completion as stated in the license to sell shall be binding and obligatory upon the owner or developer, but if it provides a shorter period in any form of advertisement, it shall be bound by the shorter period.

The Guidelines also provides that the Time of Completion which shall include the date, time and year shall be indicated in the license to sell of the project, which shall be binding and obligatory on the part of the owner or developer, unless a shorter period of completion or delivery is represented in any form of advertisement. The Time of Completion should be indicated in any advertisement of a project.

As a general rule, the Time of Completion is non-extendible, except in the following instances and upon the posting of a bond or security:

1. Existence of sub-soil conditions discoverable only after actual excavation and would require additional excavation time;
2. Occurrence of a fortuitous event completely independent of the will of the owner or developer, that requires reconstruction or causes delays in the project, and renders its completion within the original approved period impossible in a normal manner;
3. Issuance of a lawful order of a court, other government agency or local government unit that temporarily enjoins the development of the project, unless such issuance is caused by the fault, mistake or negligence of the owner or developer.

If an owner or developer wishes to apply for additional time due to the foregoing grounds, it shall file a sworn application with the Regional Field Office of the HLURB where the project is registered, including a proof of notice to all lot or unit buyers, a revised work program with computation of remaining cost of completion and other requirements, within 60 days from the discovery of the unfavorable sub-soil conditions, the occurrence of the fortuitous event, or from receipt of the order or issuance of a court or government body.

The owner or developer of a project that is not completed on time will be given a Notice of Alleged Reported Violation requiring it to explain under oath why no administrative fine and sanctions and cease and desist order should be imposed against it. Should the owner or developer fail to comply with the order or justify the non-completion of a project, an order imposing administrative fines and sanction shall be issued, and the owner or developer shall be required to submit additional documentations on the project.

Upon review of the submitted documents, a final order shall be issued requiring the completion of the project within such period as may be fixed by the HLURB, and a performance bond shall be secured conditioned on this undertaking. In case of non-completion of the project within the approved Time of Completion, an administrative fine shall be imposed in accordance with the approved Schedule of Fines and other existing HLURB guidelines, the license to sell shall be suspended, and a cease and desist order shall be issued enjoining the owner or developer from further selling any lot, including any building or improvement thereon, or any unit in a project, from advertising the project, and from collecting amortization payment, until the completion of the project and issuance of a Certificate of Completion.

Republic Act No. 11201: Department of Human Settlements and Urban Development Act

Republic Act No. 11201 or the Department of Human Settlements and Urban Development Act, creates the Department of Human Settlements and Urban Development (the "Department"), through the consolidation of the HLURB and the Housing and Urban Development Coordinating Council ("HUDCC"). It shall act as the primary national government entity responsible for the management of housing, human settlement and urban development. It shall be the sole and main planning and policy-making, regulatory, program coordination, and performance monitoring entity for all housing, human settlement and urban development concerns, primarily focusing on the access to and the affordability of basic human needs.

The 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.

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.

Property registration and nationality restrictions

Presidential Decree No. 1529: Property Registration Decree

The Philippines has adopted a system of land registration, which evidences land ownership that is binding on all persons. Once registered, title to registered land becomes indefeasible after one year from the date of entry of the decree of registration except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription. Presidential Decree No. 1529, as amended, or the Property Registration Decree, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper surveying, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment to the Court of Appeals and ultimately to the Supreme Court within 15 days from receiving notice of judgment. Upon finality of judgment, the appropriate Register of Deeds ("RD") may issue an Original Certificate of Title ("OCT"). The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR's issuance of a patent. The patent becomes the basis for issuance of the OCT by the RD. All land patents (i.e., homestead, sales and free patents) must be registered with the appropriate RD since the conveyance of the title to the land covered thereby takes effect only upon such registration.

The act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned, and in all cases under the said decree, the registration shall be made in the office of the RD for

the province or city where the land lies. Every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument or entry affecting registered land shall, if registered, filed or entered in the office of the RD for the province or city where the land to which it relates lies, be constructive notice to all persons from the time of such registering, filing or entering.

All interests in registered land less than ownership (such as liens created by mortgages and leases) shall be registered by filing with the RD the instrument which creates or transfers or claims such interests and by a brief memorandum thereof made by the RD upon the certificate of title, and signed by him. A similar memorandum shall also be made on the owner's duplicate.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the RD. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment of the sales price. In the event a mortgage over the lot or unit is outstanding at the time of the issuance of the title to the buyer, the owner or developer shall redeem the mortgage or the corresponding portion thereof within six months from such issuance in order that the title over any fully paid lot or unit may be secured and delivered to the buyer. To evidence ownership of condominium units, the RD issues a Condominium Certificate of Title.

Article XII, Section 7 of the Constitution; Commonwealth Act No. 141

Article XII, Section 7 of the Constitution, in relation to Chapter 5 of the Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, pursuant to Republic Act No. 4726 (as amended), with respect to condominium developments, the ownership of condominium units where the common areas in the condominium project are co-owned by the owners of the separate units or owned by a corporation is limited to up to 40% foreign equity.

Environmental laws and safety standards

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate ("ECC") prior to commencement. The DENR, through its regional offices or through the Environmental Management Bureau ("EMB"), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement ("EIS") to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("IEE") to the proper DENR regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EIS and ECC are mandatory. In determining the scope of the EIS System, two factors are considered: (i) the nature of the project and its potential to cause significant negative environmental impacts, and (ii) the sensitivity or vulnerability of environmental resources in the project area.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the direct and indirect consequences of the project to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, as a minimum, each contains all relevant information

regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a government certification that the proposed project or undertaking will not cause a significant negative environmental impact, that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("EGF") when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The EGF is intended to meet any damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund ("EMF") when an ECC is eventually issued. In any case, the establishment of an EMF must not be later than the initial construction phase of the project. The EMF shall be used to support the activities of a multi-partite monitoring team organized to monitor compliance with the ECC and applicable laws, rules and regulations.

While a development project may not fall under the categories wherein an ECC is required, it is still required to obtain a CNC from the EMB or the DENR Regional Office. The applicant must submit a Project Description to the EMB, which will then evaluate whether or not an ECC is required for the project. If an ECC is not required, then the EMB will issue a CNC to be submitted to the HLURB.

Aside from the EIS and IEE, engineering, geological and geo-hazard assessments are also required for ECC applications covering subdivisions, housing and other land development and infrastructure projects.

All development projects, installations and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay Region are also required to obtain a discharge permit from the Laguna Lake Development Authority.

All buildings or structures as well as accessory facilities thereto shall conform in all respects to the principles of safe construction under the National Building Code. Every applicant for a building permit under the National Building Code is likewise required to secure a Height Clearance Permit from the Civil Aviation Authority of the Philippines.

Real property taxation

Republic Act No. 7160: Local Government Code of the Philippines

Real property taxes are payable annually or quarterly based on the property's assessed value. Assessed values are determined by applying the assessment levels (fixed by ordinances of the concerned Sanggunian) against the fair market values of real property. Under Republic Act No. 7160, as amended, or the Local Government Code of the Philippines, the assessed value of property and improvements varies depending on the location, use and nature of the property. Land is ordinarily assessed at 20% to 50% of its fair market value; buildings may be assessed up to 80% of their fair market values; and machinery may be assessed at 40% to 80% of its fair market value. Real property taxes may not exceed 2% of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1% in all other areas. A province or city, or a municipality within Metro Manila may also levy and collect an annual tax of one percent (1%) on the assessed value of real property which shall be in addition to the basic real property tax to accrue exclusively to the Special Education Fund of the local government unit where the property is located.

Construction license

A regular contractor's license is required to be obtained from the Philippine Contractors Accreditation Board ("PCAB"). In applying for and granting such license, the PCAB takes into consideration the applicant-contractor's qualifications and compliance with certain minimum requirements in the following criteria: (i) financial capacity, (ii) equipment capacity, (iii) experience of the firm, and (iv) experience of technical personnel. Philippine laws also require a contractor to secure construction permits and environmental clearances from appropriate government agencies prior to actually undertaking each project.

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, the Underwriters or any of their respective subsidiaries, affiliates or advisors in connection with sale of the Preferred Shares.

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 Government have 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. While the PSE maintains two trading floors, one in Makati City and the other in Pasig City, these floors are linked by an automated trading system which integrates all bid and ask quotations from the bourses.

In June 1998, the Philippine SEC granted the PSE "Self-Regulatory Organization" status, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, 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 has an authorized capital stock of 120.0 million, of which approximately 61.2 million was subscribed and fully paid-up as of June 30, 2015. Each of the 184 member-brokers was granted 50,000 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. 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. Previously, PSE allowed listing on the First Board, Second Board or the Small and Medium Enterprises Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated June 6, 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in the articles of incorporation of the issuer. Each index represents the numerical average of the prices of component stocks. The PSE has an index, referred to as the PHISIX, which as at the date thereof reflects the price movements of selected stocks listed on the PSE, based on traded prices of stocks from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective April 3, 2006 simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi includes 30 selected stocks listed on the PSE. In July 2010, the PSE's new trading system, now known as PSE Trade, was launched.

With the increasing calls for good corporate governance, PSE has adopted an online daily disclosure system to improve the transparency of listed companies and to protect the investing public.

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 forth movements in the composite index from 2005 to as of September 30, 2016, and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Selected Stock Exchange Data

Calendar year	Composite index at closing	Number of listed companies	Aggregate market capitalization	Combined value of turnover
			(in ₱ billions)	
2006	2,982.5	239	7,173.2	572.6
2007	3,621.6	244	7,977.6	1,338.3
2008	1,872.9	246	4,069.2	763.9
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	245	8,697.0	1,422.6
2012	5,812.7	254	10,952.7	1,771.7
2013	5,889.8	257	11,931.3	2,546.2
2014	7,230.6	263	14,251.7	2,130.1
2015	6,952.1	265	13,465.6	2,151.4
2016	6,840.6	265	14,438.8	1,929.5
2017	8,558.4	267	17,583.1	1,958.4
2018	7,466.0	267	16,146.7	1,736.8
March 29, 2019	7,920.9	267	17,235.8	488.9

Source: PSE. Data in the table above for the years 2005 to 2018 is as of the last trading day of each year, and the data for the period ended March 29, 2019 is as of the last trading day of such period.

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stock brokers. To trade, bids 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. Transactions are generally invoiced through a confirmation slip sent to customers on the trade date (or the following trading day). Payment of purchases of listed securities must be made by the buyer on or before the third trading day after the trade.

Equities trading on the PSE starts at 9:30 am and ends at 12:00 pm for the morning session, and resumes at 1:30 pm and ends at 3:30 pm for the afternoon session, with a ten-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Monday to Friday, except legal and special holidays.

Minimum trading lots range from 5 to 1,000,000 shares depending on the price range and nature of the security traded. The minimum trading lot for our Shares is 100 shares. 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, when the price of a listed security moves up by 50% or down by 50% in one day (based on the previous closing price or last posted bid price, whichever is higher), the price of that security is automatically frozen by the PSE, unless there is an official statement from the company or a government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the issuer fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading shall be allowed only when the disclosure of the company is disseminated, subject again to the trading ban.

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 Securities Clearing Corporation of the Philippines ("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 17 January 2002. It is responsible for: (i) synchronizing the settlement of funds and the transfer of securities through delivery versus payment, as well as clearing and settlement of transactions of clearing members, who are also PSE Trading Participants; (ii) guaranteeing the settlement of trades in the event of a PSE Trading Participant's default through the implementation of its "Fails Management System" and administration of the Clearing and Trade Guaranty Fund; and (iii) performance of risk management and monitoring to ensure final and irrevocable settlements of trades.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three trading 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 broker maintains a Cash Settlement Account with one of the seven existing Settlement Banks of SCCP, which are BDO, Rizal Commercial Banking Corporation, Metropolitan Bank and Trust Company, Deutsche Bank, The Hongkong and Shanghai Banking Corporation Limited, Unionbank of the Philippines and Maybank Philippines, Inc. 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 system ("CCCS") on 29 May 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 Philippine Depository & Trust Corporation (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 16 December 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, BDO, Rizal Commercial Banking Corporation, Metropolitan Bank and Trust Company, Deutsche Bank, HSBC Philippines, Unionbank of the Philippines and Maybank Philippines, Inc.

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 of stock in favor of PCD Nominee, a corporation wholly owned by the PDTC whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged into the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are canceled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares to PCD Nominee will be recorded in the Issuer's registry. This trust arrangement between the participants and PDTC through 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 PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished by way of 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 (trading date plus three trading days) 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 CCCS 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 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 upliftment of shares lodged under the name of 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 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 canceled 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 PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the 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 24 June 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on 1 July 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 the amended rules on Lodgment of Securities of the PSE.

Further, the PSE apprised all listed companies and market participants on 21 May 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgment 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 Philippine SEC.

For listing applications, the amended rule on lodgment of securities is applicable to:

- a. the offer shares/securities of the applicant company in the case of an initial public offering;
- b. 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;
- c. new securities to be offered and applied for listing by an existing listed company; and
- d. additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof.

Issuance of Certified Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply to PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. As stated above, 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 upliftment of shares lodged under the name of 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 for the account of the uplifting shareholder.

Upon the issuance of certificated 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 beneficial ownership in the shares to 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.

Appendix

Consolidated Audited Financial Statements for December 31, 2018, 2017 and 2016