

**OFFER SUPPLEMENT TO THE  
PROSPECTUS DATED NOVEMBER 21, 2016**



**ARTHALAND CORPORATION**

Offer of 10,000,000 Series B Preferred Shares  
with an Oversubscription Option of up to 10,000,000 Series B Preferred Shares  
under its 30,000,000 Preferred Shares Shelf Registration

with a Dividend Rate of 7.0458% per annum

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

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

**Sole Issue Manager, Sole Bookrunner and Lead Underwriter**



**Co-Lead Managers**

Chinabank Capital Corporation  
Philippine Commercial Capital, Inc.

**Selling Agents**

The Trading Participants of The Philippine Stock Exchange, Inc.

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

The date of this Offer Supplement is November 21, 2016.

**ARTHALAND CORPORATION**

8<sup>th</sup> Floor Picadilly Star Building  
4<sup>th</sup> Avenue corner 27<sup>th</sup> Street  
Bonifacio Global City, Taguig City  
Telephone (632) 403-6910  
<http://www.arthaland.com.ph/>

Arthaland Corporation (“ALCO”, the “Company” or the “Issuer”), a corporation duly organized and existing under Philippine law, has prepared a Prospectus dated November 21, 2016 (the “Prospectus”) relating to the shelf registration and sale in the Philippines of up to 30,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable Peso-denominated preferred shares (the “Preferred Shares”).

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

The first tranche of the Preferred Shares to be offered and issued out of the shelf registration (the “Offer”) will be denominated as “Series B Preferred Shares” (the “Series B Preferred Shares”) and will consist of 10,000,000 Series B Preferred Shares, and in the event of an oversubscription, BDO Capital & Investment Corporation in their capacity as Lead Underwriter for the Offer, with the consent of the Company, may increase the size of the Offer by up to an additional 10,000,000 Series B Preferred Shares (the “Oversubscription Option”, and the Series B Preferred Shares pertaining to such option, the “Oversubscription Option Shares”) resulting in an aggregate issue size of up to 20,000,000 Series B Preferred Shares. The remaining balance of 10,000,000 Preferred Shares will be issued in one or more tranches within the Shelf Period. However, in case the Oversubscription Option is only partially exercised or not exercised at all during the Offer Period, the Preferred Shares under shelf registration will be automatically increased by such number of Oversubscription Option Shares that will not be taken up or exercised. Hence, after the Offer, the remaining Preferred Shares under shelf registration may potentially revert to an aggregate number of up to 20,000,000 Preferred Shares, which may be issued in one or more tranches within the Shelf Period.

**This document constitutes the Offer Supplement relating to the initial tranche or the Offer described herein. Unless defined in this Offer Supplement, terms used herein shall be deemed to be defined as set forth in the Prospectus. This Offer Supplement contains the terms of the Offer and must be read in conjunction with the Prospectus, the Articles of Incorporation and By-Laws of the Company (each as amended to date), the Deed Poll dated November 21, 2016 (the “Deed Poll”), the Application to Purchase and applicable laws and regulations. Full information on the Company and the Offer is available on the basis of the combination of the Offer Supplement, the Prospectus, the Articles of Incorporation and By-Laws of the Company (each as amended to date), the Deed Poll, the Application to Purchase and applicable laws and regulations. All information contained in the Prospectus are deemed incorporated by reference in the Offer Supplement.**

The Series B Preferred Shares, which have a par value of ₱1 per share, will be offered at an offer price of ₱100 per share, with an aggregate issue size of ₱2 billion assuming the Oversubscription Option is fully exercised, or ₱1 billion assuming the Oversubscription Option is not exercised.

As of the date of this Offer Supplement, the Company has 5,318,095,199 outstanding common shares and 12,500,000 outstanding Series A Preferred Shares. After the Offer, assuming the Oversubscription

Option is exercised, the Company will have 5,318,095,199 outstanding common shares, 12,500,000 outstanding Series A Preferred Shares and 20,000,000 outstanding Series B Preferred Shares. After the Offer, assuming the Oversubscription Option is not exercised, the Company will have 5,318,095,199 outstanding common shares, 12,500,000 outstanding Series A Preferred Shares and 10,000,000 outstanding Series B Preferred Shares.

The Company estimates that the net proceeds from the Offer shall amount to approximately ₱981.9 million (assuming the Oversubscription Option is not exercised), after fees, commissions and expenses. Assuming full exercise of the Oversubscription Option, the Company estimates that the net proceeds from the Offer shall amount to approximately ₱1.97 billion, after deducting fees, commissions and expenses. The net proceeds of the Offer shall be used primarily to partially finance the acquisition and development of the Company's real estate projects. For a more detailed discussion on the use of proceeds, see "*Use of Proceeds*" of this Offer Supplement.

Dividends may be declared at the discretion of the Board of Directors of the Company and will depend upon the future results of operations and general financial condition, capital requirements, its ability to receive dividends and other distributions and payments from its subsidiaries, foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations and other factors the Board of Directors may deem relevant. For a more detailed discussion on dividends and the dividend policy of the Company, see "*Dividends and Dividend Policy*" in the Prospectus.

The underwriting fees and any selling fees to be paid by the Company in relation to the Offer shall be equivalent to 30 basis points of the gross proceeds of the Offer. This shall be inclusive of underwriting fees to be paid to BDO Capital & Investment Corporation in its capacity as the lead underwriter (the "**Lead Underwriter**") and China Bank Capital Corporation and Philippine Commercial Capital, Inc. in their capacities as the co-lead managers (the "**Co-Lead Managers**"). This shall also be inclusive of any commissions to be paid to the PSE Trading Participants (the "**Selling Agents**"), which shall be equivalent to 12.5 basis points (inclusive of Value Added Tax) of the total proceeds of the sale of the Series B Preferred Shares by such trading participant. For a more detailed discussion on the fees to be received by the Lead Underwriter, Co-Lead Managers and Selling Agents, see "*Plan of Distribution*" of this Offer Supplement.

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

Upon listing, the Series B Preferred Shares will be traded under the symbol "**ALCPB**".

The Company reserves the right to withdraw the offer and sale of the Series B Preferred Shares at any time, and the right to reject any application to purchase the Series B Preferred Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Series B Preferred Shares sought by such purchaser. If the Offer is withdrawn or discontinued, the Company shall

subsequently notify the SEC and the PSE. The Lead Underwriter, the Co-Lead Managers and the Selling Agents may acquire for their own account a portion of the Series B Preferred Shares.

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

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

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

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

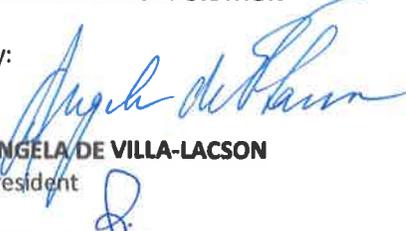
Market data and certain industry forecasts used throughout the Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed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

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

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

**ARTHALAND CORPORATION**

By:

  
**ANGELA DE VILLA-LACSON**  
President

  
**LEONARDO T. PO**  
Treasurer

SUBSCRIBED AND SWORN to before me this November 21, 2016 in Taguig City, affiants personally appeared and exhibited to me the following identification as competent evidence of identity.

Name	Identification	Date and Place of Issuance/Expiry
ANGELA DE VILLA-LACSON	Passport No. EB7803963	Issued on April 4, 2013 at DFA NCR Central, Philippines
LEONARDO T. PO	Passport No. EB8621190	Issued on July 10, 2013 at the City of Manila, Philippines

Doc No. 44  
Page No. 11  
Book No. I  
Series of 2016.

  
**GIANNA MARIA C. COMSTI**  
NOTARY PUBLIC  
FOR AND IN THE CITY OF PASIG, TAGUIG AND  
SAN JUAN AND IN THE MUNICIPALITY OF PATEROS  
UNTIL DECEMBER 31, 2017  
PTR NO. 1388350; 1/7/16; PASIG CITY  
IBP NO. 1019723; 1/4/16; RSM  
MCLE COMPLIANCE NO. V-0011903; 4/14/19  
ROLL NO. 63071/ APPOINTMENT NO. 25 (2016-2017)  
21/F Robinsons-Equitable Tower, 4 ADB Ave. cor. Poveda St.  
1605 Ortigas Center, Pasig City

## Terms of the Offer

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

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

On September 7, 2016, the Board of Directors of the Company authorized the sale and offer of up to 30,000,000 Preferred Shares with a par value of ₱1 per share, under a shelf registration to be issued within a period of three (3) years from the date of the effectivity of the Registration Statement (the "**Shelf Period**"), with an initial offering of ₱1,000,000,000 consisting of 10,000,000 Series B Preferred Shares and an Oversubscription Option of up to an additional ₱1,000,000,000 consisting of up to 10,000,000 Series B Preferred Shares, at an offer price of ₱100 per share. On October 17, 2016, the Board of Directors approved the terms and conditions of the offer of the Series B Preferred Shares and authorized certain officers of the Company to approve and confirm the final dividend rate based on the formula approved by the Board of Directors, the adjustments to the timetable and other minor changes to the terms and conditions as such signatories may deem necessary. The said enabling resolutions were filed with the SEC Company Registration and Monitoring Department on October 21, 2016, pursuant to the Corporation Code of the Philippines.

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

1	Issuer.....	ArthaLand Corporation (" <b>ALCO</b> ", the " <b>Company</b> " or the " <b>Issuer</b> ").
2	Offer Size.....	₱1,000,000,000 (the " <b>Firm Offer</b> "), as may be increased upon the exercise of the Oversubscription Option (as defined and provided below).
3	Instrument.....	Cumulative, non-voting, non-participating, non-convertible, redeemable Peso-denominated preferred shares (the " <b>Series B Preferred Shares</b> ").  The Series B Preferred Shares subject of the Firm Offer, as well as the Series B Preferred Shares that may be issued pursuant to the Oversubscription Option, will collectively be denominated as the " <b>Series B Preferred Shares</b> ".

4	Offer and Offer Price .....	ALCO, through the Lead Underwriter, the Co-Lead Managers and the Selling Agents, is offering 10,000,000 Series B Preferred Shares, as may be increased upon the exercise of the Oversubscription Option, at an offer price of ₱100 per Share (the “ <b>Offer Price</b> ”).
5	Oversubscription Option .....	<p>In the event of an oversubscription, the Lead Underwriter, with the consent of the Issuer, may increase the Offer Size by up to ₱1,000,000,000 consisting of 10,000,000 additional Series B Preferred Shares (the “<b>Oversubscription Option</b>”, and the Series B Preferred Shares pertaining to such option, the “<b>Oversubscription Option Shares</b>”).</p> <p>The Oversubscription Option Shares that may be issued pursuant to the exercise of the Oversubscription Option will be subject to the same terms and conditions as the Series B Preferred Shares subject of the Firm Offer.</p> <p>However, in case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the Preferred Shares under shelf registration will be automatically increased by such number of Oversubscription Option Shares that will not be taken up or exercised. Hence, after the Offer, the remaining Preferred Shares under shelf registration may potentially revert to an aggregate number of up to 20,000,000, which may be issued in tranches within the Shelf Period.</p>
6	Registration and Listing.....	<p>The Company has applied with the Securities and Exchange Commission (“<b>SEC</b>”) for the shelf registration of 30,000,000 cumulative, non-voting, non-participating, non-convertible Peso-denominated Preferred Shares, pursuant to the Securities Regulation Code and its implementing rules and regulations. The Preferred Shares will be issued in tranches within the Shelf Period.</p> <p>The first tranche of the Preferred Shares to be offered and issued out of the shelf-registration is the subject of the Offer and will comprise the Series B Preferred Shares.</p> <p>The Company has likewise applied with the Philippine Stock Exchange (“<b>PSE</b>”) for the listing of the Series B Preferred Shares. Upon listing, the Series B Preferred Shares will be traded under the symbol “<b>ALCPB</b>”.</p>
7	Issue Date .....	December 6, 2016
8	Use of Proceeds	The net proceeds of the Offer ( <i>i.e.</i> , after deducting expenses in relation to the Offer) will be used to partially finance the acquisition and development of the Company’s real estate

		projects, repayment of loans and for general corporate purposes. Please refer to the section “Use of Proceeds” of this Offer Supplement for further discussion of the use of proceeds of the Offer.
9	Par Value.....	The Series B Preferred Shares have a par value of ₱1 per share.
10	Offer Price.....	The Series B Preferred Shares will be offered at a price of ₱100 per share.
11	Dividend Rate .....	<p>The Series B Preferred Shares will, subject to certain dividend payment conditions (see “<i>Conditions for the Declaration and Payment of Cash Dividends</i>” in this Offer Supplement), bear cumulative, non-participating cash dividends (the “<b>Dividends</b>”) based on the Offer Price, payable quarterly in arrears every Dividend Payment Date (as defined below) at the Dividend Rate <i>per annum</i> reckoned from Issue Date. Dividends will be calculated on a 30/360-day basis.</p> <p>The term “<b>Dividend Rate</b>” means (a) from the Issue Date up to the Initial Optional Redemption Date, the Original Dividend Rate, and (b) from the Initial Optional Redemption Date, the higher of the Original Dividend Rate and the Step Up Rate. (Please see below for the relevant definitions.)</p>
12	Original Dividend Rate and Original Spread	<p>The original dividend rate (the “<b>Original Dividend Rate</b>”) shall be at the fixed rate of 7.0458% <i>per annum</i>.</p> <p>The Original Dividend Rate is equivalent to the sum of the 3-day average of the 5-year PDST-R2 rate (or such successor rate) as of November 15, 2016, the dividend rate setting date, and a spread of 275 bps (the “<b>Original Spread</b>”) <i>per annum</i>.</p>
13	Dividend Rate Step-Up .....	<p>Unless the Series B Preferred Shares are redeemed by ALCO on the fifth (5<sup>th</sup>) anniversary of the Listing Date (the “<b>Initial Optional Redemption Date</b>”), the Dividend Rate shall be adjusted thereafter to the higher of:</p> <ol style="list-style-type: none"> <li>a. Original Dividend Rate, or</li> <li>b. the sum of: <ol style="list-style-type: none"> <li>i. the 3-day average of the 10-year PDST-R2 preceding and including the Initial Optional Redemption Date, and</li> <li>ii. the Original Spread x 150%</li> </ol> </li> </ol> <p>(this item b, the “<b>Step Up Rate</b>”).</p>

		For the avoidance of doubt, if the Original Dividend Rate is higher than the Step Up Rate, there shall be no adjustment on the Dividend Rate, and the Original Dividend Rate shall continue to be the Dividend Rate.
14	Dividend Payment Dates .....	<p>As and if declared by ALCO, and in accordance with the terms and conditions of the Series B Preferred Shares, dividends will be payable starting on March 6, 2017 and every June 6, September 6, December 6 and March 6 of each year (each, a “<b>Dividend Payment Date</b>”), being the last day of each 3-month dividend period (a “<b>Dividend Period</b>”). If the Dividend Payment Date is not a Banking Day, Dividends will be paid on the next succeeding Banking Day, without adjustment as to the amount of Dividends to be paid.</p> <p>A “<b>Banking Day</b>” means a day, except Saturday or Sunday or legal holidays, when banks are open for business in Metro Manila Philippines during which facilities of the Philippine banking system are open and available for clearing.</p>
15	Conditions for the Declaration and Payment of Cash Dividends .....	<p>ALCO’s Board of Directors has full discretion over the declaration and payment of cash dividends on the Series B Preferred Shares, to the extent permitted by law.</p> <p>ALCO’s Board of Directors will not declare and pay cash dividends on any Dividend Payment Date where, in its opinion:</p> <ul style="list-style-type: none"> <li>(a) Payment of the cash dividend would cause ALCO to breach any of its financial covenants; or</li> <li>(b) The unrestricted retained earnings available to ALCO for distribution as dividends are not sufficient to enable ALCO to pay cash dividends in full on all other classes of ALCO’s outstanding shares that are scheduled to be paid on or before any Dividend Payment Date and that have an equal right and priority to dividends as the Series B Preferred Shares.</li> </ul> <p>If the unrestricted retained earnings available to distribute as dividends are, in ALCO’s Board of Directors’ opinion, not sufficient to enable ALCO to pay both dividends on the Series B Preferred Shares and the dividends on other shares that have an equal right and priority to dividends as the Series B Preferred Shares, in full and on the relevant dates, then ALCO is required to:</p> <ul style="list-style-type: none"> <li>(1) first, pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that Dividend Payment Date on any shares with a right to</li> </ul>

		<p>dividends ranking higher in priority to that of the Series B Preferred Shares; and</p> <p>(2) second, to pay dividends on the Series B Preferred Shares and any other shares ranking equally with the Series B Preferred Shares as to participation in such retained earnings <i>pro rata</i> to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividend payable on that date and any arrears on any past cumulative dividends on any shares ranking equal in priority with the Series B Preferred Shares to receive dividends.</p> <p>Any such cash dividends deferred or not declared in accordance with the above provisions shall constitute <b>“Arrears of Dividends”</b>.</p> <p>The unrestricted retained earnings available for distribution are, in general and with some adjustments, equal to ALCO’s accumulated profits, less accumulated realized losses. In general, under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings. Unrestricted retained earnings represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purposes and which are free for distribution to the shareholders as dividends.</p> <p>Cash dividends on the Series B Preferred Shares will be cumulative. If for any reason the Board of Directors of ALCO does not declare cash dividends on the Series B Preferred Shares for a Dividend Period, ALCO will not pay cash dividends on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which cash dividends are declared, holders of the Series B Preferred Shares must receive the accrued and unpaid cash dividends due them on such Dividend Payment Date as well as all Arrears of Dividends to the holders of the Series B Preferred Shares prior to such Dividend Payment Date.</p> <p>Holders of the Series B Preferred Shares shall not be entitled to participate in any other or further dividends, cash, property or stock beyond the dividends specifically payable on the Series B Preferred Shares.</p> <p>ALCO covenants that, in the event:</p> <p>(a) any cash dividends due with respect to any Series B Preferred Shares then outstanding for any period are not declared and paid in full when due;</p>
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		<p>(b) where there remains outstanding Arrears of Dividends; or</p> <p>(c) any other amounts payable under the terms and conditions of the Series B Preferred Shares are not paid in full when due for any reason,</p> <p>then it will not declare or pay any dividends or other distributions in respect of, or repurchase or redeem, securities ranking <i>pari passu</i> with, or junior to, the Series B Preferred Shares (or contribute any money to a sinking fund for the redemption of any securities ranking <i>pari passu</i> with, or junior to, the Series B Preferred Shares) until any and all Arrears of Dividends and accrued but unpaid cash dividends have been paid to the holders of the Series B Preferred Shares (unless such declaration or payment of dividends or distributions in respect of <i>pari passu</i> securities shall be in accordance with the paragraph numbered (2) of this section in respect of <i>pro rata</i> payment between the Series B Preferred Shares and any other shares ranking equally with the Series B Preferred Shares as to participation in the retained earnings).</p>
16	Payments of Dividends and Other Amounts .....	<p>All payments of dividends and any other amounts under the Series B Preferred Shares shall be paid by ALCO in Philippine Pesos.</p> <p>On the relevant payment dates, the Paying Agent shall make available to the holders of the Series B Preferred Shares as of the relevant record date, checks drawn against the relevant payment settlement account in the amount due to each of such holders of record, either (i) for pick-up by the relevant holder of record of the Series B Preferred Shares or its duly authorized representative at the office of the Paying Agent, or (ii) delivery via courier or, if courier service is unavailable for delivery to the address of the relevant holder of record of the Series B Preferred Shares via mail, at such holder's risk, to the address of such holder appearing in the Registry of Shareholders.</p>
17	Optional Redemption .....	<p>As and if approved by the Board of Directors of ALCO and subject to the requirements of applicable laws and regulations, and ALCO's financial covenants, ALCO has the sole option, but not the obligation, to redeem all (but not part) of the outstanding Series B Preferred Shares, having given to the Stock Transfer Agent, the SEC and the PSE not less than thirty (30) days' written notice prior to the intended date of redemption, on:</p> <p>(a) the Initial Optional Redemption Date; or</p>

		<p>(b) any Dividend Payment Date after the Initial Optional Redemption Date</p> <p>(each, an “<b>Optional Redemption Date</b>”),</p> <p>at a redemption price equal to the Offer Price of the Series B Preferred Shares, plus any accrued and unpaid cash dividends due them on such Dividend Payment Date as well as all Arrears of Dividends outstanding, after deduction of transfer costs customarily chargeable to stockholders, as applicable, to effect the redemption (the “<b>Redemption Price</b>”). The Redemption Price shall be paid to holders of the Series B Preferred Shares as of the relevant record date set by ALCO for such redemption.</p> <p>ALCO may, at its sole option, subject to the requirements of applicable laws and regulations and ALCO’s financial covenants, also redeem the Series B Preferred Shares, in whole but not in part, at any time if an Accounting Event, a Tax Event or a Change in Control Event (each as defined below) has occurred, having given not less than thirty (30) days’ written notice to the Stock Transfer Agent, the PSE and the SEC prior to the intended date of redemption.</p> <p>The redemption due to an Accounting Event or a Tax Event shall be made by ALCO at the Redemption Price, which shall be paid on the date of redemption set out in the notice.</p> <p>Upon the occurrence of a Change in Control Event, ALCO may elect to redeem the Series B Preferred Shares. If ALCO redeems the Series B Preferred Shares within a period not exceeding thirty (30) days from the occurrence of a Change in Control Event, the redemption shall be made by ALCO at the Redemption Price prevailing immediately prior to the Change in Control Event.</p> <p>If ALCO does not redeem the Series B Preferred Shares within thirty (30) days from the occurrence of a Change in Control Event:</p> <p>(a) the Dividend Rate will be increased by 400 basis points per annum, commencing on and including the day on which a Change in Control Event has occurred; and</p> <p>(b) ALCO may still redeem at any time the Series B Preferred Shares at the Redemption Price. For the avoidance of doubt, the Redemption Price shall include the additional 400 basis points per annum constituting the increase in Dividend Rate,</p>
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		commencing on and including the day on which a Change in Control Event has occurred until the date of redemption, as provided under item (a) above.
18	Accounting Event	An accounting event (“ <b>Accounting Event</b> ”) shall occur if, in the opinion of ALCO, with due consultation with its independent auditors at the relevant time, there is more than an insubstantial risk that the Series B Preferred Shares or the funds raised through the issuance of the Series B Preferred Shares may no longer be recorded as “equity” to the full extent as at the Issue Date pursuant to the Philippine Financial Recording Standards (“ <b>PFRS</b> ”), or such other accounting standards which succeed PFRS, as adopted by the Republic of the Philippines and applied by ALCO for drawing up its consolidated financial statements for the relevant financial year.
19	Tax Event	A tax event (“ <b>Tax Event</b> ”) shall occur if dividend payments or other amounts payable on the Series B Preferred Shares become subject to higher withholding tax or any new tax (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof.
20	Change in Control Event	<p>A change in control event (“<b>Change in Control Event</b>”) shall be deemed to have occurred when:</p> <ul style="list-style-type: none"> <li>(a) CPG Holdings, Inc. (“<b>CPG</b>”) and AO Capital Holdings 1 (“<b>AOCH1</b>”) (or together with any of their respective affiliates) collectively cease to own 51% of the voting capital stock of ALCO and to retain the power to elect a majority of the Board of Directors; or</li> <li>(b) CPG (alone or together with any affiliate) ceases to own at least 31% of the voting capital stock of ALCO; or</li> <li>(c) AOCH1 (alone or together with any affiliate) ceases to own at least 20% of the voting capital stock of ALCO.</li> </ul> <p>The term “affiliate” for purposes of the definition of the Change in Control Event, means a corporation (i) at least sixty-seven percent (67%) of the total issued and outstanding voting capital stock is directly or indirectly (computed in the same manner as the grandfather rule), owned by, and (ii) which is controlled by, directly or indirectly, the individuals who, as of Issue Date, are the ultimate owners of CPG or AOCH1, as applicable.</p> <p>For purposes of this definition, “control” means the possession, directly or indirectly, by a person of the power to elect and remove at least a majority of the total number of</p>

		<p>the board of directors or other governing body of the corporation, or otherwise direct or cause the direction of management and policies of the corporation, whether through ownership of voting securities, contract or otherwise; provided, that a person's direct ownership of voting securities of over fifty percent (50%) of the issued and outstanding voting capital stock of the corporation is deemed to constitute control of that corporation. "Controlled by" shall have the corresponding meaning.</p> <p>If a Change in Control Event has occurred, ALCO may at any time redeem the Series B Preferred Shares, subject to the conditions stated under "<i>Optional Redemption</i>". Unless the Series B Preferred Shares are redeemed within thirty (30) days from the occurrence of a Change in Control Event, the Dividend Rate will be increased as provided under "<i>Optional Redemption</i>".</p> <p>At any time before the occurrence of Change in Control Event, or on the date of such occurrence, or within seven (7) Banking Days from the occurrence of a Change in Control Event, ALCO, acting through its Corporate Secretary or through such other officer as may be authorized by its Board of Directors, shall give written notice to the Stock Transfer Agent, the SEC and the PSE, of the Change in Control Event. As applicable, the said notice may likewise indicate that ALCO will redeem the Series B Preferred Shares pursuant to the provisions and subject to the conditions stated under "<i>Optional Redemption</i>".</p>
21	No Sinking Fund	ALCO has not established, and currently has no plans to establish, a sinking fund for the redemption of the Series B Preferred Shares.
22	Purchase of the Series B Preferred Shares	<p>Subsequent to the listing of the Series B Preferred Shares on the PSE, and subject to compliance with applicable law and rules of the PSE, ALCO may purchase the Series B Preferred Shares at any time at market prices through the facilities of the PSE, or by tender offer or negotiated sale, subject, however, to the relevant PSE approval for a regular or special block sale (as applicable), without the obligation to purchase or redeem the other Series B Preferred Shares.</p> <p>Any Series B Preferred Shares redeemed or purchased by ALCO shall be recorded as treasury stock of ALCO and will be cancelled.</p>
23	Taxation.....	Subject to the provisions set forth below, all payments in respect of the Series B Preferred Shares are to be made free and clear of any deductions or withholding for or on account of any future taxes or duties imposed by or on behalf of the Philippines, including but not limited to, documentary stamp,

		<p>issue, registration, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, ALCO will pay additional amounts so that holders of the Series B Preferred Shares will receive the full amount of the relevant payment which otherwise would have been due and payable.</p> <p>Notwithstanding the foregoing, ALCO shall not be liable for, and the foregoing payment undertaking of ALCO shall not apply to:</p> <ul style="list-style-type: none"> <li>(a) any withholding tax applicable to dividends earned by or any amounts payable to holders of the Series B Preferred Shares;</li> <li>(b) any income tax (whether or not subject to withholding), percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the Redemption Price) or buy back of the Series B Preferred Shares, or on the liquidating distributions as may be received by a holder of Series B Preferred Shares,</li> <li>(c) any expanded value added tax which may be payable by any holder of the Series B Preferred Shares on any amount to be received from ALCO under the terms and conditions of the Series B Preferred Shares;</li> <li>(d) any withholding tax on any amount payable to any holder of Series B Preferred Shares which is a non-resident foreign corporation; and</li> <li>(e) applicable taxes on any subsequent sale or transfer of the Series B Preferred Shares by any holder of the Series B Preferred Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).</li> </ul> <p>Documentary stamp tax for the primary issue of the Series B Preferred Shares and the documentation, if any, shall be for the account of ALCO.</p> <p>Please see “<i>Taxation</i>” in the Prospectus for the Philippine tax consequences of the acquisition, ownership and disposition of Series B Preferred Shares.</p>
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24	Tax-Exempt Status or Entitlement to Preferential Tax Rate .....	<p>An investor or holder of Series B Preferred Shares who is exempt from the withholding tax described under “<i>Taxation</i>”, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to BDO Unibank, Inc. —Trust and Investments Group as the stock transfer agent of the Series B Preferred Shares or any entity who may succeed to the functions thereof (the “<b>Stock Transfer Agent</b>”), subject to acceptance by ALCO, as being sufficient in form and substance:</p> <p>(i) a current and valid Bureau of Internal Revenue (“BIR”) certified true copy of the tax exemption certificate, ruling or opinion addressed to the relevant applicant or holder of Series B Preferred Shares, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;</p> <p>(ii) with respect to tax treaty relief, a copy of the duly filed tax treaty relief application with the International Tax Affairs Division of the BIR as required under the BIR Revenue Memorandum Order No. 72-2010, including any clarification, supplement or amendment thereto and, once available, a BIR-certified certificate, ruling or opinion addressed to the relevant applicant or holder of Series B Preferred Shares confirming its entitlement to the preferential tax rate under the applicable treaty;</p> <p>On 23 June 2016, the BIR issued BIR Revenue Memorandum Order No. 27-2016 (“<b>RMO 27-2016</b>”), which amends BIR Revenue Memorandum Order No. 72-2010. RMO 27-2016 provides that in lieu of filing a tax treaty relief application, preferential treaty rates for dividends, interests and royalties shall be granted outright by withholding final taxes at the applicable treaty rate. As of the date of this Offer Supplement, the effectivity of RMO 27-2016 has been suspended.</p> <p>Whether or not a tax treaty relief should be submitted by an investor or holder of Series B Preferred Shares who is exempt from the withholding tax shall be at the sole discretion of ALCO;</p> <p>(iii) a duly notarized undertaking (in form and substance prescribed by ALCO) executed by (1) the corporate secretary or any authorized representative of such applicant or holder of Series B Preferred Shares, who has personal knowledge of the exemption based on his official functions, if the applicant purchases, or the holder of Series B Preferred Shares holds, the Series B</p>
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		<p>Preferred Shares for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Series B Preferred Shares pursuant to its management of tax-exempt entities (<i>i.e.</i>, Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify ALCO, the Stock Transfer Agent and the Paying Agent of any suspension or revocation of the tax exemption certificate, certificate, ruling or opinion issued by the BIR, executed using the prescribed form, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold ALCO, the Stock Transfer Agent and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and</p> <p>(iv) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized proof of the applicant's or holder's legal domicile in the relevant treaty state, and confirmation acceptable to ALCO that such applicant or holder of Series B Preferred Shares is not doing business in the Philippines; provided that ALCO, the Stock Transfer Agent and the Paying Agent shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by applicant or the holder of Series B Preferred Shares on the interest payments to be made to such applicant or holder; provided further that, all sums payable by ALCO to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by relevant applicant or holder of the Series B Preferred Shares claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Stock Transfer Agent.</p> <p>The foregoing requirements shall be submitted, (i) in respect of an initial issuance of the Series B Preferred Shares, to the Lead Underwriter, any Co-Lead Managers or Selling Agents who shall then forward the same with the Application to Purchase to the Stock Transfer Agent; or (ii) in respect of a</p>
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		<p>transfer from a holder of Series B Preferred Shares to a purchaser, to the Stock Transfer Agent within three (3) days from settlement date.</p> <p>Unless properly provided with satisfactory proof of the tax-exempt status of an applicant or a holder of the Series B Preferred Shares, the Stock Transfer Agent and Paying Agent may assume that said applicant or holder is taxable and proceed to apply the tax due on the Series B Preferred Shares. Notwithstanding the submission by the applicant or holder, or the receipt by ALCO or any of its agents, of documentary proof of the tax-exempt status of an applicant or holder, ALCO may, in its sole and reasonable discretion, determine that such shareholder is taxable and require the Stock Transfer Agent and Paying Agent to proceed to apply the tax due on the Series B Preferred Shares. Any question on such determination shall be referred to ALCO.</p>
25	Liquidation Rights .....	<p>In the event of a return of capital in respect of ALCO's winding up or otherwise (whether voluntarily or involuntarily) (but not on a redemption or purchase by ALCO of any of its share capital), the holders of the Series B Preferred Shares at the time outstanding will be entitled to receive, in Philippine Pesos out of the assets of ALCO available for distribution to shareholders, together with the holders of any other shares of ALCO ranking, as regards repayment of capital, <i>pari passu</i> with the Series B Preferred Shares and before any distribution of assets is made to holders of any class of ALCO shares ranking junior to the Series B Preferred Shares as regards repayment of capital, liquidating distributions in an amount equal to the Offer Price per share plus an amount equal to the Arrears in Dividends, any dividends declared unpaid in respect of the previous dividend period, and any accrued and unpaid dividends for the then current dividend period to (and including) the date of commencement of ALCO's winding up or the date of any such other return of capital, as the case may be. If, upon any return of capital in the winding up of ALCO, the amount payable with respect to the Series B Preferred Shares and any other shares of ALCO ranking as to any such distribution <i>pari passu</i> with the Series B Preferred Shares are not paid in full, the holders of the Series B Preferred Shares and of such other shares will share proportionately in any such distribution of the assets of ALCO in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Series B Preferred Shares will have no right or claim to any of the remaining assets of ALCO and will not be entitled to any further participation or return of capital in a winding up.</p>

26	Form, Title and Registration of the Series B Preferred Shares.....	<p>The Series B Preferred Shares will be issued in scripless form through the electronic book-entry system of BDO Unibank, Inc.— Trust and Investments Group as the Stock Transfer Agent, and lodged with the Philippine Depository Trust Corporation (“<b>PDTC</b>”) as depository agent on Listing Date through PSE trading participants nominated by the applicants. For this purpose, applicants shall indicate in the proper space provided for in the Application to Purchase (as defined below) the name of a PSE trading participant under whose name their Series B Preferred Shares will be registered.</p> <p>After Listing Date, shareholders may request the Stock Transfer Agent, through their nominated PSE trading participant, to (a) open a scripless registry account and have their holdings of the Series B Preferred Shares registered under their name (“name-on-registry account”), or (b) issue stock certificates evidencing their investment in the Series B Preferred Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting shareholder.</p> <p>Legal title to the Series B Preferred Shares will be shown the Registry of Shareholders which shall be maintained by the Stock Transfer Agent. The Stock Transfer Agent shall send a transaction confirmation advice confirming every receipt or transfer of the Series B Preferred Shares that is effected in the Registry of Shareholders (at the cost of the requesting shareholder). The Stock Transfer Agent shall send (at the cost of ALCO) at least once every year a statement of account to all shareholders named in the Registry of Shareholders, except certificated shareholders and depository participants, confirming the number of shares held by each shareholder on record in the Registry of Shareholders. Such statement of account shall serve as evidence of ownership of the relevant shareholder as of the given date thereof. Any request by shareholders for certifications, reports or other documents from the Stock Transfer Agent, except as provided herein, shall be for the account of the requesting shareholder.</p> <p>For scripless shares, the maintenance and custody fee payable to the PDTC shall be for the account of the shareholder.</p> <p>Initial placement of the Series B Preferred Shares and subsequent transfers of interests in the Series B Preferred Shares shall be subject to normal Philippine selling restrictions for listed securities as may prevail from time to time.</p> <p>Philippine law does not require transfers of the Series B Preferred Shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the stock</p>
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		transfer tax applicable to transfers effected on an exchange. Please see “ <i>Taxation</i> ” in this Offer Supplement and the Prospectus. All transfers of shares on the PSE must be effected through a licensed stock broker in the Philippines.
27	Title and Transfer.....	Legal title to the Series B Preferred Shares shall pass by endorsement and delivery to the transferee and registration in the Registry of Shareholders to be maintained by the Stock Transfer Agent. Settlement in respect of such transfer or change of title to the Series B Preferred Shares, including the settlement of documentary stamp taxes, if any, arising from subsequent transfers, shall be similar to the transfer of title and settlement procedures for listed securities in the PSE.
28	Status of the Series B Preferred Shares in the Distribution of Assets in the Event of Dissolution.....	<p>The Series B Preferred Shares will constitute the direct and unsecured subordinated obligations of ALCO ranking at least <i>pari passu</i> in all respects and ratably without preference or priority among themselves.</p> <p>The Series B Preferred Shares rank junior in right of payment to all indebtedness of the Company and claims against the Company which rank or are expressed to rank senior to the Series B Preferred Shares. Accordingly, the obligations of the Company under the Series B Preferred Shares will not be satisfied unless the Company can satisfy in full all of its other obligations ranking senior to the Series B Preferred Shares.</p> <p>There is no agreement or instrument that limits or prohibits the ability of the ALCO to issue Series B Preferred Shares or other securities that rank <i>pari passu</i> with the Series B Preferred Shares or with terms and conditions different from the Series B Preferred Shares.</p> <p>For the avoidance of doubt, the Series A Preferred Shares rank junior in right of payment and claims against the Company to the Series B Preferred Shares.</p>
29	Selling and Transfer Restrictions.....	After listing, the subsequent transfers of interests in the Series B Preferred Shares shall be subject to normal selling restrictions for listed securities as may prevail in the Philippines from time to time.
30	Other Terms and Conditions.....	Please refer to page 26 of this Offer Supplement for additional features, rights and privileges of, and information on, the Series B Preferred Shares.
31	Governing Law.....	The Series B Preferred Shares will be issued pursuant to the laws of the Republic of the Philippines.

<b>Other Terms of the Offer</b>		
32	Offer Period.....	<p>The offer period of this Offer shall commence at 9:00 a.m., Manila Time on November 23, 2016 and end at 12:00 p.m., Manila Time on November 29, 2016 (the “<b>Offer Period</b>”). Applications shall be accepted on each Banking Day of the Offer Period commencing from 9:00 a.m. to 5:00 p.m., except on the last Banking Day of the Offer Period where applications shall be accepted from 9:00 a.m. to 12 p.m. only. ALCO and the Lead Underwriter reserve the right to extend or terminate the Offer Period with the approval of the SEC and, as applicable, the PSE.</p> <p>Applications shall be considered irrevocable upon submission to any Lead Underwriter, any Co-Lead Managers or Selling Agents, and shall be subject to the terms and conditions of the Offer as stated in the Prospectus, this Offer Supplement and in the application form to subscribe to the Series B Preferred Shares (the “<b>Application to Purchase</b>”). Applications to Purchase the Series B Preferred Shares, together with the required documents (each, an “<b>Application</b>”), must be received by the Lead Underwriter, any Co-Lead Managers or Selling Agents not later than 12:00 p.m. Manila time on November 29, 2016. Applications received thereafter or without the required documents and/or full payments will be rejected. ALCO reserves the right to waive any requirement for the acceptance of the Applications.</p>
33	Minimum Subscription to the Series B Preferred Shares.....	Each Application shall be for a minimum of 500 Series B Preferred Shares, and thereafter, in multiples of 100 Series B Preferred Shares. No Application for multiples of any other number of Series B Preferred Shares will be considered.
34	Eligible Investors.....	<p>The Series B Preferred Shares may be owned or subscribed to by any person, partnership, association or corporation regardless of nationality, subject to limits under Philippine law. However, under certain circumstances, ALCO may reject an Application or reduce the number of the Series B Preferred Shares applied for subscription.</p> <p>Subscription to the Series B Preferred Shares may be restricted in certain jurisdictions. Foreign investors interested in subscribing or purchasing the Series B Preferred Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Series B Preferred Shares will not violate the laws of their jurisdiction</p>

		and that they are allowed to acquire, purchase and hold the Series B Preferred Shares.
35	Procedure for Application.....	<p>Applications to Purchase the Series B Preferred Shares may be obtained from any of the Lead Underwriter, any Co-Lead Managers or Selling Agents. The Application to Purchase may also be obtained from the website of ALCO at <a href="http://www.arthaland.com.ph">www.arthaland.com.ph</a>. All Applications shall be evidenced by the Application to Purchase, duly executed in each case by an authorized signatory of the applicant and accompanied by:</p> <p>(a) two (2) duly accomplished signature cards containing (i) if applicant is a natural person, the specimen signature of the applicant, and (ii) if applicant is a corporation, partnership or trust account, the specimen signatures of the applicant's authorized signatories, validated by its Corporate Secretary or by an equivalent officer or officers who is or are authorized signatory or signatories, and in respect of each of item (i) and (ii), validated/signed by the Lead Underwriter's authorized signatory or signatories whose authority and specimen signatures have been submitted to the Stock Transfer Agent, and</p> <p>(b) the corresponding payment for the Series B Preferred Shares covered by the Application and all other required documents including documents required for registry with the Stock Transfer Agent and Depository Agent.</p> <p>The duly executed Application to Purchase and required documents should be submitted to the Lead Underwriter, any Co-Lead Managers or Selling Agents within the deadline as set out in this Offer Supplement.</p> <p>If the applicant is a corporation, partnership, or trust account, the Application must be accompanied by the following documents:</p> <p>(a) a certified true copy of the applicant's latest articles of incorporation and by-laws and other constitutive documents, each as amended to date, duly certified by the corporate secretary;</p> <p>(b) applicant's SEC certificate of registration, duly certified by the corporate secretary; and</p> <p>(c) a duly notarized corporate secretary's certificate setting forth the resolution of the applicant's board of directors or equivalent body authorizing (i) the purchase of the Series B Preferred Shares indicated in</p>

		<p>the Application and (ii) the designated signatories for the purpose, including their respective specimen signatures.</p> <p>Individual applicants must also submit a photocopy of any one (1) of the following identification cards (“ID”) bearing a signature and recent photo, and which is not expired: passport/driver’s license, company ID issued by private entities or institutions registered with or supervised or regulated either by the Bangko Sentral ng Pilipinas (“BSP”), SEC or Insurance Commission, Social Security System card, Government Service and Insurance System e-card and/or Senior Citizen’s ID or such other IDs enumerated in the Application to Purchase. Individual applicants must also submit such other documents as may be reasonably required by any of the Lead Underwriter, the Co-Lead Managers or Selling Agents in implementation of its internal policies regarding “knowing your customer” and anti-money laundering.</p> <p>An applicant who is exempt from or is not subject to withholding tax or who claims reduced tax treaty rates must indicate such exemption or entitlement in the Application to Purchase and also submit additional documents as may be required by the Issuer, including but not limited to, the documents described under “<i>Tax-Exempt Status or Entitlement to Preferential Tax Rate</i>” in this Offer Supplement.</p>
36	Payment for the Series B Preferred Shares	<p>The Offer Price of the Series B Preferred Shares subscribed for must be paid in full in Philippine Pesos upon submission of the Application.</p> <p>Payment shall be in the form of either:</p> <p>(a) a Metro Manila clearing cashier’s/manager’s or corporate check or personal check drawn against a bank account with a BSP-authorized agent bank located in Metro Manila and dated as of the date of submission of the Application to Purchase covering the entire number of the Series B Preferred Shares covered by the same Application. Checks should be made payable to “ALCO Preferred Shares Offer” and crossed “For Payee’s Account only”. Applications and the related payments shall be received by the Receiving Agent at its offices or other designated places during the Offer Period; or</p> <p>(b) for applicants directly submitting their Application to Purchase to any of the Lead Underwriter, Co-Lead Managers or Selling Agents:</p>

		<p>(i) through the Real Time Gross Settlement facility of the BSP to the Lead Underwriter, Co-Lead Manager or Selling Agent to whom such Application was submitted, or</p> <p>(ii) via direct debit from their deposit account maintained with the Lead Underwriter, any Co-Lead Managers or Selling Agents.</p>
37	Acceptance/Rejection of Applications.....	<p>The actual number of Series B Preferred Shares that an Applicant will be allowed to subscribe to is subject to the confirmation of the Lead Underwriter. ALCO reserves the right to accept or reject, in whole or in part, or to reduce any Application due to any grounds specified in the Underwriting Agreement entered into by ALCO, the Issue Manager and Lead Underwriter. Applications which were unpaid or where payments were insufficient and those that do not comply with the Terms of the Offer shall be rejected. Moreover, any payment received pursuant to the Application does not ensure or indicate approval or acceptance by ALCO of the Application.</p> <p>An Application, when accepted, shall constitute an agreement between the Applicant and ALCO for the subscription to the Series B Preferred Shares at the time, in the manner and subject to terms and conditions set forth in the Application to Purchase and those described in the Prospectus and this Offer Supplement. Notwithstanding the acceptance of any Application by ALCO, the actual subscription by the Applicant for the Series B Preferred Shares will become effective only upon listing of the Series B Preferred Shares on the PSE and upon the obligations of the Lead Underwriter under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled, on or before the Listing Date, in accordance with the provision of the said agreement. If such conditions have not been fulfilled on or before the periods provided above, all Application payments will be returned to the Applicants without interest.</p>
38	Refunds of Application Payments.....	<p>In the event that the number of Series B Preferred Shares to be allotted to an Applicant, as confirmed by a Lead Underwriter, is less than the number covered by its Application, or if an Application is wholly or partially rejected by ALCO, then ALCO shall refund, without interest, within five (5) Banking Days from the end of the Offer Period, all or a portion of the payment corresponding to the number of Series B Preferred Shares wholly or partially rejected. All refunds shall be made through the Lead Underwriter, any Co-Lead Managers or Selling Agents with whom the Applicant has filed the Application at the risk of the applicant.</p>

39	Timetable.....	<p>The timetable of this Offer is as follows:</p> <table border="1"> <tr> <td>Dividend Rate Setting</td> <td>November 15, 2016</td> </tr> <tr> <td>Dividend Rate Announcement</td> <td>November 18, 2016</td> </tr> <tr> <td>Offer Period</td> <td>November 23 to November 29, 2016</td> </tr> <tr> <td>PSE Trading Participants' Commitment Deadline</td> <td>November 25, 2016</td> </tr> <tr> <td>PSE Trading Participants' Allocation</td> <td>November 28, 2016</td> </tr> <tr> <td>Issue Date</td> <td>December 6, 2016</td> </tr> <tr> <td>Listing Date, and Commencement of Trading on the PSE</td> <td>December 6, 2016</td> </tr> </table> <p>The dates indicated above are subject to the approval of the PSE and the SEC, market and other conditions, and may be changed.</p>	Dividend Rate Setting	November 15, 2016	Dividend Rate Announcement	November 18, 2016	Offer Period	November 23 to November 29, 2016	PSE Trading Participants' Commitment Deadline	November 25, 2016	PSE Trading Participants' Allocation	November 28, 2016	Issue Date	December 6, 2016	Listing Date, and Commencement of Trading on the PSE	December 6, 2016
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PSE Trading Participants' Allocation	November 28, 2016															
Issue Date	December 6, 2016															
Listing Date, and Commencement of Trading on the PSE	December 6, 2016															
40	Issue Manager, Sole Bookrunner and Lead Underwriter .....	BDO Capital & Investment Corporation														
41	Co-Lead Managers .....	China Bank Capital Corporation Philippine Commercial Capital, Inc.														
42	Selling Agents .....	Trading Participants of The Philippine Stock Exchange, Inc.														
43	Depository Agent .....	Philippine Depository and Trust Corporation														
44	Receiving Agent, Stock Transfer Agent, and Paying Agent.....	BDO Unibank, Inc. – Trust and Investments Group														
45	Counsel to ALCO.....	SyCip Salazar Hernandez & Gatmaitan														
46	Counsel to the Issue Manager, Sole Bookrunner and Lead Underwriter .....	Quiason Makalintal Barot Torres Ibarra Sison & Damaso														

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

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

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

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

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

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

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

Following the Offer, and assuming the Oversubscription Option is exercised in full, the Company will have the following issued and outstanding common shares and preferred shares:

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

Following the Offer, and assuming the Oversubscription Option is not exercised, the Company will have the following issued and outstanding common shares and preferred shares:

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

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

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

## **THE SERIES B PREFERRED SHARES**

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

Pursuant to the said seventh Article of the amended Articles of Incorporation of the Company, the resolutions approved by the Board of Directors of the Company on September 7, 2016 and October 17, 2016, the authority granted to certain signatories pursuant to such board resolutions, and as applicable, pursuant to law, the Series B Preferred Shares shall have the features, rights and privileges as set out under the "*Terms of the Offer*".

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

### ***Not Convertible into Common Shares***

The Series B Preferred Shares shall not be convertible into ALCO's common shares.

### ***No Voting Rights***

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

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

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

- Investment of corporate funds in another corporation or business in accordance with the Corporation Code; and
- Dissolution of the corporation.

### **Other Rights and Incidents Relating to the Series B Preferred Shares**

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

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

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

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

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

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

In *Heirs of Gamboa v. Teves*<sup>1</sup>, the Philippine Supreme Court, in the body of the Decision (although not in the dispositive portion), as well as in the Resolution on the Motion for Reconsideration, stated to

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<sup>1</sup> *Heirs of Gamboa v. Teves, et al., G.R. No. 176579, October 9, 2012.*

the effect that the 60-40 requirement applies to all classes of shares, whether voting or non-voting. The Philippine Supreme Court explained that the 60% Filipino ownership requirement by the Constitution to engage in certain economic activities applies not only to voting control of the corporation, but also to the beneficial ownership of the corporation.

Under SEC Memorandum Circular No. 8, Series of 2013, which generally applies to all corporations engaged in identified areas of activities or enterprises specifically reserved, wholly or partly, to Philippine nationals by the Philippine Constitution, the Foreign Investments Act (as amended) and other existing laws, amendments thereto, and implementing rules and regulations of said laws, for purposes of determining compliance with the constitutional or statutory ownership requirement, the required percentage of Filipino ownership shall be applied to both:

- (a) the total number of outstanding shares of stock entitled to vote in the election of directors; and
- (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

The above circular is subject of a pending petition with the Philippine Supreme Court. As of this date, there appears to be uncertainty as to the extent in which the 60:40 ownership requirement of the outstanding capital stock comprising partly of preferred shares should be applied.

### **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 adversely affecting the rights attached to such 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 assets of the corporation;
- The investment of corporate funds in another corporation or business or for any purpose other than the primary purpose for which the corporation was organized; and
- A merger or consolidation.

In these circumstances, the dissenting stockholder may require the Company to purchase his shares at a fair value which, in default of agreement, is determined by three disinterested persons, one of whom shall be named by the stockholder, one by the corporation, and the third by the two thus chosen.

The dissenting stockholder will be paid if the corporate action in question is implemented and the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting stockholders.

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

Philippine stock corporations are required to file an annual General Information Sheet, which sets forth data on their management and capital structure, and copies of their annual financial statements with the SEC. Corporations must also submit their annual financial statements to the BIR. Corporations whose shares are listed on the PSE are also required to file current, quarterly and annual reports with the SEC and the PSE. Stockholders are entitled to require copies of the most recent financial statements of the corporation, which include a statement of financial position as of the end of the most recent tax year and a statement of income for that year. Stockholders are also entitled to inspect and examine the books and records which the corporation is required by law to maintain.

## **MEETINGS OF THE SHAREHOLDERS**

### **Annual Meeting of Stockholders**

Annual Meeting of the stockholders of the Company is held every last Friday of June each year. Before the date of the Annual Meeting, written notice shall be sent to each registered stockholder at least fifteen (15) business days prior to the date of the meeting.

### **Special Meetings of Stockholders**

Special meetings of the stockholders may be called by the Board of Directors, the Chairman, the President or upon written demand to the Corporate Secretary by stockholders owning a majority of the outstanding voting stock. In case of the latter, the Board of Directors shall set the date, time and place for the meetings, which date shall be within forty (40) business days from receipt by the Corporate Secretary of such written demand by the stockholders. In all other cases, written notice stating the date, time, place and purpose of the meeting shall be sent to each registered stockholder at least fifteen (15) business days prior to the date of the special meeting.

### **Place of Meetings**

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

### **Proxy**

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

**Deed Poll**

The Deed Poll also provides for meetings of holders of the Series B Preferred Shares, among other matters.

## Capitalization

The following table sets forth the unaudited **consolidated debt and capitalization** of ALCO as of June 30, 2016. This table should be read in conjunction with the more detailed information and unaudited consolidated financial statements, including notes thereto, found in Appendix "B" of the Prospectus.

	As of June 30, 2016 (Unaudited)	Adjustments <sup>2</sup>	As adjusted for a maximum Issue Size of Php 2 Billion
Loans Payable	2,300,865,779	-	2,300,865,779
Accounts payable and other liabilities	1,444,703,087	-	1,444,703,087
Retirement liability	40,801,518	-	40,801,518
Net deferred tax liabilities	82,666,697	-	82,666,697
<b>Total Liabilities</b>	<b>3,869,037,081</b>	-	<b>3,869,037,081</b>
Capital stock	957,257,136	20,000,000	977,257,136
Additional paid-in capital	75,000,000	1,956,095,301	2,031,095,301
Retained earnings	860,682,989	(4,296,000)	856,386,989
Cumulative measurement gains (losses) on retirement liability	990,511		990,511
Non-controlling interests	9,155,551		9,155,551
<b>Total Equity</b>	<b>1,903,086,187</b>	<b>1,971,799,301</b>	<b>3,874,885,488</b>
<b>Total Capitalization</b>	<b>5,772,123,268</b>	<b>1,971,799,301</b>	<b>7,743,922,569</b>

<sup>2</sup> Presented on a consolidated basis

## Use of Proceeds

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The Company estimates that the net proceeds from the Offer shall amount to approximately Php981,871,451.74 (assuming the Oversubscription Option is not exercised), after fees, commissions and expenses.

Estimated fees, commissions and expenses relating to the Offer are as follows (assuming Oversubscription Option is not exercised):

<b>Estimated Gross Proceeds from the Offer</b>	<b>Php1,000,000,000.00</b>
Underwriting and Selling Fees	Php3,225,806.45
Documentary Stamp Taxes to be paid by the Company	Php50,000.00
Philippine SEC filing and legal research fees	Php1,073,125.00
PSE listing and processing fees	Php1,176,000.00
Legal and other professional fees	Php10,603,616.81
Other expenses	Php2,000,000.00
Total Estimated Expenses	Php18,128,548.26

**Estimated net proceeds** **Php981,871,451.74**

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

Assuming full exercise of the Oversubscription Option, the Company estimates that the net proceeds from the Offer shall amount to approximately Php1,971,799,301.20, after deducting the following fees, commissions and expenses:

<b>Estimated Gross Proceeds from the Offer</b>	<b>Php2,000,000,000.00</b>
Underwriting and Selling Fees	Php6,451,612.90
Documentary Stamp Taxes to be paid by the Company	Php100,000.00
Philippine SEC filing and legal research fees	Php1,073,125.00
PSE listing and processing fees	Php2,296,000.00
Legal and other professional fees	Php16,279,960.90
Other expenses	Php2,000,000.00
Total Estimated Expenses	Php28,200,698.80

**Estimated net proceeds** **Php1,971,799,301.20**

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

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

*Table 1: Allocation of Net Proceeds from Firm Offer and Oversubscription Option*

Purpose	Estimated Amount	Source		Disbursement Schedule	TOTAL
		Firm Offer	Over-subscription option		
Cebu Exchange Project	53.6	53.6		Q4 2016	53.6
Biñan Laguna Project	331.9	331.9		Q4 2016 - Q2 2017	331.9
Makati CBD Residential Project	371.6	371.6		Q4 2016 - Q1 2017	371.6
Partial repayment of loans	330.0	224.7	105.3	Q4 2016 - Q2 2017	330.0
South of Metro Manila Project	822.4		822.4	Q4 2016 - Q1 2017	822.4
General corporate purposes	62.3		62.3	Q4 2016 - Q2 2017	62.3
<b>TOTAL</b>	<b>1,971.8</b>	<b>981.9</b>	<b>989.9</b>		<b>1,971.8</b>

### Use of Proceeds from the Firm Offer

#### *Cebu Exchange*

The Company, through its 60% owned subsidiary, Cebu Lavana Land Corporation (“**CLLC**”), intends to use approximately Php53.6 million from the proceeds of the Firm Offer to partially fund the development of ALCO’s commercial development project located along Salinas Drive, within the Cebu IT Park in Bgy. Lahug, Cebu City (the “**Cebu Exchange Project**”). In 2015, CLLC acquired the land which will be the site of the project<sup>3</sup>. The Company and CLLC also executed a Shareholders’ Agreement with Rock & Salt B.V. wherein the Company and Rock & Salt B.V. agreed to invest in CLLC for the construction and development of the Cebu Exchange Project.

The Company launched the project on October 26, 2016. Construction is expected to start in the second quarter of 2017. As such, the Company expects to disburse to CLLC the allocated amount of Php53.6 million in the fourth quarter of 2016 through a combination of capital infusion and shareholder loan from the Company to CLLC. As of June 30, 2016, CLLC has already received approximately Php534 million in the form of shareholder loans and equity from both the Company and Rock & Salt B.V. These amounts may be augmented by additional debt funding to complete the net funding requirement for the project.

#### *Biñan Laguna Project*

The Company, through its 100% owned subsidiary, Cazneau Inc. (“**Cazneau**”), intends to use approximately Php331.9 million from the proceeds of the Firm Offer, as well as internally generated funds and bank loans to fund the development of its 8.2-hectare residential community project in Barangay Biñan, Biñan City, Laguna (the “**Biñan Laguna Project**”). The land for the site of the Project was acquired by the Company on September 8, 2016 from South Industrial Facilities, Inc. and YCLA Sugar Development Corporation. The Biñan Laguna Project will be the Company’s first campus-type residential community project and will feature a mix of low rise residential/retail buildings as well as townhomes which will cater primarily to the student, faculty and other employees of the academic community in the area. The portion of the funds from the Firm Offer allocated to the Biñan Laguna Project will be infused by the Company into Cazneau in the form of shareholder loan or capital infusion

<sup>3</sup> Acquired from the following sellers: Eloisa N. Fernan, Maria Eloisa N. Fernan, Maria Emiliana Borromeo, Marcelo Fernan, Michael Fernan, Maria Aurora Ledesma, Maria Milagrosa Cayosa, Maria Ramona Quioge, Richard Unchuan and Benjamin Young.

or both for the development the project. The Company expects to disburse the Php331.9 million to Cazneau from the fourth quarter of 2016 to the second quarter of 2017.

#### *Makati CBD Residential Project*

The Company, through its subsidiary, Zileya Land Development Corporation (“**Zileya**”), intends to acquire property which is about 2,000 sqm. in size located in the central business district of Makati City. Zileya is expected to develop the property into a high rise residential condominium which will cater to the middle to upper segments of the market (the “**Makati CBD Residential Project**”). The Company may develop the property with a strategic partner.

To fund its share in the acquisition of the property, the Company plans to use a combination of internally generated funds and approximately Php371.6 million from the proceeds of the Firm Offer. The funds to be committed to this project from the amounts raised from the Firm Offer will be infused by the Company into Zileya either by way of subscription to the common shares of Zileya or shareholder loan or both. The Company expects to disburse the funds to Zileya by the fourth quarter of 2016 to the first quarter of 2017. The funds allocated to the Makati CBD Residential Project from the Firm Offer may be augmented by additional debt funding to complete the net funding requirement for the project.

#### *Partial Repayment of Loans*

The Company will allocate Php330 million for the partial repayment of its outstanding loans with the Bank of Philippine Islands maturing in Q2 of 2017. Of this amount, Php224.7 million will be sourced from the proceeds of the Firm Offer and the balance Php105.3 million will be sourced from the exercise of the Oversubscription Option. In the event the Oversubscription Option is only partially exercised or not exercised at all, the balance of Php105.3 million will be financed from the Company’s internally generated funds.

The loan that will be repaid from the proceeds of the Firm Offer and the Oversubscription Option as described above was drawn by the Company in June 2016 and will mature in June 2017. The loan carries an interest rate of 2.75% pa. The proceeds from the loan were used to replace the funds which the Company infused into CLLC to acquire the property for the Cebu Exchange and to fund the working capital needs of the Company.

#### *Use of Proceeds from Oversubscription Option*

Any amount raised from the exercise of the Oversubscription Option will be used by the Company to fund the development of the following which are listed below in order of priority.

#### *South of Metro Manila Project*

The Company intends to acquire a property which is approximately 3,000 sqm. in size in the area of southern Metro Manila. The Company plans to develop the property into a medium rise office building which will cater to the business process outsourcing sector (the “**South of Metro Manila Project**” or “**SMM Project**”). The SMM Project may offer up to 30,000 sqm. of net leasable office space.

The Company plans to fund the acquisition and development of the SMM Project through a combination of bank loans, shareholder loans, equity and funds from pre-selling of the office units under a structure that is both efficient and prudent for the Company. The shareholder loan and/or equity components of the total net funding cost for the SMM Project is Php822.4 million which may

be funded from the proceeds of the exercise of the Oversubscription Option. Any such funds from the exercise of the Oversubscription Option are expected to be disbursed between the fourth quarter of 2016 to the first quarter of 2017. If the Company does not raise sufficient funds from the Oversubscription Option, it may choose to raise funds from new loans or other sources or it may choose to acquire the SMM property when funds are raised from subsequent offers of Preferred Shares.

#### *General Corporate Purposes*

The Company plans to allocate funds for general corporate purposes which may include funding working capital requirements, funding for future acquisition of properties when the opportunities arise or earmarking of funds for the retention of retail or commercial units in any of the Company's projects to increase recurring lease revenues.

The balance of any funds raised from the exercise of the Oversubscription Option will be earmarked for general corporate purposes as discussed above. If the Oversubscription Option is fully exercised, the balance of the proceeds from the exercise of such option, after allocating to the partial repayment of loans and to the SMM Project, is expected to be in the amount of Php62.3 million. The Company expects to disburse this amount from the fourth quarter of 2016 to the second quarter of 2017.

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

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

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

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

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

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

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

## **Determination of Offer Price**

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

The Offer Price was arrived at by dividing the desired gross proceeds of ₱2 billion, if the Oversubscription Option is fully exercised, by the amount of Series B Preferred Shares allocated for this offering.

## Plan of Distribution

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

### Lead Underwriter

BDO Capital & Investment Corporation, (the “Lead Underwriter” or “BDO Capital”) has agreed to distribute and sell the Series B Preferred Shares at the Offer Price, pursuant to an Underwriting Agreement with ALCO dated November 21, 2016 (the “Underwriting Agreement”). Subject to the fulfillment of the conditions provided in the Underwriting Agreement, the Lead Underwriter has committed to underwrite the following amounts on a firm basis:

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

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

The underwriting fees and any selling fees to be paid by the Company in relation to the Offer shall be equivalent to 30 basis points of the gross proceeds of the Offer. This shall be inclusive of underwriting fees to be paid to the Lead Underwriter and Co-Lead Managers, and any commissions to be paid to the Selling Agents, which shall be equivalent to 12.5 basis points (inclusive of VAT) of the total proceeds of the sale of the Series B Preferred Shares by such trading participant.

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

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

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

BDO Capital was incorporated in the Philippines in December 1998. It is duly licensed by the SEC to operate as an investment house and was licensed by the SEC to engage in underwriting or distribution of securities to the public. As of December 31, 2015, it had ₱3.4 billion and ₱781 million in assets and capital, respectively. It has an authorized capital stock of ₱400 million, of which approximately ₱300 million represents its paid-up capital.

## Sale and Distribution

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

Chinabank Capital Corporation and Philippine Commercial Capital, Inc. have accepted their participation in the Offer as Co-Lead Managers through the commitment to purchase a portion of the Series B Preferred Shares, which shall come from the amounts of the commitments of the Lead Underwriter, as described above. The engagement of the Co-Lead Managers does not affect, alter or diminish the firm underwriting commitment of the Lead Underwriter in relation to the Underwriting Agreement.

Of the 10,000,000 Firm Offer, 80% or 8,000,000 Series B Preferred Shares are being offered through the Lead Underwriter for subscription and sale to Qualified Institutional Buyers and the general public. The Company plans to make 20% or 2,000,000 Series B Preferred Shares for distribution to respective clients of the 132 trading participants of the PSE, acting as Selling Agents. Each trading participant shall be allocated 15,100 Series B Preferred Shares (computed by dividing the Series B Preferred Shares allocated to the trading participants by 132), subject to reallocation as may be determined by the Lead Underwriter. The balance of 6,800 shares shall be allocated by the Lead Underwriter among the Trading Participants that have demand in excess of 15,100 Series B Preferred Shares. Trading participants may undertake to purchase more than their allocation of 15,100 Series B Preferred Shares. Any requests for Series B Preferred Shares in excess of 15,100 Series B Preferred Shares may be satisfied via the reallocation of any Series B Preferred Shares not taken up by other trading participants, or, at the sole discretion of the Lead Underwriter, out of the Oversubscription Option, if exercised.

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

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

Prior to the close of the Offer Period, the Lead Underwriter, with the consent of the Issuer, may, but does not have the obligation, to increase the Offer size up to an additional 10,000,000 Series B Preferred Shares (the "**Oversubscription Option**").

In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the Preferred Shares under shelf registration will be automatically increased by such number of Oversubscription Option Shares that will not be taken up or exercised. Hence, after the Offer, the remaining Preferred Shares under shelf registration may potentially revert to an aggregate number of up to 20,000,000 Preferred Shares, which may be issued in one or more tranches within the Shelf Period.

**Term of Appointment**

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

**Manner of Distribution**

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

**Expenses**

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

## Interests of Counsel

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### Legal Matters

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

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