



**ALSONS CONSOLIDATED RESOURCES, INC.**  
**Php 3,000,000,000 Commercial Paper Program**

**First Tranche: Up to Php 1,135,000,000 Commercial Paper**  
**182- and 364-days Tenor**

**Issue Price: Discount to face value**

---

Alsons Consolidated Resources, Inc. (“ACR”, the “Company” or the “Issuer”) is authorized by the Securities and Exchange Commission (“SEC”) to issue up to Php 1,135,000,000 worth of Commercial Paper (“CP”), as part of a Php 3,000,000,000 CP Program. The CP Program will be issued in one or more tranches with up to Php 1,135,000,000 Commercial Paper to be issued for the First Tranche of the CP Program. Assuming full issuance of the First Tranche, the total amount available for future issuances of up to 364 days would be Php 1,865,000,000.00. In addition, any amount out of the First Tranche that will be issued for only 182 days can still be issued for up to another 182 days, subject to SEC’s review and approval. The First Tranche will have the following tenors: 182 days and 364 days for Series T and U, respectively. Series T and U of the First Tranche will carry Discount Rates of 6.3328% and 7.1265%, respectively, calculated on a true-discount basis. (See “Terms and Description of the CPs – Discount Rate”). The Company expects to use the proceeds to finance its working capital requirements and for general corporate purposes, specifically on settling its maturing short-term obligations.

The CPs shall be offered to the public (the “Offer”) at discount to face value and in one lump sum or in tranches through the Underwriter and the Selling Agents as may be named below subject to certain conditions in the Underwriting Agreement executed between the Issuer and the Issue Manager, Lead Underwriter and Bookrunner. The CPs are intended to be listed at the Philippine Dealing & Exchange Corp. (PDEX) for secondary trading of the CPs and upon such listing, all secondary trading may be coursed through eligible PDEX Trading Participants. The Issuer has been assigned a credit rating of Aa minus corp by the Philippine Ratings Services Corporation (“PhilRatings” or “PRS”) on February 23, 2022. A credit rating is not a recommendation to buy, sell, or hold the securities and may be subject to revision, suspension, or withdrawal at any time by PhilRatings.

---

*Issue Manager, Lead Underwriter and Bookrunner*  
**SB Capital Investment Corporation**

*Financial Advisor*  
**MIB Capital Corporation**

December 13, 2022

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

**ALSONS CONSOLIDATED RESOURCES, INC.**  
**ALSONS BUILDING, 2286 DON CHINO ROCES AVENUE**  
**MAKATI CITY 1231, PHILIPPINES**  
**+632 8982 3000**

ACR is offering the CPs in an aggregate face value of Php 3,000,000,000.00 to be issued in tranches. The First Tranche of the CP Program has an aggregate face value of up to Php 1,135,000,000 (the “CPs” or the “Offer”). The CPs, which may be issued in lump sum or in tranches, shall have an interest rate fixed prior to issuance.

After the close of the Offer and within three (3) years following the issuance of the CPs, the Company may, at its sole discretion, offer any or all of the remaining balance of the face value of the CPs covered by such registration statement, in one or more subsequent tranches under Rule 12.1.2.5 of the Implementing Rules and Regulations of the Securities Regulation Code. Such registration provides the Company with the ability to take advantage of opportunities in a volatile debt capital market, as these occur, and to issue CPs depending on its financing needs. Subsequent issuances are subject to a rating by PRS.

The CPs will be unsecured obligations of the Company and will rank *pari passu* without any preference amongst themselves and at least *pari passu* with other unsecured and unsubordinated obligations of the Company, present and future, other than obligations preferred by law. The CPs will be effectively subordinated in right of payment to all secured debt of the Company to the extent of the value of the assets securing such debt and all debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines.

The Company expects the net Offer proceeds of the First Tranche to amount to up to approximately Php **1,040,607,525**. Such proceeds will be used by the Company to finance its working capital requirements and for general corporate purposes, specifically on settling its maturing short-term obligations (See “Use of Proceeds” on page 38). The Issue Manager, Lead Underwriter and Bookrunner will receive 0.40% per annum of the aggregate face value of the CPs issued. Such amount shall be inclusive of the underwriting and selling agency fees, if applicable, and shall be deductible from the gross proceeds of the Offering.

The Company was incorporated on December 24, 1974 as Victoria Gold Mining Corporation to engage in the business of exploration of oil, petroleum and other mineral products. The corporate name was changed to Terra Grande Resources, Inc. in March 1995 and to Alsons Consolidated Resources, Inc. in June 1995 to mark the entry of the Alcantara Group. ACR’s primary purpose was consequently changed to that of an investment holding company and oil exploration was relegated as a secondary purpose. The Company’s ultimate parent company is Alsons Corporation, a company incorporated in the Philippines.

ACR’s core businesses, conducted through its various subsidiaries and associates, are grouped into main categories consisting of Energy and Power, Property Development, and Other Investments.

ACR’s investment in the Energy and Power business is through four holding firms, namely, Conal Holdings Corporation, Alsing Power Holdings, Inc., Alsons Renewable Energy Corporation, and Alsons Thermal Energy Corporation.

The Company is also engaged in property development through its subsidiaries, Alsons Land Corporation and Kamanga Agro-Industrial Economic Development Corporation. The property development and other investment segment is currently not active in construction and development as such. Hence, it currently does not have any suppliers.

Declaration of dividends is subject to approval by the Board of Directors. Management continuously endeavors to increase ACR's share value through new projects and expansion programs while at the same time provide yearly dividends to its shareholders. On June 8, 2011, the Board of Directors adopted a dividend policy of annually declaring dividends from 20% of the previous year's un-appropriated retained earnings. See "Dividends" on page 86.

Unless otherwise stated, all information contained in this Prospectus has been supplied by the Company. The Company, through its Board, having made all reasonable inquiries, accepts full responsibility for the information contained in this Prospectus and confirms that this Prospectus contains all material information with regard to the Company, its business and operations and the CPs, which as of the date of this Prospectus is material in the context of the Offer; that, to the best of its knowledge and belief as of the date hereof, the information contained in this Prospectus are true and correct and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held; and, that there are no other facts, the omission of which makes this Prospectus, as a whole or in part, misleading in any material respect. The delivery of this Prospectus shall not, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

Neither the delivery of this Prospectus nor any sale made pursuant to the Offer shall, under any circumstance, create any implication that the information contained or referred to in this Prospectus is accurate as of any time subsequent to the date hereof.

Market data and certain industry information used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Company nor the Issue Manager, Lead Underwriter and Bookrunner makes any representation as to the accuracy and completeness of such information.

In making an investment decision, applicants are advised to carefully consider all the information contained in this Prospectus, including the following key points characterizing potential risks in an investment in the CPs:

**Risks relating to the Company and its business**

- Risk on Foreign Exchange Rate Fluctuations
- Interest Rate Risks
- Liquidity Risks
- Credit Risks
- Risks relating to project cost and completion
- Risk relating to property development
- Risk on malfunctions and failures to operate
- Risk of insufficient fund to finance the project
- Risk on failure in operations of the Power plants
- Risk on assurance of successful implementation of business plans and strategies
- Reputational Risk of Directors and Officers of the Company
- Risk on foreign ownership limitations
- Regulatory Risks

- Competitive Risk
- Risk on Stranded Assets

### **Risks Relating to the Philippines**

- Slowdown in the Philippine economy
- Political or social instability
- Natural catastrophe and calamity
- Risk relating to the Ukraine-Russia Conflict
- Corona Virus Disease 2019 (COVID-19) Pandemic

### **Risks Relating to the Commercial Papers**

- Liquidity Risk – the Philippine securities markets are substantially smaller, less liquid and more concentrated than the major securities markets
- Price Risk – the CPs’ market value moves (either up or down) depending on the movements in interest rates
- Retention of Ratings Risk – there is no assurance that the rating of the CPs will be retained throughout the life of the CPs

For a more detailed discussion on the risks in investing, see section on “*Risk Factors*” beginning on page 22 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the CPs.

This Prospectus includes forward-looking statements. The Company has based these forward-looking statements largely on its current expectation and projections about future events and financial trends affecting its business and operations. Words including, but not limited to “believe”, “may”, “will”, “estimates”, “continues”, “anticipates”, “intends”, “expects” and similar words are intended to identify forward-looking statements. In light of the risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances in this Prospectus may or may not occur. The Company’s actual results could differ significantly from those anticipated in the Company’s forward-looking statements.

The contents of this Prospectus are not to be considered as legal, business or tax advice. Each prospective purchaser of the CPs receiving a copy of this Prospectus acknowledges that he has not relied on the Issue Manager, Lead Underwriter and Bookrunner or Selling Agents, as applicable, in his investigation of the accuracy of such information or his investment decision. Prospective purchasers should consult their own counsel, accountants or other advisors as to legal, tax, business, financial and related aspects of a purchase of the CPs.

The CPs are offered solely on the basis of the information contained and the representations made in this Prospectus. No dealer, salesman or other person has been authorized by the Company or by the Issue Manager, Lead Underwriter and Bookrunner to issue any advertisement or to give any information or make any representation in connection with the Offer other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorized by the Company or by the Issue Manager, Lead Underwriter and Bookrunner.

The laws of certain jurisdictions may restrict the distribution of this Prospectus and the offer and sale of the CPs. Persons into whose possession this Prospectus or any of the CPs come must inform themselves about, and observe any such restrictions. Neither the Company, the Issue Manager, Lead

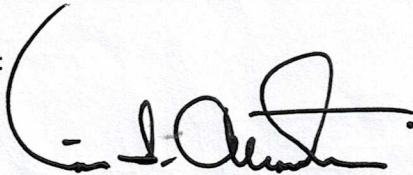
Underwriter and Bookrunner and the Selling Agents, if any, nor any of its or their respective representatives are making any representation to any prospective purchaser of the CPs of the legality of any investment in the CPs by such prospective purchaser under applicable legal investment or similar laws or regulations.

The Company is organized under the laws of the Republic of the Philippines. Its principal office is located at Alsons Building, 2286 Chino Roces Avenue, Makati City 1231, Philippines, with telephone number +63 2 8982 3000. Any inquiry regarding this Prospectus should be forwarded to the Company.

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

**ALSONS CONSOLIDATED RESOURCES, INC.**

By:

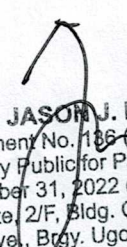


**NICASIO I. ALCANTARA**  
Chairman and President

DEC 13 2022

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_\_ 2022 in **PASIG CITY** Philippines, affiants exhibiting to me their respective \_\_\_\_\_, issued respectively on \_\_\_\_\_ in \_\_\_\_\_.

Doc. No. 499;  
Page No. 10;  
Book No. X;  
Series of 2022.



**JOSE MA. JASON J. FRANCISCO**,  
Appointment No. 186 (2019-2020)  
Notary Public for Pasig City  
Until December 31, 2022 (B.M. No. 3795)  
Weremote, 2/F, Bldg. C, Metrowalk  
Meralco Ave., Brgy. Ugong, Pasig City  
Roll No. 62594; 04/29/2013  
PTR No. 8121727; 01/03/2022; Pasig City  
IBP Lifetime No. 013055; 01/05/2015  
MCLE No. VII-0016722; 04/29/2022

## TABLE OF CONTENTS

<b>DEFINITION OF TERMS .....</b>	<b>8</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>12</b>
<b>SUMMARY FINANCIAL INFORMATION.....</b>	<b>15</b>
<b>THE OFFER .....</b>	<b>17</b>
<b>RISK FACTORS .....</b>	<b>22</b>
<b>USE OF PROCEEDS.....</b>	<b>38</b>
<b>DETERMINATION OF THE OFFER PRICE.....</b>	<b>42</b>
<b>PLAN OF DISTRIBUTION.....</b>	<b>43</b>
<b>DESCRIPTION OF THE SECURITIES TO BE REGISTERED .....</b>	<b>45</b>
<b>INTEREST OF NAMED EXPERTS AND COUNSEL.....</b>	<b>53</b>
<b>INDUSTRY OVERVIEW .....</b>	<b>54</b>
<b>THE COMPANY.....</b>	<b>58</b>
Company Overview .....	58
History .....	58
Corporate Structure.....	59
Business Segments .....	60
Business Segments Contribution to Revenues.....	65
Power Plants.....	68
Existing patents, trademarks, copyrights, licenses, franchises, concessions and royalty agreements. ....	69
Life of Power Plant .....	69
Process Flow .....	69
Distribution of Power to Customers (Distribution Utilities) .....	72
Sources and Availability of Raw Materials and Supplies.....	72
Related Party Transactions.....	72
Customers.....	73
Marketing Process.....	75
Location of the Power Plants.....	75
Properties.....	76
Investment Acquisition .....	77
Research and Development .....	77
Employees .....	78
Future Plans.....	78
Competition .....	79
Competitive Strengths.....	80
Business Strategy.....	85
Plans and Programs .....	85
Dividends.....	86
Government Approvals and Permits .....	86
Effects of Existing or Probable Government Regulations on the Company's Business .....	86
Legal Proceedings.....	88
Bankruptcy Proceedings .....	89
Market Information .....	89
Stockholders.....	90
Certain Relationships and Related Transactions.....	98
Security Ownership of Certain Record and Beneficial Owners.....	99
Sales of Unregistered Securities within the last three (3) years .....	101



<b>Corporate Governance .....</b>	<b>102</b>
<b>MANAGEMENT’S DISCUSSION &amp; ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION .....</b>	<b>103</b>
<b>MATERIAL CONTRACTS &amp; AGREEMENTS .....</b>	<b>121</b>
<b>REGULATORY &amp; ENVIRONMENTAL MATTERS .....</b>	<b>126</b>
<b>GENERAL CORPORATE INFORMATION .....</b>	<b>127</b>
<b>TAXATION .....</b>	<b>129</b>
<b>ANNEX I: PERMITS AND LICENSES .....</b>	<b>132</b>
<b>ANNEX II: LIST OF PROMISSORY NOTES (UNREGISTERED) AND REGISTERED COMMERCIAL PAPERS ISSUED .....</b>	<b>136</b>
<b>ANNEX III: SUBSIDIARIES OF THE REGISTRANT .....</b>	<b>150</b>

## DEFINITION OF TERMS

ACES.....	Aces Technical Services Corporation
ACR or Company.....	Alsons Consolidated Resources, Inc.
Alsing.....	Alsing Power Holdings, Inc. one of the four holding firms of Alsons under its Energy and Power business
ADIC or ALDEVINCO.....	Alsons Development and Investment Corporation
Alsons.....	Alsons Consolidated Resources, Inc.
AREC.....	Alsons Renewable Energy Corporation, one of the four holding firms of Alsons under its Energy and Power business
ATEC.....	Alsons Thermal Energy Corporation, one of the four holding firms of Alsons under its Energy and Power business
Banking Day.....	A day (except Saturdays, Sundays and holidays) on which banks in the Philippines are open for business
BIR.....	Bureau of Internal Revenue
BOO.....	“Build-Operate-Own” agreement
BSP.....	Bangko Sentral ng Pilipinas, the central bank of the Philippines
BVAL	Bloomberg Valuation benchmark reference rates as reported in the Bloomberg system
Conal or CHC .....	Conal Holdings Corporation, one of the four holding firms of Alsons under its Energy and Power business
Corporation Code.....	Batas Pambansa Blg. 68, otherwise known as “The Corporation Code of the Philippines” as amended by Republic Act No. 11232, otherwise known as the “Revised Corporation Code of the Philippines”.
CPs.....	The Commercial Papers which are evidence of indebtedness registered with the SEC with maturity of three hundred and sixty-five (365) days or less
CP Holder.....	A purchaser of the CPs
CP Program .....	The Php3,000,000,000 registration which will be issued in one or more tranches



CSP.....	Competitive Selection Process
DENR.....	Philippine Department of Environment and Natural Resources
Directors.....	The members of the Board of Directors of the Company
Eagle Ridge .....	The Eagle Ridge Golf & Residential Estate
ECA.....	Energy Conversion Agreement
EPC.....	Engineering, Procurement and Construction is a form of arrangement where the EPC Contractor is responsible for all the activities from design, procurement, construction to handover to the Owner
ERC.....	Energy Regulatory Commission
First Tranche.....	The first issuance of the Commercial Paper
Financial Advisor	MIB Capital Corporation shall act as the Financial Advisor and shall assist the Issuer in the preparations leading to a successful issuance of the CPs and shall assist in determining the terms and condition on which the Offering will be marketed.
Government.....	The Government of the Republic of the Philippines
GRT.....	Gross receipts tax
Independent Counsel	Avenida Diaz Law, the Independent Law Firm engaged to determine the validity and binding nature of the CPs and review the Taxation write up on the Registration Statement.
Issue Date.....	A date at which the CPs or a portion thereof shall be issued by the Issuer, which date shall be set by the Issuer in consultation with the Issue Manager, Lead Underwriter and Bookrunner. For the avoidance of doubt, an Issue Date shall at any time be a date which is within the validity of the SEC Permit to Sell.
Issue Manager, Lead Underwriter and Bookrunner.....	SB Capital Investment Corporation shall act as the Issue Manager, Lead Underwriter, and Bookrunner and will be the lead coordinator in charge of organizing the issuance of the CPs.
Issuer .....	Alsons Consolidated Resources, Inc.
Kalaong.....	Kalaong Hydro Power Corporation
Listing Date.....	The date at which the CP shall be listed with PDEX

MPC.....	Mapalad Power Corporation
NPC.....	National Power Corporation
O & M.....	Operation and Maintenance
Offer.....	Up to Php1,135,000,000 worth of Commercial Paper pertaining to the First Tranche
Offer Price.....	Discount to face value
Offtake Agreement / Power Supply Agreement/ Power Sales Agreement / PSA.....	A contract between two parties, one which generates electricity (the seller) and one which is looking to purchase electricity (the buyer)
Offtaker	Party who buys capacity and its corresponding energy prior to production by the project to lock in a long-term supply
Php or P.....	Philippine Pesos, the lawful currency of the Republic of the Philippines
PDEX.....	Philippine Dealing & Exchange Corp.
PDTC.....	The Philippine Depository and Trust Corporation
PEZA.....	Philippine Economic Zone Authority
PFRS.....	Philippine Financial Reporting Standards
Philratings.....	Philippine Ratings Services Corporation
Prospectus.....	This Prospectus together with all its annexes, appendices and amendments, if any
Sarangani Energy.....	Sarangani Energy Corporation
SEC.....	The Philippine Securities and Exchange Commission
SEC Permit to Sell.....	The Certificate of Permit to Offer Securities for Sale issued by the SEC authorizing the Company to offer for sale and sell the CPs to the public
Siguil.....	Siguil Hydro Power Corporation
Subsequent Issuance.....	Issuances subsequent to the Initial Issuance
SPPC.....	Southern Philippines Power Corporation

SRC.....	Republic Act No. 8799, otherwise known as “The Securities Regulation Code”
SRPI.....	San Ramon Power, Inc.
Transaction Counsel	Acuna Francisco & Mendoza Law, the Law Firm engaged by the Issuer to guide in the Registration process and Issuance of the Commercial Papers (the “Transaction”).
TTC.....	Toyota Tsusho Corporation
Underwriting Agreement.....	The agreement entered into by and between the Company and the Underwriter, indicating the terms and conditions of the Offer and providing that the Offer shall be fully underwritten by the Underwriter
VAT.....	Value Added Tax
WMPC.....	Western Mindanao Power Corporation

## EXECUTIVE SUMMARY

*The following summary does not purport to be complete and is taken from and qualified in its entirety by the more detailed information including the Company's financial statements and notes relating thereto, appearing elsewhere in this Prospectus. For a discussion of certain matters that should be considered in evaluating any investment in the CPs, see the section entitled "Risk Factors" beginning on page 22 of this Prospectus.*

### OVERVIEW OF THE COMPANY

The Company was incorporated on December 24, 1974 as Victoria Gold Mining Corporation to engage in the business of exploration of oil, petroleum and other mineral products. The corporate name was changed to Terra Grande Resources, Inc. in March 1995 and to Alsons Consolidated Resources, Inc. in June 1995 to mark the entry of the Alcantara Group. ACR's primary purpose was consequently changed to that of an investment holding company and oil exploration was relegated as a secondary purpose. The Alcantara Group owns 79.97% of the outstanding common shares of ACR through Alsons Corporation (41.21%), Alsons Power Holdings Corporation (19.87%) and Alsons Development and Investment Corporation (18.89%).

ACR's core businesses, conducted through its various subsidiaries and associates, are grouped into main categories consisting of Energy and Power, Property Development, and Other Investments.

ACR's investment in the Energy and Power business is through four holding firms, namely, Conal Holdings Corporation, Alsing Power Holdings, Inc., Alsons Renewable Energy Corporation, and Alsons Thermal Energy Corporation.

The Company has three (3) operating power generation subsidiaries, namely, Western Mindanao Power Corporation ("WMPC"), Mapalad Power Corporation ("MPC"), and Sarangani Energy Corporation ("Sarangani Energy"), all of which are located in Mindanao. ACR, through its subsidiaries, is also conducting feasibility studies on renewable energy projects.

WMPC operates a 100-megawatt (MW) diesel-fired electricity generating facility in Zamboanga City as a merchant plant after its 18-year "Build-Operate-Own" (BOO) arrangement with the National Power Corporation (NPC) expired in December 2015. WMPC currently provides power to Zamboanga City thru a power sales agreement (PSA) with Zamboanga City Electrical Cooperative.

MPC rehabilitated the 103MW bunker-fired Iligan Diesel Power Plants (IDPPs) I and II, which Conal acquired from the Iligan City Government and started operating these plants on February 27, 2013. MPC currently functions as a merchant plant and serves various electric cooperatives in Mindanao.

Sarangani Energy's 210MW coal-fired power plants are located in Maasim, Sarangani Province. Its first section of 105MW began commercial operations in April 2016, while its second section of another 105MW or Phase 2 started commercial operations on October 10, 2019.

ACR has also started construction of its first renewable energy project under Siguil Hydro Power Corporation, which will operate a 14.5MW run-of-river electricity generating facility located at the Siguil River basin in Maasim, Sarangani. ACR expects commercial operations to begin in the first half of 2023. The Company likewise began site development and clearing works for SRPI's 105MW coal-fired power plant project, which

could supply power to Zamboanga City and other parts of the Zamboanga Peninsula, with commercial operations expected to begin in 2025.

ACR also owns Southern Philippines Power Corporation. SPPC owns a 55 MW diesel-fired electricity generating facility located in Alabel, Sarangani Province, 13 kilometers east of General Santos City. SPPC's 18-year BOO arrangement with NPC expired on April 28, 2016. SPPC has no current power sales agreement, but is exploring opportunities for relocating its engines to other locations.

The Company is also engaged in property development through its subsidiaries, Alsons Land Corporation and Kamanga Agro-Industrial Economic Development Corporation. The property development and other investment segment is currently not active in construction and development as such. Hence, it currently does not have any suppliers.

## **COMPETITIVE STRENGTHS**

The Company believes that its strengths lie in the following:

- In-depth knowledge of the Mindanao region
- Experienced management team
- Proven track record in developing and operating greenfield power projects
- Enhanced competitiveness and sustainable growth
- Focused strategies

Additional information on the Company's Competitive Strengths may be found in the *"The Company"* beginning on page 80.

## **BUSINESS STRATEGY**

ACR's expansion strategy is driven by the needs of the Mindanao grid and is supported by long-term offtake agreements. The Company will position its diesel plants to perform roles that are not effectively and efficiently served by coal fired power plants. In addition, ACR will develop its pipeline of hydro power projects to round up its generation mix with renewable sources.

ACR's expansion will:

- Allow it to provide a complete power solution to the Mindanao grid
- Mitigate fuel-type specific risks such as volatilities in fuel costs and regulatory concerns linked to certain fuel types
- Enhance competitiveness of ACR in the Mindanao Electricity Market
- Diversify revenue and cash flow source.

## **RISKS OF INVESTING**

Before making an investment decision, investors should carefully consider the risks associated with an investment in the CPs. These risks include:

### **Risks relating to the Company and its business**

- Risk on Foreign Exchange Rate Fluctuations
- Interest Rate Risks
- Liquidity Risks
- Credit Risks
- Risks relating to project cost and completion
- Risk relating to property development
- Risk on malfunctions and failures to operate
- Risk of insufficient fund to finance its project
- Risk on failure in operations of the Power plants
- Risk on assurance of successful implementation of business plans and strategies
- Reputational Risk of Directors and Officers of the Company
- Risk on foreign ownership limitations
- Regulatory Risks
- Competitive Risk
- Risk on Stranded Assets

#### **Risks Relating to the Philippines**

- Slowdown in the Philippine economy
- Political or social instability
- The occurrences of natural catastrophe and calamity
- Risk relating to the Ukraine-Russia Conflict
- Corona Virus Disease 2019 (COVID-19) Pandemic

#### **Risks Relating to the Commercial Papers**

- Liquidity Risk – the Philippine securities markets are substantially smaller, less liquid and more concentrated than major securities markets
- Price Risk – the CPs market value moves (either up or down) depending on the movements in interest rates
- Retention of Ratings Risk – there is no assurance that the rating of the CPs will be retained throughout the life of the CPs

For a more detailed discussion on the risks in investing, see section on “*Risk Factors*” beginning on page 22 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the CPs.

#### **CORPORATE INFORMATION**

The Company’s principal office is located at Alsons Building, 2286 Chino Roces Avenue, Makati City 1231, Philippines with telephone number +632 8982 3000.

## SUMMARY FINANCIAL INFORMATION

The selected financial information set forth in the following table has been derived from the Company's Interim Financial Statements as of June 30, 2022 and 2021 (with comparative Audited Consolidated Balance sheet as of December 31, 2021). These should be read in conjunction with the financial statements and notes thereto contained in this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition" and other financial information included herein.

The Company's financial statements were prepared by SyCip Gorres Velayo & Co. (SGV) a member practice of Ernst & Young Global, in accordance with PFRS. The summary financial information set out below does not purport to project the results of operations or financial condition of the Company for any future period or date.

### Income Statement & Balance Sheet (June 30, 2022)

CONSOLIDATED INCOME STATEMENT DATA (in Php millions)			
	June 30 (unaudited)		
	2022	2021	2020
Revenues	5,406	4,632	5,286
Cost and Expenses	(4,590)	(3,632)	(3,691)
Other Income/ (Charges)	27	47	63
<b>Income Before Income Tax</b>	<b>789</b>	<b>952</b>	<b>1,532</b>
Provision for (Benefit From) Income Tax	100	81	138
<b>Net Income</b>	<b>689</b>	<b>871</b>	<b>1,394</b>

CONSOLIDATED BALANCE SHEET DATA (in Php millions)		
	June 30, 2022	December 31, 2021
<b>ASSETS</b>		
Current Assets	11,764	11,204
Noncurrent Assets	36,209	36,552
<b>Total Assets</b>	<b>47,973</b>	<b>47,756</b>
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities	10,128	9,530
Noncurrent Liabilities	19,334	20,275
<b>Total Liabilities</b>	<b>29,462</b>	<b>29,804</b>
<b>Total Equity</b>	<b>18,511</b>	<b>17,952</b>
<b>Total Liabilities and Equity</b>	<b>47,973</b>	<b>47,756</b>



# Income Statement & Balance Sheet – Year ending 2021, 2020, 2019

<b>CONSOLIDATED INCOME STATEMENT DATA (in Php Millions)</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Revenues	10,054	9,470	6,796
Cost and Expenses	(6,933)	(5,223)	(4,838)
Other Income/ (Charges)	(1,635)	(2,086)	(917)
<b>Income Before Income Tax</b>	<b>1,486</b>	<b>2,161</b>	<b>1,041</b>
Provision for (Benefit From) Income Tax	165	293	67
<b>Net Income</b>	<b>1,321</b>	<b>1,868</b>	<b>974</b>

<b>CONSOLIDATED BALANCE SHEET DATA (in Php Millions)</b>				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>				
Current Assets	11,204	9,393	8,840	8,904
Noncurrent Assets	36,552	37,022	36,769	34,555
<b>Total Assets</b>	<b>47,756</b>	<b>46,415</b>	<b>45,609</b>	<b>43,459</b>
<b>LIABILITIES AND EQUITY</b>				
Current Liabilities	9,530	8,847	12,051	6,280
Noncurrent Liabilities	20,274	21,863	18,704	22,706
<b>Total Liabilities</b>	<b>29,804</b>	<b>30,710</b>	<b>30,755</b>	<b>28,986</b>
<b>Total Equity</b>	<b>17,952</b>	<b>15,704</b>	<b>14,854</b>	<b>14,473</b>
<b>Total Liabilities and Equity</b>	<b>47,756</b>	<b>46,414</b>	<b>45,609</b>	<b>43,459</b>

## THE OFFER

*The following do not purport to be a complete listing of all the rights, obligations and privileges of the CPs. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective note holders are enjoined to perform their own independent investigation and analysis of the Issuer and the Commercial Papers. Each prospective note holder must rely on its own appraisal of the Issuer and the proposed financing 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 financing 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 note holder's independent evaluation and analysis.*

*The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus. This overview may not contain all of the information that prospective investors should consider before deciding to invest in the CP. Accordingly, any decision by a prospective investor to invest in the CPs should be based on a consideration of this Prospectus as a whole, which provides the material rights, obligations and privileges of a CP Holder. Should there be any inconsistency between the summary below and the final documentation, the final documentation shall prevail.*

The following are the terms and conditions of the First Tranche:

Issuer	: Alsons Consolidated Resources Inc.
Issue Manager, Lead Underwriter, and Bookrunner	: SB Capital Investment Corporation
Financial Advisor	MIB Capital Corporation
Instrument	: Registered Commercial Paper
Program	: Php 3,000,000,000.00
Issue Size	: Up to Php 1,135,000,000.00 to be issued in one lump sum or multiple tranches, at the determination of the Issuer in consultation with the Issue Manager, Lead Underwriter and Bookrunner.
Use of Proceeds	: Working Capital and other General Corporate Purposes.
Tenor / Initial Issuance	: The tenor of the initial issuance shall be as follows: Series T: One Hundred Eighty-Two (182) days from Issue Date Series U: Three Hundred Sixty-Four (364) days from Issue Date
Denomination	: For Series T: Minimum of Pesos: Five Million (Php5,000,000.00) face value and increments of Pesos: Five Hundred Thousand (Php500,000.00)

	<p>For Series U:</p> <p>Minimum of Pesos: Five Hundred Thousand (Php500,000.00) face value and increments of Pesos: One Hundred Thousand (Php100,000.00)</p>
Issue Price	: Discount to Face Value
Issue Date	: In one or more dates to be set by the Issuer in consultation with the Issue Manager, Lead Underwriter and Bookrunner on a “when and as needed” basis. The target issue date for the Initial Issuance of the First Tranche is Q4 2022. For the avoidance of doubt, an Issue Date shall at any time be any date which is within the validity of the SEC Permit to Sell.
Discount Rate for Initial Issuance	<p>: Benchmark Rate + Spread</p> <p>The actual discount rates are as follows:</p> <p>For Series T (182 days): 6.3328%</p> <p>For Series U (364 days): 7.1265%</p>
Discount Rate for Subsequent Issuance/s	: The discount rate for the subsequent issuance/s shall be set by the issuer in consultation with the underwriter which may be determined based on the corresponding Benchmark Rate plus Spread
Minimum Denomination for Secondary Trading	: Minimum of Pesos: One Hundred Thousand (Php 100,000) face value and increments of Pesos: Ten Thousand (Php 10,000)
Benchmark Rate	<p>: The three-day average PHP BVAL benchmark rate of the corresponding tenor.</p> <p>The corresponding benchmark rates are as follows:</p> <p>Series T: PHP BVAL 6M, or its successor benchmark rate</p> <p>Series U: PHP BVAL 12M, or its successor benchmark rate</p>
Tenor of Subsequent Issuance/s	: The tenor of succeeding issues may range from thirty (30) days up to the maximum tenor allowed by the Securities and Exchange Commission (SEC) under the relevant provisions of the Securities Regulation Code (SRC)
Interest Computation	: The Interest/Discount Rate will be calculated on a true-discount basis
Principal Repayment	<p>: The principal amount of the CPs will be repaid in full at their respective Maturity Dates.</p> <p>If such principal repayment is due on a day that is not a business day, the principal repayment date shall be made on the</p>

	immediately succeeding business day. No additional interest will be paid in such case.
Status	: The CPs will constitute direct, unconditional, unsubordinated, general and unsecured obligations of the Issuer ranking at least pari passu in all respects and without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Issuer) with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future of the Issuer).
Form	: The CPs shall be issued scripless and will be maintained in electronic form with the Registrar to be appointed for the purpose
Taxation	: Interest paid on the CPs shall be subject to a 20% final withholding tax.  A CP Holder who is exempt from or is not subject to the aforesaid withholding tax shall be required to submit a tax exemption certificate and other applicable documents.
Registrar	: Philippine Depository & Trust Corp.
Paying Agent	: Philippine Depository & Trust Corp.
Facility Agent	: AB Capital and Investment Corporation – Trust Department  The Facility Agent has no direct relations with the Issuer.
Secondary Trading	: The CPs are intended to be listed at the Philippine Dealing & Exchange Corp. (PDEX) for secondary trading of the CPs and upon such listing, all secondary trading may be coursed through eligible PDEX Trading Participants.
Market Maker	: Security Bank Corporation
Manner of Purchase	: The CPs will be available for sale from the Lead Underwriter and Selling Agents, if any, subject to minimum purchase amount and denomination.
Acceptance / Rejection of the Application	: The Issue Manager, Lead Underwriter and Bookrunner reserve the right to accept or reject any application for CPs. In case of over-subscription, the Issuer and the Issue Manager, Lead Underwriter and Bookrunner reserve the right to allocate the CPs available to the investors in a manner they deem appropriate.
Delivery of CP	: Delivery of the CPs will be made upon full payment of the Offer Price to the Underwriter and/or Selling Agents

Liabilities	<p>: The Company as the CP issuer is liable and responsible for any and all obligations arising from the sale of the CP as provided under pertinent sections of the Negotiable Instruments Law, the SRC and applicable laws of the Philippines as well as in the Underwriting Agreement and related agreements. In addition, the Issuer is responsible for complying with all reportorial requirements of the SEC in connection with the issuance of the CP.</p>
Credit Rating	<p>: The Issuer has a rating of PRS Aa minus as assigned by PhilRatings effective February 23, 2022.</p> <p>PhilRatings assigned an issuer credit rating of PRS Aa minus (corp.) for Alsons Consolidated Resources, Inc. based on the following considerations:</p> <ol style="list-style-type: none"> <li>i. the establishment of development projects in Mindanao that are supportive of the growth of the region's power industry;</li> <li>ii. the Company's ability to establish joint ventures with strong partners for particular projects;</li> <li>iii. its planned expansion projects which will further diversify its generation mix;</li> <li>iv. its strong profitability, despite the ongoing COVID-19 pandemic;</li> <li>v. the challenges it encountered in securing bilateral contracts for its diesel power plants; and</li> <li>vi. the improving economic situation amid declining COVID-19 cases and increasing vaccination rate.</li> </ol>
Security	<p>: Negative pledge on the Company's existing and future assets, except (i) to secure statutory obligations, (ii) to enable the Company to continue to enter into its usual transactions in the ordinary course of business, (iii) those imposed by law or arising out of pledges or deposits under workmen's compensation laws or other social security or retirement benefits or similar legislation, and (iv) those created for the purpose of paying current taxes, assessments or other governmental charges which are not delinquent or remain payable without any penalty, or the validity of which is contested in good faith by appropriate proceedings upon stay of execution of the enforcement thereof.</p>
Default	<p>: The Company shall be considered to be in default in case of: i. failure to pay the CPs or perform its obligations on the CPs when it falls due; ii. the Company fails to pay or defaults in the payment of any installment of the principal or interest relative to, or fails to comply with or to perform, any other material obligation, or commits a breach or violation of any of the material terms, conditions or stipulations, of any agreement, contract or</p>

---

document with any persons to which the Company is a party or privy, whether executed prior to or after the date hereof, or under which the Company has agreed to act as guarantor, surety or accommodation party, which, under the terms of such agreement, contract, document, guaranty or suretyship, including any agreement similar or analogous thereto, shall constitute a material default thereunder after allowing for all applicable grace periods. No default will occur under this clause if the aggregate amount the Company fails to pay is less than Php 35 million (or its equivalent in any other currency or currencies)”; iii. any judgment, writ, warrant of attachment or execution, or similar process shall be issued or levied against all or substantially all of the Issuer's assets and such judgment, writ, warrant, or similar process shall not be released, vacated, or fully CPed within thirty (30) calendar days after its issue or levy; iv. it becomes insolvent or is unable to pay its debts when due or commits or permits any act of bankruptcy, including: (i) filing of a petition in any bankruptcy, reorganization, winding-up, suspension of payment, liquidation, or other analogous proceeding; (ii) the appointment of a trustee or receiver over all or a substantial portion over its properties; (iii) making of an assignment for the benefit of its creditors over all or substantially all of its properties; (iv) admission in writing of its inability to pay its debts; or (v) entry of any order or judgment of any court, tribunal, or administrative agency or body confirming the insolvency of the Issuer, or approving any reorganization, winding-up, liquidation, or appointment of trustee or receiver of the Issuer or a substantial portion of its property or assets.

---

Other Terms and Conditions

- :
1. The CPs will not be convertible to any other security or equity of the Issuer.
  2. The Issuer will not set up any sinking fund for the redemption of the CPs.
  3. Substitution of the CP with another type of security will not be permitted.

Other terms and conditions as may be agreed upon among the Issuer, the Issue Manager, Lead Underwriter and Bookrunner.

---

## **RISK FACTORS**

### **GENERAL RISK WARNING**

*The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance.*

*There is an extra risk of losing money when securities are issued by smaller companies. There may be a big difference between the buying price and the selling price of these securities.*

*Investors deal in a range of investments each of which may carry a different level of risk.*

### **PRUDENCE REQUIRED**

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

### **PROFESSIONAL ADVICE**

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

## **RISK FACTORS**

*An investment in the CPs described in this Prospectus involves a certain degree of risk. A prospective purchaser of the CPs should carefully consider the following factors, in addition to the other information contained in this Prospectus, in deciding whether to invest in the CPs. This Prospectus contains forward-looking statements that involve risks and uncertainties. ACR adopts what it considers conservative financial and operational controls and policies to manage its business risks. The Company's actual results may differ significantly from the results discussed in this Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of ACR in particular, and those that pertain to the over-all political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented below. The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.*

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



## **RISKS RELATING TO THE COMPANY AND ITS BUSINESS**

*The following discussion is not intended to be a comprehensive description of all applicable risk considerations, and is not in any way meant to disclose all risk considerations or other significant aspects of participation in the CPs. Prospective participants are encouraged to make their own independent legal, financial, and business examination of the Company.*

Through prudent management and cautious investment decisions, ACR constantly strive to minimize risks that can weaken its financial position. However, certain risks are inherent to specific industries and are not within the direct control of the Company.

Some of the risks that the Company and its subsidiaries may be exposed to are the following:

### **1. Risk on Foreign Exchange Rate Fluctuations**

The Company's exposure is primarily associated with fluctuations in the value of the Peso against the U.S Dollar and other foreign currency. The spare parts and insurance of SPPC and WMPC are denominated in U.S. Dollars. A significant depreciation of the Peso against the US Dollar or other foreign currencies may have an adverse impact on the Company's ability to procure raw material, spare parts, adequate insurance coverage or other foreign currency-denominated items in a timely manner and at reasonable cost; and it may hinder its ability to finance expansion or maintenance projects. The combined impact of foreign exchange rate fluctuations on the Company's operations may have an adverse impact on its financial results and cashflows.

#### *Risk Mitigation:*

The Company also keeps a portion of its short-term investments in foreign currency to serve as a hedge in foreign exchange fluctuations since a depreciation in the peso will be offset by the appreciation in the short term foreign currency investment. The impact of foreign exchange fluctuation is very minimal because related cost such as spare part and insurance cost are passed on to customers.

### **2. Interest Rate Risks**

The Company regularly accesses the private debt or public debt markets to partially finance its capital expenditure programs and operating and maintenance needs. Any increase in the cost of obtaining debt financing may negatively impact the Company's ability to continue or complete its capital expenditure programs and finance its operations. As of September 30, 2022, the benchmark BVAL rate for six months and one year has increased by 277 bps and 234 bps, respectively, from year-ago levels due to various global and local macroeconomic and geopolitical factors. There is no assurance that such increases will not continue to increase in the future.

#### *Risk Mitigation:*

The Company's interest rate risks management policy centers on reducing overall interest expense and minimizing other costs of borrowing. Changes in market interest rates would have material impact on the Company's interest-bearing obligations, specifically on those with floating interest rates.

ACR and its subsidiaries manage their interest rate risks by averaging its debt portfolio and by optimizing the mix of fixed and variable interest rates. Other measures are employed to avert risk

include pre-payment of debts and re-financing of loans as the opportunities arise. Moreover, utilization of existing credit facilities has been kept to a minimum.

### **3. Liquidity Risks**

Liquidity risk arises from the possibility that the Company encounter difficulties in raising funds to meet or settle its obligations at a reasonable price. In addition, the Company may be unable to refinance its outstanding debt, and any future financing arrangements entered into by the Company may be less favorable than the current ones.

#### *Risk Mitigation:*

The Company and its subsidiaries carefully manage their liquidity position to be able to finance their working capital, debt service, and capital expenditure requirements. Sufficient levels of cash and short-term money market placements are maintained to meet maturing obligations. Management regularly monitors and forecasts its cash commitments, matches debt payments with cash generated from the assets being financed, and negotiates with creditors on possible re-financing of existing loans to avail of better terms and conditions.

The Company is a regular issuer of commercial papers and has an established track record of successfully raising funds and repaying its debt obligations. Furthermore, the Company has earned a issuer rating of Aa minus from Philratings, which suggests its ability to repay its obligations. In addition, ACR's shareholders have enough funds and bank lines to fund possible shortages to finance the projects.

### **4. Credit Risks**

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or a customer contract. This may prevent the Company from collecting earned revenues and cause it to incur financial losses.

#### *Risk Mitigation:*

ACR and subsidiaries transact only with companies and institutions that are in a sound financial position and have demonstrated good credit standing. The power companies' receivables are from various electric cooperatives and the collection of which has been current and up to-date except for SPPC's long-outstanding receivable from NPC Amounting to Php 123 million. These receivables pertain to the portion of accounts that was disputed by and was decided upon by the Energy Regulation Commission (ERC) on June 3, 2013 in favor of SPPC and NPC appealed the ERC decision to the Court of Appeals (CA), which affirmed the ERC decision. On August 17, 2015, the CA denied NPC's motion for reconsideration. On September 18, 2015, NPC petitioned the Supreme Court (SC) to review the ERC and CA decisions. On November 23, 2016, the SC denied NPC's motion for reconsideration, rendering the ERC decision final. On October 19, 2018, SPPC filed an Urgent Motion to Resolve the pending issue on the NPC's liability for interest and SPPC's motion for issuance of writ of execution against NPC for the payment of the principal amounts owed by NPC to SPPC. On December 9, 2019, the NPC, through its president and CEO Pio J. Benavidez, signified its agreement to SPPC's waiver of its claims of interest. On December 27, 2019, SPPC filed with the ERC an Omnibus Motion to (a) Resolve and (b) Withdraw claim of interest. On October 14, 2020, the Company filed a Motion to Resolve with the Commission on Audit (COA) requesting to immediately resolve the

Petition for Money Claim. The COA directed SPPC, NPC and PSALM to file their respective Comment regarding PSALM's liability, hence the Decision is partially granted.

In June 9, 2022, SPPC filed a Motion for Issuance of the COA Order of Execution with the COA and on July 28, 2022, SPPC again met with NPC's representatives and asked if the liability can be included in NPC's budget in 2023. On September 15, 2022, COA responded to SPPC's Motion to Resolve by confirming that the comments of all the Parties are already being deliberated by the Commission proper.

As of October 31, 2022, SPPC did not yet recognize the balance of the claim from NPC since management believes that the claim is not yet virtually certain as it requires further review by the COA and appropriation of funds for NPC to release the amount of the claim.

Receivable balances are monitored regularly and allowance provisions are reviews to ensure limited exposure to bad debts. For further details, refer to *Legal Proceedings*. In the event that customers fail to pay on time, ACR holds standby letters of credit guaranteeing payment from their customers' respective banks.

## **5. Risks relating to project cost and completion**

Possibility of cost overruns in any of the Company's projects may happen primarily due to, but not limited to, change orders, increases in cost of inputs such as labor and equipment, macroeconomic trends or geopolitical events. In addition, the Company may encounter slippage in the project schedule, which may significantly delay its returns. If any of these happen, the Company may not be able to achieve its financial targets, which are linked to the successful completion of its future and ongoing projects, and these may have material adverse impact on the projects' returns and cashflows.

### *Risk Mitigation:*

The Company is confident that project schedule slippage would be minimized during the construction since the agreed subcontractors are reputable local companies with good track record.

The Company undertakes its projects under fixed-price, fixed term EPC contracts that minimize the cost and completion risk of the projects. Since possibility of cost overruns may still happen due to change orders, the project team ensures adherence to provisions and scope of work specified in the EPC Contract. Thorough review of terms of reference will be undertaken by the project team to minimize change orders. If there is a change in order, there will be disruptions in the construction. However, since EPC contractors have conducted 3D model and walk through during the pre-construction phase, the team can easily detect and resolve construction issues, thus minimizing delays.

## **6. Risk relating to property development**

The Company's real estate development business, may face business and operating risks common to all property developers, including valuation risks, increases in development costs, prolonged timetables, and business risks associated with activities like pre selling, leasing, and operation management.

*Risk Mitigation:*

ALCs portfolio and exposure are minimized in its Eagle Ridge and KAIEDC businesses as both projects are considered developed already. Azuela Cove is funded by internally generated cash, operating revenues, and pre-selling/ pre-leasing activities. In future projects, ALC intends to follow its strict adherence to a thorough business plan and market analysis exercise, product development review, and financial leverage scenarios that factor in availability of cash and equity, as well as possible contributions from pre-selling and/or pre-leasing activities to keep risk at manageable levels. The effect of this risk on the Company's financials is minimal since revenue contribution of the property business is less than 1%.

## **7. Risk on malfunctions and failures to operate**

The Company's financial performance is highly dependent on the successful operation of the power plants of its subsidiaries, and are subject to several operational risks such as plant safety, fire, explosion, mechanical failure, electrical failure and instrumentation and control failure, and natural catastrophes such as typhoons, flooding, and earthquakes.

*Effects and Risk Mitigation:*

- **Fire and Explosion:**

ACR's power plant areas are exposed to the risk of fire especially its conveying system, transformers and steam turbines. Since fire would disrupt the normal operations of the Company and damage the Company's properties, ACR may encounter financial losses resulting from incidents of fire.

To mitigate this risk, the Company ensures that power plant areas have adequate fire detection and sprinkler system installed. Also, vacuum trucks are used to prevent accumulation of inputs in the conveyor areas. Sufficient spare parts are also maintained to make sure that faulty parts are replaced on time and prevent risk of malfunction, which could result in incidents of fire.

Another risk that the machines and equipment of the power plants are exposed to, particularly the boiler and switchgear, is the risk of explosion. Boiler explosion could happen if too much fuel is fed to the boiler, which then gasifies and causes an explosion. To mitigate this, the Company has a boiler protection system which will trip the plant before such condition forms. Switchgear explosion could happen if there is short circuit in the switchgear. One of the functions of switchgear is protection, which is interruption of short-circuit and overload fault currents while maintaining service to unaffected circuits. Switchgear also provides isolation of circuits from power supplies and a regular thermographic survey is done to all switchgears. Also, all of ACR's power plants are adequately insured to cover the risk of fire.

- **Plant safety:**

Power plants are much safer than they once were however this does not imply that the plant employees will not encounter hazards. With the Company's proper operation and maintenance procedures this reduces accidents and mitigates their effects. Furthermore, the power plants are strategically located in order to avoid any disturbances and ensure efficient work flow. For

example, during Sarangani Phase 2 construction, the construction may pose as a disturbance to the existing operations, ACR manages this risk by proper segregation of components for Sarangani Phase 2. Also, permitting system on common facilities was jointly developed by Project Team and O&M.

- **Mechanical Failure:**

One of the main causes of disruption in daily operations in a power plant is mechanical failure of plant and equipment. Some of the causes of mechanical failure are the boiler, turbine, major pump or valve, fans, coal conveying system, and raw water supply system and these and the potential consequences of these failures can be crucial. However, with the expert engineering assistance, solution and design system, monitoring system for early indication of possible failure, and daily inspections of the equipment and ensures that there are adequate spare parts.

The boiler and cooling water (CW) chemical dosing systems have redundant dosing pumps thus contracts of chemical supply are in place to always have adequate inventory at site. Moreover, the water/steam system has online analyzers for monitoring the quality 24/7 and a water laboratory with a 365-day coverage. For example, when the lower part of Sarangani Phase 1 boiler was experiencing tube erosion causing two boiler tube leaks/forced outages, the proposed long-term solution/design change was installed allowing the boiler normal operation from annual scheduled outage to the next scheduled outage.

As for turbine failures, these are considered a very rare occurrence on steam turbines. The turbine/generator has an online vibration monitoring system and they have its own protection system. During scheduled outages, inspection of steam turbine (ST) blades will be done.

For the Boiler Feed, Condensate and Cooling Water pumps, an example of this would be Sarangani Phase 1 where it has 2 x 100% capacity. This means that if one pump has mechanical failure, the plant can still operate on 100% capacity. Pumps will have adequate spares (bearings, mechanical seals etc.), and possible repair shops have been identified.

Delays in the operations could also happen when there are mechanical failures and there are no adequate spare parts. To mitigate this, the Company ensures that its supplies and spares are adequate at all times by setting a certain period when the inventory is restocked. The inventory is always monitored and buffers are set in order to give allowance to unexpected requirements.

- **Electrical Failure:**

The objective of electric systems is to guarantee uninterrupted operation of a facility's lighting, process, and environmental systems. Electrical failures may interrupt the Company's processes, and thus could hinder its ability to efficiently run its operations. In the case of ACR's power plants, the areas which are highly exposed to risk of electrical failure include fan motors, feed water, condensate and cooling water pumps, Electrostatic Precipitator (ESP) and switchgear. To mitigate these types of risk the Company has maintenance and conditioning monitoring program for early detection of any electrical fault. If problem arises on ESP transformers / electrical systems, the Company has ESP vendor to inspect the site and rectify the problems.

A sample of a mitigant on electric failure risk would be Sarangani's 6kV, 480V and 220V switchgear. The company makes sure that they are mostly situated at the Main Control Room (MCR) switchgear rooms which are well ventilated, dust free and protected by FM200 system. Furthermore, Sarangani is also conducting regular thermographic inspections of all switchgear systems for early detection of any hot spots and lost connections. During the scheduled annual outages, maintenance will be done, as per Original Equipment Manufacturer (OEM) recommendations and at the same time Sarangani is planning to purchase spare switchgear equipment over the next 3 years.

- Instrumentation and Control Failure:

The plant areas which are highly exposed to risk of instrumentation and control failure include the Distributed Control System (DCS) and Programmable Logic Controller (PLC) system. This failure could also disrupt the normal operations of the Company, and thus, ACR mitigates this risk by ensuring that adequate spares for any part of the DCS are available and that there's a dedicated DCS engineer to monitor the system's performance on a daily basis.

Instrument failures and malfunction is the most common cause of plant disturbance where a single instrument failure can cause equipment, system or plant trip. To prevent this, the company has planned maintenance & calibration program for all the instruments and control valves.

Presented below are the insurance providers of the power plants:

Diesel Power Plants

Type	WMPC	MPC
Industrial All Risk	UCPB General Insurance	1. Malayan Insurance Co. Inc. 2. Self-Insured (Mapalad Power Corporation) 3. UCPB General Insurance Co. Inc.
Public Liability/ Comprehensive General Liability	Pioneer Insurance & Surety Corp.	Pioneer Insurance & Surety Corp.
Fuel Stocks	UCPB General Insurance Co., Inc.	1. Cocogen Insurance Inc. 2. New India Assurance Co., Ltd
Sabotage and Terrorism	UCPB General Insurance Co. Inc	UCPB General Insurance Co. Inc

### Coal Power Plants

Type	Sarangani Energy
Industrial All Risk and Business Interruption	Malayan Insurance Co., Inc.
Political Violence	Cocogen Insurance, Inc.
Comprehensive General Liability	Cocogen Insurance, Inc.
Terminal Operators Liability	Cocogen Insurance, Inc.
Marine Open Cover	Cocogen Insurance, Inc.
Transmission Line	Malayan Insurance Co., Inc.

#### **8. Risk of insufficient funds to finance the project**

Any loss or reduction in the Company's revenues or income, or inability to collect revenues in a timely manner, may affect the Company's ability to finance its projects.

*Risk Mitigation:*

This is mitigated by the Company's efforts, through its subsidiaries, to generate and collect revenues efficiently. The Company also ensures that their operational risks are minimized to maintain their revenues and production at a consistent level. Furthermore, the Company's collection efficiency is relatively high. This is achieved through the quality of the offtakers that it has assembled for its power projects. Additionally, incentives for prompt payment, such as a discount for early payers, and proactive and responsive customer relationship management combine to ensure efficient and timely collection of payables. ACR's power subsidiaries are exploring ways to further improve their steady revenue streams by utilizing their available uncontracted capacities providing ancillary services and replacement power.

#### **9. Risk on failure in operations of the Power plants**

Failures in the operation of the power plants may impact the Company's financial performance as it may disrupt operations and may therefore entail loss in revenues.

*Risk Mitigation:*

To mitigate such risk, the Company ensures adherence to its business plans and strategies, which are further discussed in the succeeding risk item. Also, if there's any disruption in any of the power plants, the other power plants can support its operations. This prevents failure in operations, and therefore, minimizes exposure to such risk.

#### **10. Risk on assurance of successful implementation of business plans and strategies**

The Company may be exposed to various operational and financial risks that could hinder the implementation of its business plans and strategies. The inability to achieve its business plans and strategies may result in a disruption in the operations of the Company thereby missing its financial targets.



*Risk Mitigation:*

Focused Strategy

ACR's expansion plans and growth aspirations are founded on a set of focused strategies that will enable it to manage the risks and challenges associated with the power generation business.

As in the past, the Company's expansion strategy is firmly anchored on the needs of the Mindanao Grid and is supported by offtake agreements to ensure the long-term sustainability of its business. Furthermore, ACR's power plants are strategically positioned to serve the key load centers of Sarangani, Zamboanga and Iligan.

ACR anticipates a surplus of baseload capacity and has managed this risk by virtually fully contracting its capacity. Any uncontracted capacity will be sold to the Mindanao WESM once it starts operating. By being adequately contracted, ACR will be less affected by the impending oversupply in the Mindanao grid.

ACR's diesel plants will also be positioned to perform roles that are not effectively and efficiently served by coal fired power plants such as service intermediate and peaking capacities, as well as provide ancillary services.

To round up its strategy, ACR has also embarked on a renewable energy expansion program that would involve the construction of several hydropower projects.

Development of greenfield power projects

ACR's growth story hinges on the successful construction and operation of greenfield power projects. The development of greenfield power projects involves substantial risks that could result in delays, cost overruns, or construction not being up to original plans or specifications. Such risks include the inability to secure adequate financing, inability to negotiate acceptable offtake agreements, as well as unforeseen engineering and environmental problems, among others.

Any such delays, cost overruns, or construction deviations from original plans could have a material adverse effect on the business, financial condition, results of operation and future growth prospects of ACR.

Aside from its own developed expertise and proven success in developing greenfield power projects, project risks are mitigated by the presence of committed project sponsors and partners, project contracts that have been crafted in accordance with international project finance standards, strong project management support from owner's engineer, power supply agreements and experienced O&M service providers.

**11. Reputational Risk of Directors and Officers of the Company**

Any reputational damage involving ACR's Directors and Officers may affect the Company's performance. Reputational issues may result in loss of customers' and creditors' confidence, and since the Company's ability to continue operating efficiently depends on its relationship with its customers and creditors, such issues could result in financial losses.

*Risk Mitigation:*

Any reputational damage involving ACR's Directors and Officers may affect the Company's performance. This is mitigated by the fact that the founders have been in the business for several years with unblemished record, and that the independent directors and officers are selected through a stringent vetting process.

## **12. Risk on foreign ownership limitations**

The Company may be exposed to risk on foreign ownership limitations, which is set at 40% as the Company owns land directly and uses natural resources indirectly via its subsidiaries. This means that foreigners cannot own more than 40% of the Company. Should the Company hit the limit, it could no longer accept additional foreign investments. This may close off foreign investors as sources of equity funding for the Company's projects and operations.

*Risk Mitigation:*

ACR's current foreign ownership is at 0.86%, a relatively small percentage compared to the 40% limit as of June 30, 2022. The Company is constantly monitoring the ownership of ACR shares, and it has no prospects of increasing foreign ownership.

## **13. Regulatory Risks**

The Company operates in a highly regulated sector. The Company's business and financial condition may be adversely affected by amendments in the Electric Power Industry Reform Act, and its Implementing Rules and Regulations, as well as any adverse interpretations or rulings by regulators. Continued compliance with, and any amendments in, regulatory, safety, health and environmental laws and regulations may have an adverse impact on the Company's operating costs.

In addition, Licenses, permits, and operating agreements necessary for the Company's operations may not be acquired, sustained, renewed or extended.

ACR's operating subsidiaries are required to comply with environmental regulations. The failure of these subsidiaries to comply with the relevant environmental regulations could result in administrative, civil and criminal proceedings initiated by the Government, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against the Company, as well as orders that could limit or halt its operations.

There can be no assurance that the Company will not become involved in litigation or other proceedings, or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, and the costs of which could be material and could materially and adversely affect the Company's cash flow, results of operations and financial condition.

*Risk Mitigation:*

To mitigate regulatory risks, ACR exerts proactive effort to make sure all existing and upcoming changes in regulations are met. The Company ensures their continued compliance with, and any amendments in, regulatory, safety, health and environmental laws and regulations, regardless of the operating costs entailed by it.

Environmental, health and safety policies are an integral part of ACR's power generation plants. The existing diesel power plants conduct regular monitoring of waste water, source emission, ambient air, noise, aquatic biota, ground and surface water, community health, hazardous waste, resource usage and conservation, solid waste generation and disposal and legal requirements compliance. It is noteworthy that WMPC is a recipient of recognitions and awards for being one of the safest workplaces in the region. The power plant is monitored and verified by the Multi-Partite Monitoring Team which is composed of the stakeholders including DENR, DOST, relevant local government units, NGOs and members of academia.

For the Sarangani Energy Corporation coal plants, technology mitigates most pollutants, except carbon emission. To mitigate the effects of carbon emission, ACR instituted a carbon sink program, where ACR has committed to plant 1.8 million seedlings over 3,750 hectares of land. To date, ACR has planted 1.17 million seedlings covering 2,600 hectares of land. ACR is the only power generation company that has an extensive forest-based carbon mitigation program

#### **14. Competitive Risk**

The Company is confronted by increased competition in the power industry, including those resulting from legislative, regulatory, and industry restructuring efforts.

The Government has sought to implement measures designed to enhance the competitive landscape of the power market, particularly for the unregulated sectors of the industry. These measures include the privatization of NPC-owned and controlled power generation assets, the establishment of the WESM and the Retail Competition and Open Access (RCOA). With increased competition, ACR could also come under pressure to review or renegotiate the terms of offtake agreements with customers, which may adversely affect ACR's financial performance and results of operations. To the extent that distribution utilities or industrial off-takers decide to purchase power from other generation companies instead of purchasing from ACR, the ability of ACR to generate the required revenues would be adversely affected.

##### *Risk Mitigation:*

The Company is confronted by increased competition in the power industry, which this could result in an uncertain revenue stream and a possible reduction in market share. To combat such risk, ACR focused on strong marketing and finding a niche in the market.

ACR ensured that its power capacities are contracted under long-term power supply agreements with various customers in the Mindanao Grid. This insulates ACR from the effects of a potential oversupply situation. Furthermore, ACR's strategy of locating its plants within the service areas of their major electric distribution company customers also improves their competitiveness as this could result in lower transmission costs for the distribution utilities.

The Company believes that its experience in developing, building, financing, and operating generating plants, its familiarity with the region, and the location of its current and future generation facilities are strong competitive advantages that mitigate threats from increased competition.

## 15. Risk on Stranded Assets

Stranded assets are fuel supply and generation resources which once had value or generates income but has suffered from premature write-downs or devaluations. This is due to several factors such as new regulations, falling cost of renewables, litigations, transformation and innovation. These factors may pose risk to firms and affect the company. Uncertainties in the market, adoption of new health and environmental laws, future laws may also affect the Company and may restrict operations and refinancing to the Company's power plant and certain capital expenditures or operating expenditure may be difficult to fully recover hence resulting in lower income. The Company may be exposed to stranded asset risks wherein assets lose their value as a result of the transition to cheaper and cleaner sources of power.

### *Risk Mitigation:*

ACR has embarked on a renewable energy expansion program that would involve the construction of several hydropower projects. The Company is also considering putting up a solar farm as well. This solar plant would have a capacity of at least 50 MW, and is estimated to cost less than \$750 per kW. ACR's plan is to reach a level of balanced generation mix where it can serve the complete power requirements of its customers (i.e., baseload, intermediate, peaking, back-up as well as ancillary). Apart from enhancing its market position, this strategy, will in turn diversify its revenue mix, as well as minimize potential risks that may arise.

ACR's diesel plants will also be positioned to perform roles that are not effectively and efficiently served by coal fired power plants such as service intermediate and peaking capacities, as well as provide ancillary services. ACR continues to explore opportunities to relocate the diesel generating assets to Visayas Region. It is expected to have the relocated assets operational by January 2023 and December 2023 respectively.

## RISK RELATING TO THE PHILIPPINES

### ***A slowdown in the Philippine economy could adversely affect the Company.***

Results of operations of the Company have generally been influenced, and will continue to be influenced by the performance of the Philippine economy. Consequently, the Company's income and results of operations depend, to a significant extent, on the performance of the Philippine economy.

In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine Peso and debt restructuring, and has been significantly affected by economic volatilities in the Asia-Pacific region. The Company cannot assure prospective investors that one or more of these factors will not negatively impact Philippine consumers' purchasing power, which could materially and adversely affect the Company's financial condition and results of operations.

In addition, global financial, credit and currency markets have, since the second half of 2007, experienced, and may continue to experience, significant dislocations and liquidity disruptions. There is significant uncertainty as to the potential for a continued downturn in the U.S. and the global economy, which would be likely to cause economic conditions in the Philippines to deteriorate.

A slowdown in the Philippine economy may adversely affect consumer sentiment and lead to a reduction in demand for the Company's products. There is also no assurance that current or future Government administrations will adopt economic policies conducive to sustaining economic growth.

*Risk Mitigation*

The Company continues to adopt a conservative financial and operational set of controls and policies within the context of the prevailing business, economic, and political environment taking into consideration the interest of its customers, stakeholders, and creditors. Additionally, most agreements of the Company and its subsidiaries are long term fixed contracts which protect the company's revenue from economic slowdown, refer to page 121.

***Political or social instability could adversely affect the financial results of the Company.***

The Philippines has experienced political and military instability. In the past decade, political instability has been observed headlined by impeachment proceedings against former presidents Joseph Estrada and Gloria Macapagal-Arroyo, and public and military protests arising from alleged misconduct by previous administrations. There is no assurance that acts of election-related violence will not occur in the future and such events have the potential to negatively impact the Philippine economy. An unstable political environment, whether due to the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the Company's business, financial condition and results of operations.

*Risk Mitigation:*

The Company mitigates this risk by maintaining positive and supportive relationships with the national and local governments as well as other government entities and regulators. The Company's business is apolitical.

***The occurrence of natural catastrophes may materially disrupt the Company's operations.***

The Philippines has experienced a number of major natural catastrophes over the years, including droughts, typhoons, volcanic eruptions and earthquakes, which may materially disrupt and adversely affect the business operations of the Company.

*Risk Mitigation:*

While the Company maintains a comprehensive business insurance against natural catastrophes, there can be no assurance that it will be adequately compensated for all damages and economic losses resulting from natural catastrophes.

***Risk relating to the Ukraine-Russia Conflict***

On February 24, 2022, Russia launched an invasion of Ukraine, one of its neighbors to the southwest. The warfare is reportedly the largest conventional warfare operation in Europe since World War II. The recent invasion marked a major escalation of the tension between the two countries which began in 2014. This has led to higher fuel prices globally. Russia accounts for 12% of global oil and 24% of natural gas production. As such, the war between Russia and Ukraine can result in major oil supply disruption globally. While the Philippines does not directly buy oil directly from Russia, its trading partners such as China, South Korea, and Japan purchase oil from the latter.

*Risk Mitigation:*

Despite the risk mentioned above, the increasing prices of fuel has a minimal direct impact on the Company as the costs are passed on to customers as structured in our power supply agreement. The same is true for any increase in coal prices globally, as a result of the developments between Russia and Ukraine.

***Corona Virus Disease 2019 (COVID-19) Pandemic:***

As of December 1, 2022, the Department of Health (DOH) has recorded 1,238 new confirmed COVID-19 cases bringing the country's total COVID-19 caseload to 4,037,547. Of these, 18,412 cases are active or currently sick. The death toll is now at 64,658.

On March 8, 2020, President Rodrigo R. Duterte, recognizing that COVID-19 constitutes a threat to national security and prompting a whole-of-government approach in addressing the outbreak, declared a state of public health emergency throughout the entire Philippines through Proclamation 922.

On March 16, 2020, to prevent the sharp rise of COVID-19 cases in the country, the President placed the entire Luzon under Enhanced Community Quarantine (ECQ) until April 14, 2020. On April 7, 2020, upon the recommendation of the Inter-Agency Task Force on Emerging Infectious Diseases (IATF EID), the President extended the ECQ until April 30, 2020.

The general community quarantine (GCQ) was introduced on May 1, 2020 and is generally less stringent than ECQ. The Philippines has extended community quarantine restrictions of varying levels nationwide.

The ECQ that has been declared as a result of the pandemic resulted in a drop in peak demand for power in Mindanao of between 20% and 25% as commercial customers, mainly made of shopping malls and similar establishments stopped operating. Industrial demand however is less affected and we expect this to continue driving demand for our output. Most of the Company's customers have industrial loads that are producing basic commodities that are essential and are in fact counter-cyclical in nature. These include canneries of fish and fruit products and other producers of food products. Demand for and consumption of power among the Company's customers dropped slightly to just below the 2019 levels. The revenues were not adversely affected given that their respective collection efficiencies were maintained. The Company's projection assumes that the demand for power will recover within 2021.

To help soften the impact of the ECQ, the government also ordered distribution utilities, power generation companies, fuel suppliers, and other entities involved in the power supply chain to give a 30-day payment extension of all bills falling due within the ECQ. This deferred amount will be repaid in four (4) equal monthly installments or as negotiated with DU. As for suppliers, the company has not encountered any problems with them.

*Risk Mitigations:*

The economic narrative on the COVID-19 outbreak revolves around two causal mechanisms: the impact of the fear factor on behavior, reflected in a decline in demand for travel-related services, discretionary consumption, and the production and regional supply chains. Our power plants continue to deliver the required uninterrupted energy supply. As such, the impact on the business will be minimal.

In light of COVID-19, an Emergency Task Force on COVID-19 was formed to ensure there will be continuity of work in case of lockdown. A selected group of teams is working to handle issues on employees' health and

safety, communications, technology support and legal compliance. The team will regularly update the guidelines and ensure the adherence to the same.

#### Limited workforce

- Work from Home (WFH) Scheme for head office and mix of WFH and On Site on a 14-day rotation for plant personnel
- Manpower support through advance salary and 13<sup>th</sup> month pay, food and transportation allowance

The following illustrates how the company is dealing with the current situation.

#### O&M Personnel

##### How to Sustain and Maintain COVID free O&M personnel

1. Continue close monitoring of personnel health/condition
2. Maintain provision of PPEs and preventive medical supplies to all personnel
3. Strict adherence to guidelines and protocols for COVID-19 prevention.
4. Continue provision of meals and accommodation for personnel working straight 15-days-duty and 15-days-off.

##### Possible/In case of infection of some O&M personnel.

1. Identify potential replacements and start immediately training/cross-training or developmental assignment.
2. Simulate/draft a type of shifting schedule of operation at reduced number of personnel and or groups.

##### Inventory of operating supplies and consumables

1. Fuel inventory – good for 3 months
2. Chemicals, Lube Oil, other supplies – good for 1.5 months

## **RISKS RELATING TO THE COMMERCIAL PAPERS**

### ***Liquidity and Price Risk***

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

The CP's market value may move (either up or down) depending on the change in interest rates in the market. The CPs when sold in the secondary market may be worth more if interest rates drop. Conversely, if the prevailing interest rates rise, the CPs may be worth less when sold in the secondary market. In such instance, an investor faces possible loss if he decides to sell.

#### ***Risk Mitigation:***

The assigned market maker will provide an avenue for investors though such investors should be cognizant that there is no guarantee that it will be at prices that they may deem acceptable.



***Retention of Ratings Risk***

There is no assurance that the rating of the Issuer will be retained throughout the life of the CPs. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

***Risk Mitigation:***

To mitigate this risk, ACR addresses or monitors these underlying factors by covering them as part of its regular meetings. So long as the Company manages or improves these factors, credit rating shall remain unchanged if not upgraded.

## USE OF PROCEEDS

In the event that the First Tranche of the CP Program is fully issued, the Company's net proceeds from the Offer is expected to be approximately Php 1,040,607,525 after deducting the applicable fees and expenses.

Expenses related to the Offer, all of which will be for the account of the Company, are broken down as follows:

### Estimated Net Proceeds from the CP Issuance

<b>Sample Computation</b>	
Face Value of the Offer	₱ 1,135,000,000
Discount (based on the final rate of 7.1265% and 364 days assuming true discount computation)	(76,287,472)
Gross Proceeds	1,058,712,528
Less:	
SEC Filing and Legal Research Fees	(1,325,655)
Documentary Stamp Tax (maximum assuming P1,135 million issued for one year)	(8,489,178)
Underwriting and Selling Fees (maximum)	(4,527,562)
Issue Management Fee	(800,000)
Financial Advisory Fee	(1,200,000)
Transaction Counsel Fees	(400,000)
Independent Counsel Fees	(200,000)
Facility Agency Fees**	(100,000)
Philratings credit rating report fees	(832,608)
PDTC Registry fees*/**	(150,000)
PDEX listing maintenance fees*/**	(50,000)
Estimated Costs of Printing and Publication	(30,000)
Total expenses	(18,105,003)
<b>Net Proceeds</b>	<b>Php 1,040,607,525</b>

\* PDTC and PDEX fees are estimates

\*\* The fees are payable annually for as long as CPs under the program remain outstanding

In the event that the actual expenses relating to the Offer differ from the above estimates, the actual net proceeds to the Company from the Offer may be higher or lower than the expected net proceeds set forth above. Any increase or decrease in the net proceeds to the Company shall be addressed by making a corresponding increase or decrease, as the case may be, to the Company's provision for working capital requirements

The Company intends to use the proceeds from the Offer for working capital and general corporate purposes. Specifically, to fund the redemption of ACR's Commercial Papers maturing in December 2022 and to settle its maturing short-term obligations in the 1<sup>st</sup> quarter of 2023.

### Maturing Commercial Papers of ACR

On June 25, 2021, the Securities and Exchange Commission approved ACR's Php 3 billion CP Program under SEC MSRD Order No. 34, Series of 2021 and were offered in one or more tranches. The Company listed its first tranche of CP's worth Php 1.4 billion in July 16 2021 and its second tranche worth Php 600 million in November 12 2021. The Php 1.40 billion CP issuance was broken down into two series: (a) Php 265,000,000 Series O Commercial Papers Due January 14, 2022 (182 days); and (b) Php 1,135,000,000 Series P Commercial Papers Due July 15, 2022 (364 days), while the second tranche of Php 600m Series Q was due on November 11, 2022 with a tenor of 364 days. Tranche 1 and 2 have already reached maturity and have been fully paid.

In June 27, 2022, ACR listed another Php 1.265 billion worth of CPs, the third tranche of its Php 3.0 Billion CP Program, which marks the Php 3.0 billion CP program completely issued. The Php 1.265 billion CP issuance is broken down into two series: (a) Php 265 million Series R (182 days); and (b) Php 1 billion Series S (364 days). Thus, the Company plans to use Php 265 million to refinance ACR maturing CP on December 26, 2022. The remainder will be used to settle short-term obligations listed in the table below.

3rd Tranche	Issue Date	Maturity Date	Tenor	Amount
SERIES R	27-Jun-22	26-Dec-22	182	265,000,000

### Payout of Short-Term Obligations of ACR

Presented below is a list of the Company's short-term loans maturing in the 1<sup>st</sup> quarter of 2023.

FUNDER	MATURITY DATE	RATE	PRINCIPAL VALUE
PBCom Trust	27-Feb-23	5.75%	100,000,000
PBCom Trust	23-Jan-23	5%	76,000,000
PBCom Trust	27-Jan-23	5.25%	65,000,000
RCBC Trust	13-Feb-23	6.5%	155,500,000
RCBC Trust	2-Jan-23	5.25%	99,000,000
RCBC Trust	20-Feb-23	6.5%	263,000,000
PCCI Trust	5-Jan-23	4.5%	17,107,525
<b>TOTAL</b>			<b>775,607,525</b>

The above-mentioned short-term obligations were used by the Company to fund for Siguil Hydro Power Corporation (Siguil) projects and Sindangan Zambo-River Power Corporation (Siayan) projects, through its subsidiary, Alsons Renewable Energy Corporation. ACR owns 80.1% of AREC, and the remaining 19.9% interest is owned by ACIL Corporation. Portion of the short-term obligation was given to the projects as needed. The cash flows were directly issued to Siayan and Siguil and booked as cash advances from related party. The Company expects to receive the fund back from Siguil upon issuance of the Certificate of Compliance for feed-in tariff ("FIT"), which is a document issued by the ERC indicating that the Company can operate using the FIT rate, and as soon as the long-term financing is secured for Siayan. The Company plans to finance the Siayan project through bank financing.

These short-term loans were infused to Siayan (for developmental cost) and Siguil projects as advances in tranches starting 2020 and 2019, respectively, however disbursement of funds was on an as needed basis, which until now is being paid, whenever needed, and until project financing is obtained by the respective projects. As of today, total amount infused to the projects is Php 2.55 billion for Siguil and Php 76 million for Siayan.

AREC, which was organized on September 18, 2014, is ACR's vehicle for developing renewable energy (RE) projects. AREC currently holds 100% equity in the following subsidiaries: Siguil Hydro Power Corporation and Sindangan Zambo-River Power Corporation. ACR has started construction of its first renewable energy project under Siguil, which will operate a 14.5MW run-of-river electricity generating facility located at the Siguil basin in Maasim, Sarangani. Siguil's total project cost is estimated at Php 4.4 billion. The construction phase of this project is in full swing and the Company expects commercial operation to begin in the first half 2023.

Siayan is a combined 9MW hydro power project and 25MW solar power project located mainly in the Municipality of Siayan, Province of Zamboanga Del Norte and Municipality of Dumingag, Zamboanga del Norte, and is expected to augment power supply in the province of Zamboanga Del Norte once completed. Siayan's total project cost is estimated at Php 1.7 billion. Siayan is still under-development and is expected to begin its commercial operations in 2025. The lower cost of Siayan is due to the design itself and due to the shorter conveyance system.

The CP allocation below represents the Company's best estimate of the use of proceeds as this time. While the CP proceeds have not been deployed and for the remaining balance, the Company intends to invest the funds from the Issuance in short-term marketable securities until the disbursement schedule is finalized.

In the event that the proceeds are less than planned, the utmost priority is settling the maturing CP while the short-term obligation can be rolled over. In the event that the net proceeds are greater than the estimates computed, the Company intends to invest the excess funds in short-term marketable securities.

<b>Summary</b>	
<b>Proceeds from CP Issuance</b>	<b>Php 1,040,607,525</b>
Maturing Commercial Paper	Php 265,000,000
Short-term obligation	Php 775,607,525
<b>Total Obligations</b>	<b>Php 1,040,607,525</b>

ACR's primary sources of income are dividends declared by its operating subsidiaries. ACR and its subsidiaries follow a dividend policy of annually declaring dividends from 20% of the previous year's unappropriated retained earnings. For a more detailed discussion on the Dividends, please see page 86.

The Company's issuance of CP is also opportunistic. Access in the CP will depend on the interest environment during the time of issuance. The company shall inform the shareholders and obtain approval of the Commission before its implementation.

No portion of the proceeds will be used to acquire major assets or finance the acquisition of other business nor will the proceeds be used to reimburse any officer, director, employee or shareholder for service rendered, assets previously transferred, and money loaned or advanced or otherwise. In addition, no portion of the proceeds will be used by the Company's subsidiaries.

The Issue Manager, Lead Underwriter and Bookrunner shall not receive any amount from the proceeds other than the underwriting, issue management and selling fees.

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. In the event that there is any change in the Company's disbursement plan, including force majeure, the Company will carefully evaluate the situation and may reallocate the proceeds and/or hold such funds on short term deposit whichever is better for the Company's and its shareholders' interest taken as whole. In such event, the Company will issue an announcement if there is any material change in the above proposed use of proceeds.

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 PDEx thirty (30) days prior to its implementation. Furthermore, in case there will be a deviation from the planned use of proceeds, the Company will pay off other maturing short-term obligations maturing in the 1<sup>st</sup> quarter of 2023.

## DETERMINATION OF THE OFFER PRICE

The CPs shall be issued at a discount to face value.

Below is an illustration of the computation of the Offer Price for an Issuance:

### Offer Price Computation

	Series T	Series U
Tenor (in Days)	182	364
Discount Rate	6.3328%	7.1265%
<b>Cost Breakdown</b>		
Face Value	5,000,000.00	500,000.00
Discount	(155,113.04)	(33,606.82)
Tax on Discount	31,022.61	6,721.36
Cost	4,875,909.57	473,114.55
Offer Price	97.52%	94.62%

The rates used in this illustration represent the final discount rates for Series T and Series U Commercial Papers.

## **PLAN OF DISTRIBUTION**

The Company plans to issue the CPs in one lump sum or several tranches, through the designated Issue Manager, Lead Underwriter and Bookrunner and selling agents, if any. The first tranche of the CPs shall be issued in the 4th quarter of 2022.

## **ISSUE MANAGER/UNDERWRITER AND UNDERWRITING OBLIGATION**

The Company has engaged SB Capital Investment Corporation (“SB Capital”) as its Underwriter pursuant to an Underwriting Agreement (the “Underwriting Agreement”). The Underwriter has agreed to act as the Underwriter for the Offer and as such, distribute and sell the CPs at the Offer Price, and has committed to underwrite the first tranche of the CPs worth up to Php1,135,000,000 on a best effort basis. There is no breakdown of Commercial Papers for particular series for distribution. Any unsold portion would be sold at a future date, since the issuance is under a three-year registration.

The Underwriter is duly licensed by the SEC to engage in distribution of securities to the public. The Underwriter may, from time to time, engage in transactions with and perform services in the ordinary course of business with the Company and its related companies. There is no appointed syndicate of sub-underwriters.

SB Capital Investment Corporation is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. SB Capital Investment Corporation provides a wide range of investment banking services including underwriting of debt and equity securities, project finance, loan syndications, mergers and acquisitions and other corporate/financial advisory services. SB Capital Investment Corporation is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major debt and equity issues. As of December 31, 2021, its total assets amounted to Php1.46 billion and its capital base amounted to Php1.43 billion.

The Underwriter has no direct relations with the Company in terms of ownership. The Underwriter has no right to designate or nominate any member of the Board of the Company.

The Underwriter has no contract or other arrangement with the Issuer by which the former may put back to the issuer any unsold securities of the offering.

## **SALE AND DISTRIBUTION**

The distribution and sale of the CPs shall be undertaken by the Underwriter and Selling Agents, as applicable, who shall sell and distribute the CPs to third party buyers/investors. The allocation of the Commercial Papers to prospective investors will be done by the Underwriter in coordination with the Issuer. Nothing herein shall limit the rights of the Underwriter and each Selling Agent as applicable, from purchasing the CPs for its own account. There are no persons to whom the CPs are allocated or designated. No CPs are designated to be sold to specified persons and shall be offered to the public at large and without preference. The allocation to the investors will depend on their orders which will be subject to scaling down in case of oversubscription.

Unless otherwise terminated, the engagement of the Issue Manager, Lead Underwriter and Bookrunner and Selling Agents shall subsist so long as the SEC Permit to Sell remains valid.

For the First Tranche, the Company has not appointed any Selling Agent.

## **FEES AND COMMISSIONS**

The Company will pay the Underwriter a fee of 0.40% per annum on the aggregate face value of the CPs issued, which is inclusive of the underwriting and the selling agency fees, as applicable. The fees shall be deductible from the gross proceeds of the Offer on Issue Date.

The Company shall pay the Issue Manager a flat fee of Peso: Eight Hundred Thousand (Php 800,000.00) and a financial advisory fee of Peso: One Million Two Hundred Thousand (Php 1,200,000.00) to MIB Capital Corporation.

Assuming full allocation of the First Tranche, SB Capital will receive an estimated total amount of Php 5,327,561.64 in fees, representing the combined maximum underwriting and selling fees (Php 4,527,561.64) and issue management fees (Php 800,000.00).

As the Issue Manager for the Offer, SB Capital agreed to perform services which include conducting of due diligence on the Company and evaluating the marketability of the Offering. They will also assist in the preparation of the prospectus and other required documents. In addition, SB Capital will coordinate the activities of all third parties appointed for the Offer and such other services as may be mutually agreed between ACR and SB Capital.

MIB Capital Corporation, as the Financial Advisor, will assist the company in determining the terms and conditions on which the Offering will be marketed, updating the prospectus or other disclosure documents as will be required for regulatory purposes and completion of all activities leading to a successful financial close and smooth implementation of the Offering. MIB Capital will also coordinate the activities of all third parties appointed for the Offering. Lastly, MIB Capital will perform such other services as may be mutually agreed between the Company and the Financial Advisor.

## **OFFER PERIOD**

The Offer Period shall commence upon or immediately after issuance by the SEC of the Permit to Sell, and will end 15 working days after the start of the offer period or earlier as deemed appropriate by the Issuer.



## DESCRIPTION OF THE SECURITIES TO BE REGISTERED

Instrument	:	Registered Commercial Paper
Program	:	Php 3,000,000,000.00
Issue Size of the First Tranche	:	Up to Php 1,135,000,000.00 face value to be issued in one lump sum or multiple tranches, at the determination of the Issuer in consultation with the Issue Manager, Lead Underwriter and Bookrunner.
Issue or Offer Price	:	Discount to face value of the CPs
Use of Proceeds	:	Working Capital and other General Corporate Purposes
Bonded Indebtedness.	:	The Company currently has Php1,265,000,000.00 in bonded debt. The issuance of the CPs will create an additional bonded debt of up to Php1,735,000,000.00.
Discount Rate for Initial Issuance	:	<p>The sum of the Base Rate and the Credit Spread determined prior to each Issue Date (the “Rate Setting Date”)</p> <p>The following are the discount rates for the Initial Issuance:</p> <p>Series T: 6.3328%</p> <p>Series U: 7.1265%</p>
Discount Rate for Subsequent Issuance/s	:	The interest/discount rate for the subsequent issuance/s shall be set by the Issuer in consultation with the Issue Manager, Lead Underwriter and Bookrunner which may be determined based on the corresponding Benchmark Rate plus Spread
Base Rate	:	<p>The Base Rate is the three-day average BVAL Reference Rate of the corresponding tenor.</p> <p>The BVAL Reference Rate for each series is as follows:</p> <p>Series T: BVAL 6Mos</p> <p>Series U: BVAL 12 Mos</p> <p>In the event that the BVAL Reference Rates are replaced by a different calculation methodology, the applicable replacement reference rates shall apply.</p>
Tenor of the Initial Issuance	:	Up to three hundred sixty (364) days; provided portions of the issuance of the CPs may, as determined by the Issuer in consultation with the Issue Manager, Lead Underwriter and Bookrunner, have the following tenor/term. The day count convention is Actual/360.

	Series T: 182 days Series U: 364 days
Tenor for Subsequent Issuance/s	: The tenor of succeeding issues may range from thirty (30) days up to the maximum tenor allowed by the Securities and Exchange Commission (SEC) under the relevant provisions of the Securities Regulation Code (SRC)
Denomination	: For Series T:  Minimum of Pesos: Five Million (Php5,000,000.00) face value and increments of Pesos: One Hundred Thousand (Php500,000.00)  For Series U:  Minimum of Pesos: Five Hundred Thousand (Php500,000.00) face value and increments of Pesos: One Hundred Thousand (Php100,000.00)
Issue Date	: The CPs may be issued in either lump sum or tranches on a when and as needed basis in consultation with the Issuer upon approval by the SEC and issuance of the Permit to Sell any time within three (3) years following the RS Effectivity Date.
Interest Computation	: The Interest/Discount Rate will be calculated on a true-discount basis.
Principal Repayment	: The principal amount of the CPs will be repaid in full at their respective Maturity Dates.  If such principal repayments are due on a day that is not a business day, the principal repayment date shall be made on the immediately succeeding business day. No additional interest will be paid in such case.
Status	: The CPs will constitute direct, unconditional, unsubordinated, general and unsecured obligations of the Issuer ranking at least pari passu in all respects and without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Issuer) with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future) of the Issuer.
Form	: The CPs shall be issued scripless and will be maintained in electronic form with the Registrar to be appointed for this purpose.

Taxation on the Discount	<p>: Interest paid on the CPs shall be subject to a 20% final withholding tax.</p> <p>A CP holder who is exempt from or is not subject to the aforesaid withholding tax shall be required to submit a tax exemption certificate and other applicable documents.</p>
Registrar	: Philippine Depository & Trust Corporation
Paying Agent	: Philippine Depository & Trust Corporation
Facility Agent	<p>: AB Capital and Investment Corporation – Trust Department</p> <p>The Facility Agent has no direct relations with the issuer.</p> <p>The Facility Agent is required under the Facility Agency Agreement to act on behalf of the CP Holders in calling for and/or attending meetings of the CP Holders.</p> <p>A meeting of CP Holders may be called at any time and from time to time pursuant to the provisions of the Schedule 2 of the Facility Agency Agreement for the purpose of taking any action authorized to be taken by or on behalf of the CP Holders of any specified aggregate principal amount of CPs under any other provisions of this Agreement or under any other applicable law.</p> <p>The Facility Agent may at any time call a meeting of the CP Holders on its own accord or upon the request by the Issuer or CP Holders holding at least twenty percent (20%) of the aggregate outstanding principal amount of the CPs to take any action specified in Clause 1 of this Schedule 2, to be held at such time and at such place as the Facility Agent shall determine. Notice of every meeting of CP Holders, setting forth the time and the place of such meeting in Metro Manila and the purpose of such meeting in reasonable detail, shall be sent to the Issuer and to each of the CP Holders and published in two (2) newspapers of general circulation in Metro Manila, Philippines not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date of the meeting; Provided, that all reasonable costs and expenses incurred by the Facility Agent for the proper dissemination of required information on the requested meeting shall be paid or reimbursed, as applicable, by the Issuer within five (5) Business Days from receipt of the duly supported billing statement.</p> <p>The above discussion is qualified by the more detailed information as contained in the Facility Agency Agreement. The said Agreement is available for inspection at the Facility Agent's office by the CP Holders upon their request.</p>

---

Other Material Provisions  
Giving or Limiting the Rights of  
CP Holders

In a CP Holders Meeting, the presence of the Majority CP Holders personally or by proxy shall be necessary to constitute a quorum to do business at any meeting of the CP Holders.

The Facility Agent shall, by an instrument in writing, appoint a temporary chairman and secretary of the meeting from among the CP Holders then present or represented during the meeting, unless the meeting shall have been called by the Issuer or by the CP Holders as provided in Clause 3 of this Schedule, in which case the Issuer or the CP Holders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman and secretary of the meeting from among the CP Holders then present or represented during the meeting. Any meeting of the CP Holders duly called pursuant to the provisions of this Section may be adjourned from time to time for a period or periods not to exceed in the aggregate one (1) year from the date for which the meeting shall originally have been called, and the meeting so adjourned may be held on another date without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the CPs represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

To be entitled to vote at any meeting of the CP Holders, a person must be a registered holder of the CPs or a person appointed by an instrument in writing as proxy by any such CP Holder as of the date of such meeting. The only persons who shall be entitled to be present or to speak at any meeting of the CP Holders shall be the persons entitled to vote at such meeting and any representative of the Issuer and its counsel.

All matters presented for resolution by the CP Holders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the majority of the CP Holders present or represented in a meeting at which there is a quorum, except as otherwise provided in this Agreement. Any resolution of the CP Holders which has been duly approved with the required number of votes of the CP Holders as herein provided shall be binding upon all the CP Holders and the Facility Agent as if the votes were unanimous.

Notwithstanding any other provisions of this Agreement, the Facility Agent may make such reasonable regulations as it may deem advisable for any meeting of the CP Holders, in regard to proof of ownership of CPs, the appointment of proxies by registered holders of CPs, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidences of the right to vote, and such other matters concerning the conduct of the meeting as it shall

---

	<p>deem fit.</p> <p>Wherever in this Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of CPs may take any action (including the making of any demand or request, the giving of any notice or consent, or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by:</p> <ul style="list-style-type: none"> <li>- any instrument executed by the CP Holders in person or by the agent or proxy appointed in writing;</li> <li>- the duly authenticated record of voting in favor thereof at the meeting of the CP Holders duly called and held in accordance with this clause; or</li> <li>- a combination of such instruments and any such record of meeting of the CP Holders.</li> </ul>
Secondary Trading	: The CPs are intended to be listed at the PDEX for secondary trading of the CPs and upon such listing, all secondary trading may be coursed through eligible PDEX Trading Participants. However, there can be no assurance that listing the CPs will materially affect their liquidity on the secondary market.
Minimum Denomination for Secondary Trading	<p>: Minimum of Pesos: One Hundred Thousand (Php100,000.00) face value and increments of Pesos: Ten Thousand (Php10,000.00).</p> <p>Secondary market trading and settlement are governed by the relevant rules of PDEX and are subject to the applicable fees of PDEX and the Registry, all of which shall be for the account of the investors.</p>
Market Maker	: SB Capital Investment Corporation
Manner of Purchase	: The CPs will be available for sale from the Issue Manager, Lead Underwriter and Bookrunner and Selling Agents, if any, subject to minimum purchase amount and denomination.
Acceptance/Rejection of the Application	: The Issuer and the Issue Manager, Lead Underwriter and Bookrunner reserves the right to accept or reject any application for CPs. In case of over-subscription, the Issuer and the Issue Manager, Lead Underwriter and Bookrunner reserve the right to allocate the CPs available to the investors in a manner they deem appropriate.
Delivery of CP	: Delivery of the CPs will be made upon full payment of the Offer Price to the Issue Manager, Lead Underwriter and Bookrunner and/or Selling Agents

Liabilities	<p>: The Company as the CP issuer is liable and responsible for any and all obligations arising from the sale of the CP as provided under pertinent sections of the Negotiable Instruments Law, the SRC and applicable laws of the Philippines as well as the Underwriting Agreement and related agreements. In addition, the Issuer is responsible for complying with all reportorial requirements of the SEC in connection with the issuance of the CP.</p>
Credit Rating	<p>: The Issuer has a rating of PRS Aa minus as assigned by Philratings effective February 23, 2022.</p> <p>Philratings assigned an issuer credit rating of PRS Aa minus (corp.) for Alsons Consolidated Resources, Inc. based on the following considerations:</p> <ul style="list-style-type: none"> <li>i. the establishment of development projects in Mindanao that are supportive of the growth of the region's power industry;</li> <li>ii. the Company's ability to establish joint ventures with strong partners for particular projects;</li> <li>iii. its planned expansion projects which will further diversify its generation mix;</li> <li>iv. its strong profitability, despite the ongoing COVID-19 pandemic;</li> <li>v. the challenges it encountered in securing bilateral contracts for its diesel power plants; and</li> </ul> <p>the improving economic situation amid declining COVID-19 cases and increasing vaccination rate.</p>
Security	<p>: Negative pledge on the Company's existing and future assets, except (i) to secure statutory obligations, (ii) to enable the Company to continue to enter into its usual transactions in the ordinary course of business, (iii) those imposed by law or arising out of pledges or deposits under workmen's compensation laws or other social security or retirement benefits or similar legislation, and (iv) those created for the purpose of paying current taxes, assessments or other governmental charges which are not delinquent or remain payable without any penalty, or the validity of which is contested in good faith by appropriate proceedings upon stay of execution of the enforcement thereof.</p>
Default	<p>: The Company shall be considered to be in default in case of: i. failure to pay the CPs or perform its obligations on the CPs when it falls due; ii. the Company fails to pay or defaults in the payment of any installment of the principal or interest relative to, or fails to comply with or to perform, any other material obligation, or commits a breach or violation of any of the material terms, conditions or stipulations, of any agreement, contract or</p>

	<p>document with any persons to which the Company is a party or privy, whether executed prior to or after the date hereof, or under which the Company has agreed to act as guarantor, surety or accommodation party, which, under the terms of such agreement, contract, document, guaranty or suretyship, including any agreement similar or analogous thereto, shall constitute a material default thereunder after allowing for all applicable grace periods. No default will occur under this clause if the aggregate amount the Company fails to pay is less than Php 35 million (or its equivalent in any other currency or currencies)”; iii. any judgment, writ, warrant of attachment or execution, or similar process shall be issued or levied against all or substantially all of the Issuer’s assets and such judgment, writ, warrant, or similar process shall not be released, vacated, or fully CPed within thirty (30) calendar days after its issue or levy; iv. it becomes insolvent or is unable to pay its debts when due or commits or permits any act of bankruptcy, including: (i) filing of a petition in any bankruptcy, reorganization, winding-up, suspension of payment, liquidation, or other analogous proceeding; (ii) the appointment of a trustee or receiver over all or a substantial portion over its properties; (iii) making of an assignment for the benefit of its creditors over all or substantially all of its properties; (iv) admission in writing of its inability to pay its debts; or (v) entry of any order or judgment of any court, tribunal, or administrative agency or body confirming the insolvency of the Issuer, or approving any reorganization, winding-up, liquidation, or appointment of trustee or receiver of the Issuer or a substantial portion of its property or assets.</p>
Other Terms and Conditions	<p>: The CPs will not be convertible to any other security or equity of the Issuer.</p> <p>The Issuer will not set up any sinking fund for the redemption of the CPs.</p> <p>Substitution of the CP with another type of security will not be permitted.</p> <p>Other terms and conditions as may be agreed upon among the Issuer, the Issue Manager, Lead Underwriter and Bookrunner.</p>
Loan Covenants	<p>: On November 23, 2020, ACR entered into a fixed rate corporate notes facility with various noteholders with aggregate principal amount of Php6,000 million divided into 2 tranches. (a) Tranche A with principal amount of Php5,215m subject to fixed interest rate of 5% and payable within 5 years from the drawdown date and (b) Tranche B with principal amount of Php 785m, subject to fixed interest rates of 6%. The proceeds of the loan were used to prepay ACR’s fixed corporate notes facility, partly finance the investments in renewable energy projects and for general corporate purposes.</p>

---

In line with the covenants of the aforesaid loan, ACR shall maintain certain financial ratios such as Debt Service Coverage Ratio of not less than 1.1x and Debt-to-Equity Ratio of not more than 3.0x on the first and second year, 2.75 on the 3<sup>rd</sup> year, 2.5 on the 4<sup>th</sup> year and 2.33 on the 5<sup>th</sup> year and until the loan. ACR is in compliance with the debt covenants.

Throughout the term of the loan, ACR is required to maintain a debt service reserve account with a balance of not less than the aggregate amount of principal and interest falling due and payable under the agreement on the immediately succeeding repayment date. As at December 31, 2021 and 2020, the remaining balance of debt reserve account amounted to Php175 million and Php173 million, respectively. Interest income earned from debt reserve account amounted to Php5 million, Php4 million and Php15 million in 2021, 2020 and 2019, respectively.

---



### **INTEREST OF NAMED EXPERTS AND COUNSEL**

The validity of the CPs and tax matters pertaining thereto were passed upon by Avenida and Diaz Law Office (AD), the third-party transaction counsel. AD has no shareholdings or any interest, direct or indirect, in the Company, or any right, whether legally enforceable or not to nominate persons or to subscribe to the securities of the Company in accordance with the standards on independence required in the Code of Professional Responsibility and as prescribed by the Supreme Court of the Philippines.

The Philippine Depository & Trust Corporation, the Registrar and Paying Agent, has no direct and indirect interest in the Company.

The financial statements of the Company for the periods ended December 31, 2021, 2020, and 2019 appearing in this Prospectus have been audited by SyCip Gorres Velayo & Co., independent auditor, as set forth in their report thereon appearing elsewhere herein. The partner-in-charge for the periods ended December 31, 2021, 2020, and 2019 is Mr. Manolito R. Elle, CPA.

Acuña, Francisco, & Mendoza Law (AFM Law) shall serve as the transaction counsel for the program. AFM Law has no shareholdings or any interest, direct or indirect, in the Company, or any right, whether legally enforceable or not to nominate persons or to subscribe to the securities of the Company.

Atty. Jonathan F. Jimenez is the legal counsel for the Company.

There is no arrangement that experts shall receive a direct or indirect interest in the Company or was a promoter, underwriter, voting trustee, director, officer, or employee of Company.

## INDUSTRY OVERVIEW

*The information and data contained in this section have been taken from sources in the public domain. The Company does not have any knowledge that the information herein is inaccurate in any material respect. Neither the Company nor the Issue Manager, Lead Underwriter and Bookrunner nor any of their respective affiliates or advisors has independently verified the information included in this section.*

### OPERATING ENVIRONMENT<sup>1</sup>OPERATING ENVIRONMENT<sup>1</sup>

Mindanao is the second biggest island of the country.

Mindanao has a high potential for agro-industrial development. It is endowed with eight major river basins, namely: Agusan, Tagoloan, Cagayan de Oro, Tagum, Libuganon, Davao, Buayan-Malungon, Agus and the Mindanao River – all of which could supply water for irrigation and other related needs.

One-third of the Mindanao land area is devoted to agriculture. Mindanao supplies over 40 percent of the country's food requirements and contributes more than 30 percent to national food trade. It is also the country's major producer of rubber, pineapple, banana and coffee.

Mindanao can also be developed into a top tourist destination given the cultural diversity of its people and its resource-rich environment. Its tourism industry represents about 17 percent of the national tourist traffic.

Mindanao is endowed with rich mineral resources. The CARAGA and Davao regions contribute the most to the national output with more than eight percent each. Eastern Mindanao, North Central Mindanao, Zamboanga Peninsula, and Southeastern Mindanao are considered high-interest mining areas, with rich deposits of gold, copper, iron, chromium, nickel, cobalt and manganese.

Mindanao also has vast potential for renewable energy sources. Substantial volumes of agricultural residues are a potential source of biomass energy; Siargao Island and Davao Oriental are ideal sites for ocean energy generation; while Surigao is a potential site for wind power.

#### Power Situation

Energy security is crucial to the continued growth of industries in Mindanao.

The experiences of the region in the early part of the decade is a testament to that. Then, it had high dependency on hydropower which at the time contributed over half of the power generated which in turn made climate change a real threat to Mindanao's energy security. In particular, increasing incidence of El Niño has reduced water levels and hampered power supply. The situation has been aggravated by the degradation of Mindanao's watersheds like Lake Lanao, which is the primary source for the Agus Hydro- Electric Power Plants. However, the relative importance of hydro to the supply mix had decreased in recent years due to the operation of new power plants that utilize other sources of energy.

---

<sup>1</sup> Source: National Economic Development Authority's Mindanao Strategic Development Framework 2010 - 2020

## POWER GENERATION <sup>2</sup>

The Mindanao grid recorded a 13,852 GWh electricity consumption for 2020, a mere 0.3% growth rate from 2019. Among the three grids, only Mindanao exhibited a positive increment from the previous year. Unsurprisingly, the restrictions put in place boosted an annual growth of 12.6% in residential energy consumption, thereby increasing the annual share of the sector from 30.0% in 2019 to 33.7% in 2020. All remaining sectors plummeted with the exception of “Own Use” which increased by 21.1% due to the entry of new power plants in late 2019 and 2020, contributing to the station use of power plants under this category.

Mindanao remained to have the highest reserve margin among the three grids, totaling to 4,584 MW of installed capacity and 4,031 MW of dependable capacity. This is a 3.3% increase from last year, mainly due to the entry of coal-fired power plants with a total installed capacity of 175 MW as shown in the table below. Moreover, there was an increase in installed capacity for hydro and a decrease for oil-based based on the annual updating of the DOE List of Existing Power Plants, factors of which were highlighted in the earlier section of the report. The security of supply in Mindanao reflects the readiness of its regions for more economic investments and opportunities. Furthermore, with the ongoing development of the Wholesale Electricity Spot Market (WESM) Mindanao and the Mindanao-Visayas Interconnection Project (MVIP), Mindanao will be able to share its capacity with Visayas, and consequently, Luzon in the near future.

### Existing Installed and Dependable Capacity, as of 31 December 2020 (in MW)

Fuel Type	Installed		Dependable	
	MW	Percent Share (%)	MW	Percent Share (%)
<b>Coal</b>	<b>2,264</b>	<b>49.4</b>	<b>2,041</b>	<b>50.6</b>
<b>Oil Based</b>	<b>889</b>	<b>19.4</b>	<b>790</b>	<b>19.6</b>
<b>Natural Gas</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>Renewable Energy</b>	<b>1,430</b>	<b>31.2</b>	<b>1,201</b>	<b>29.8</b>
<i>Geothermal</i>	<i>108</i>	<i>2.4</i>	<i>103</i>	<i>2.6</i>
<i>Hydro</i>	<i>1,165</i>	<i>25.4</i>	<i>1,007</i>	<i>25.0</i>
<i>Biomass</i>	<i>73</i>	<i>1.6</i>	<i>23</i>	<i>0.6</i>
<i>Solar</i>	<i>84</i>	<i>1.8</i>	<i>67</i>	<i>1.7</i>
<i>Wind</i>	<i>0</i>	<i>0.0</i>	<i>0</i>	<i>0.0</i>
<b>2020 TOTAL</b>	<b>4,584</b>	<b>100.0</b>	<b>4,031</b>	<b>100.0</b>
<b>2019 TOTAL</b>	<b>4,436</b>		<b>3,832</b>	

*Note: Including off-grid generators*

*Source: DOE List of Existing Power Plants*

<sup>2</sup> Source: DOE 2020 Power Situation Report

[https://www.doe.gov.ph/sites/default/files/pdf/electric\\_power/2020\\_power-situation-report\\_as\\_of\\_16-august-2021.pdf?withshield=2](https://www.doe.gov.ph/sites/default/files/pdf/electric_power/2020_power-situation-report_as_of_16-august-2021.pdf?withshield=2)

## 2022 Newly-Operational Power Plants, Mindanao

POWER PLANT		CAPACITY, MW		LOCATION	OPERATOR
Facility Name	Subtype	Installed	Dependable	Municipality/ Province	
GNPOWER KAUSAWAGAN U4	Circulating Fluidized Bed (CFB) Coal	150.0	138.0	Kauswagan, Lanao Del Norte	GNPower Kauswagan Ltd. Co.
PSPE	Circulating Fluidized Bed (CFB) Coal	25.0	20.0	Brgy. Kiwalan, Iligan City, Lanao Del Norte	Powersource Philippines Energy Inc. (PSPE)
<b>TOTAL</b>		<b>175.0</b>	<b>158.0</b>		

Note: Excluding off-grid generators

Source: DOE List of Existing Power Plants

The Mindanao gross generation amounted to 13,852 GWh in 2020, slightly increasing by 0.3% from 2019. Coal further increased its share at 71.5% from a 68.2% share in the previous year. The largest decline in the mix is from oil-based sources as the peaking requirements further declined due to the impact of the pandemic and the oversupply of registered capacities in the grid. Furthermore, renewable energy sources also declined by 6.6% but still contributed a hefty share of 25.8% in the gross generation mix, comprising of geothermal (5.4%), hydro (18.9%), biomass (0.8%), and solar (0.8%). The growth in supply is expected to continue as outlined below.

## Summary of Committed and Indicative Power Projects, as of December 2020

Type of Power Plant	Committed			Indicative		
	No. of Proponents	Capacity (MW)	% Share	No. of Proponents	Capacity (MW)	% Share
<b>Coal</b>	<b>1</b>	<b>270</b>	<b>76.6</b>	<b>2</b>	<b>628</b>	<b>33.8</b>
<b>Oil-Based</b>	<b>1</b>	<b>11</b>	<b>3.1</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>Natural Gas</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>Renewable Energy</b>	<b>5</b>	<b>71</b>	<b>20.2</b>	<b>24</b>	<b>1,231</b>	<b>66.2</b>
Geothermal	0	0	0.0	1	30	1.6
Hydro	4	68	19.4	14	854	45.9
Biomass	1	3	0.9	1	10	0.5
Solar	0	0	0.0	8	337	18.1
Wind	0	0	0.0	0	0	0.0
<b>2020 TOTAL</b>	<b>7</b>	<b>352</b>	<b>100.0</b>	<b>26</b>	<b>1,859</b>	<b>100.0</b>
BESS	2	240		2	69	
<b>2019 TOTAL</b>	<b>5</b>	<b>589</b>		<b>47</b>	<b>2,477</b>	

Note: Numbers may not sum to total due to rounding off.

## Significant Events<sup>3</sup>

A number of natural calamities, such as earthquakes and typhoons, affected various transmission and distribution facilities in Mindanao. Fortunately, there were no recorded yellow and red alert occurrences

<sup>3</sup> [https://www.doe.gov.ph/sites/default/files/pdf/electric\\_power/2020\\_power-situation-report\\_as\\_of\\_16-august-2021.pdf?withshield=2](https://www.doe.gov.ph/sites/default/files/pdf/electric_power/2020_power-situation-report_as_of_16-august-2021.pdf?withshield=2)

in 2020 due to the current oversupply situation in the region. The COVID-19 pandemic and country-wide community quarantine restrictions brought significant demand reduction and prompted numerous power plants to be put on reserve shutdown. The pandemic also caused a series of delays in the target completion dated of the MVIP and the commercial operation of WESM Mindanao. These key projects are envisioned to address the current oversupply situation and frequent manual load dropping incidents caused by the over/under nomination of customers under the current dispatch protocol in Mindanao.

## THE COMPANY

### Company Overview

ACR is a Philippines-based investment holding company. The Company is engaged in the business of exploration of oil, petroleum and other mineral products. The Company's business, conducted through its subsidiaries and associates, is grouped into various categories, such as Energy and Power, Property Development and Other Investments. ACR's investment in Energy and Power business is through four holding firms namely, Conal Holdings Corporation, Alsing Power Holdings, Inc., Alsons Renewable Energy Corporation and Alsons Thermal Energy Corporation. ACR is engaged in the Property Development business through its subsidiary, Alsons Land Corporation (ALC). ALC is engaged in an approximately 72-hole golf course development with a residential component called the Eagle Ridge Golf and Residential Estate. ACR, through ACR Mining Corporation (ACR Mining), is engaged in the acquisition of interest in Manat Mining Claims<sup>4</sup>.

### History

ACR was incorporated on December 24, 1974 as Victoria Gold Mining Corporation to engage in the business of exploration of oil, petroleum and other mineral products. The corporate name was changed to Terra Grande Resources, Inc. (Tegre) in March 1995.

In 1994, the Alcantara Group, through Alsons Power Holdings Corporation (APHC), acquired a 55.80% interest in Tegre through a swap of APHC's 50.78% stake in Northern Mindanao Power Corporation (NPMC). The Securities and Exchange Commission formally approved the stock swap on March 4, 1995 together with the increase in the Company's authorized capital stock from P1 billion to P3 billion.

The corporate name was changed to Alsons Consolidated Resources, Inc. in June 1995 to mark the entry of the Alcantara Group. The Company's primary purpose was subsequently changed to that of an investment holding company, and oil exploration was relegated to a secondary purpose.

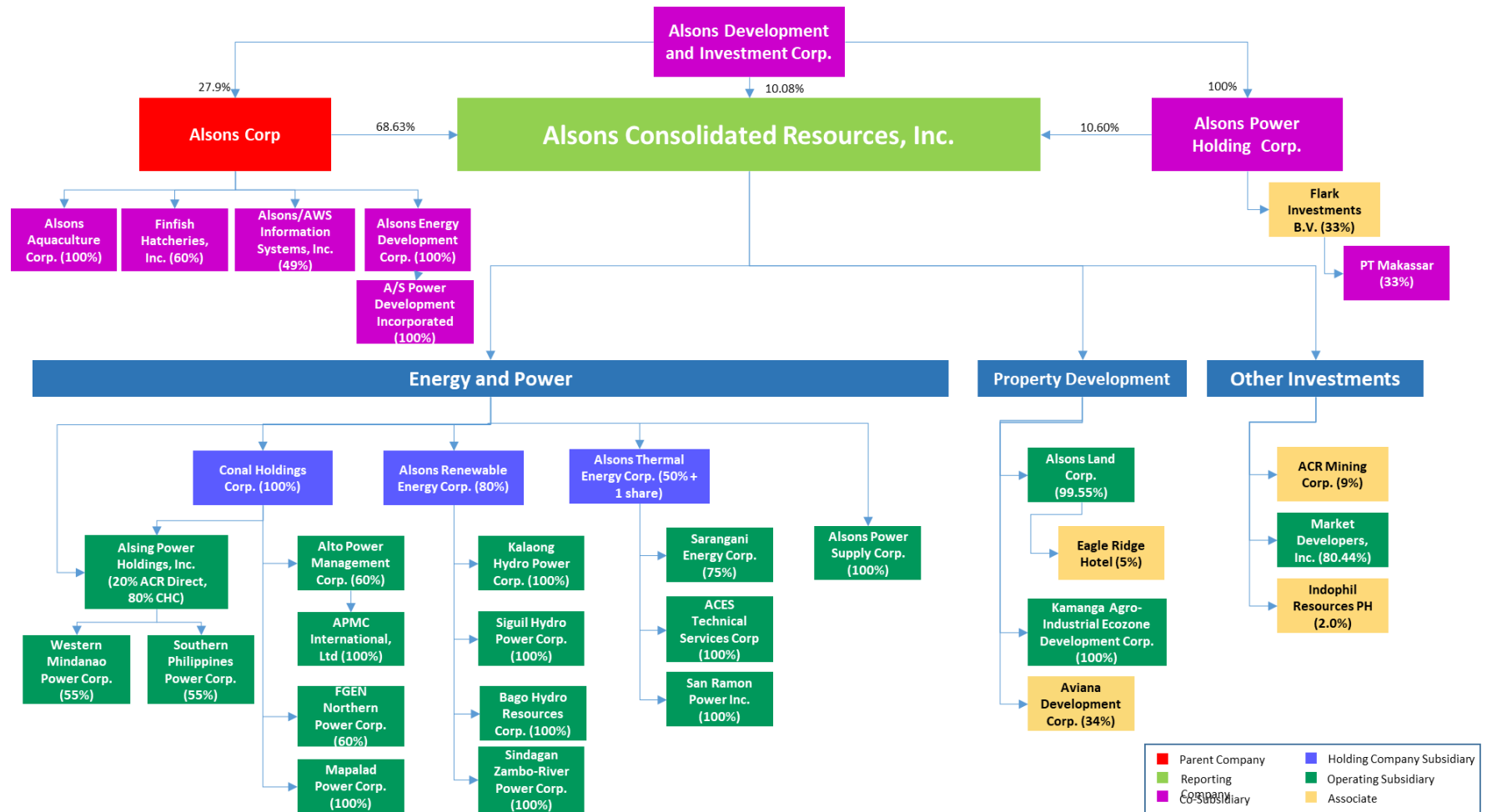
On October 10, 1996, the Company completed its reorganization through a series of stock swaps. As a result of this reorganization, some of the Alcantara Group's established businesses became majority or minority owned subsidiaries of ACR and the Company's authorized capital was further increased from P3 billion to P12 billion.

ACR's core businesses, conducted through its various subsidiaries and associates, can be grouped into the following main categories: a) Energy and Power, b) Property Development, and c) Other Investments. A description of the general nature and scope of these businesses is presented below:

---

<sup>4</sup> <http://markets.ft.com/data/equities/tearsheet/profile?s=ACR:PHS>

## Corporate Structure



## Business Segments

### Energy and Power

ACR's investment in the Energy and Power business is through four holding firms namely, Conal Holdings Corporation (Conal or CHC) and Alsing Power Holdings, Inc. (Alsing), Alsons Renewable Energy Corporation (AREC) and Alsons Thermal Energy Corporation (ATEC).

*The four holding firms:*

1. Conal, incorporated on June 16, 1997, owns all of ACR's diesel plants operating power generation businesses, namely: (1) Alsing Power Holdings, Inc. at 80%, (2) Alto Power Management Corporation at 60%, and (3) Mapalad Power Corporation at 100%.
2. Alsing, incorporated on February 24, 1998, in turn, owns 55% of: (a) Western Mindanao Power Corporation; and (b) Southern Philippines Power Corporation. Further, ACR directly owns 20% of Alsing.
3. AREC, which was organized on September 18, 2014 is ACR's vehicle for developing renewable energy (RE) projects. AREC currently holds 100% equity in the following subsidiaries: Siguil Hydro Power Corporation (Siguil), Kalaong Hydro Power Corporation (Kalaong or KPHC), Bago Hydro Resources Corporation (Bago or BHRC) and Sindangan Zambo-River Power Corporation (Siayan), all in the business of renewable energy.
4. ATEC was organized on November 23, 2015, as a holding company for ACR's coal-fired thermal power assets. ACR transferred its ownership in Sarangani Energy Corporation (Sarangani Energy) to ATEC on October 13, 2016.

ACR also formed Aces Technical Services Corporation (ACES), a wholly-owned subsidiary, on July 7, 2011, and it serves as the operations and maintenance provider of Sarangani Energy and San Ramon Power, Inc. (SRPI). ACR transferred its ownership in ACES and SRPI to ATEC on October 12, 2016, and May 24, 2017, respectively.

On June 3, 2017, the Company signed an agreement with Global Business Power Corporation (GBP) for GBP to acquire a 50% less one share stake in ATEC. The Philippine Competition Commission approved the transaction on September 25, 2017, and the Deed of Absolute Sale was signed on November 27, 2017. The partnership combines ACR's distinct knowledge of the Mindanao power market, development thru long years of experience as the island's first independent power producer and with GBP's track record as the leading power producer in the Visayas. The Company believes that this endeavor will greatly benefit power consumers particularly in light of the planned interconnection of the Mindanao and Visayas grids. The partnership will also give ACR the opportunity to pursue with greater strength its energy-based projects, particularly its renewable power generating plants in Mindanao and Western Visayas. This will also allow ACR to accelerate its foray and entry in other energy-related enterprises in Southern Philippines, including the smaller islands with promising growth in power demands.

ACR also has a wholly-owned subsidiary, Alsons Power International Limited (APIL), founded on May 22, 1997, which develops power plant projects outside the country.

The three (3) operating power generation subsidiaries, Western Mindanao Power Corporation (WMPC), Mapalad Power Corporation (MPC), and Sarangani Energy are all located in Mindanao.



*The three operating power plants:*

1. WMPC, founded on March 15, 1996, operates a 100-megawatt (MW) diesel-fired electricity generating facility in Zamboanga City as a merchant plant after its 18-year “Build-Operate-Own” (BOO) arrangement with the NPC expired in December 2015. WMPC currently provides power to Zamboanga City thru a power sales agreement (PSA) with Zamboanga City Electrical Cooperative.

2. MPC, founded on July 13, 2010, rehabilitated the 103MW bunker-fired Iligan Diesel Power Plants (IDPPs) I and II, which Conal acquired from the Iligan City Government and started operating these plants on February 27, 2013. MPC currently functions as a merchant plant and serves various electric cooperatives in Mindanao.

CHC organized and incorporated MPC on July 13, 2010 as a wholly owned subsidiary to rehabilitate and operate the 103 mega-watts (MW) Bunker-Fired Iligan Diesel Power Plants (IDPPs) I and II located in Iligan City. On June 27, 2011, ACR acquired full control of MPC through an agreement with CHC, wherein CHC assigned all shares to ACR. The deed of sale of IDPP with Iligan City Government was signed on February 27, 2013. On August 1, 2013, ACR transferred MPC to CHC for a total consideration of P0.3 million. MPC entered into Power Supply Agreements (PSAs) with various distribution utilities and electric cooperatives (see Note 33). On September 6, 2013, MPC started operating 98 MW of the 103 MW Bunker-Fired IDPPs. MPC completed the rehabilitation and operated the balance of 5 MW in 2014.

3. Sarangani Energy’s, founded on October 15, 2010, 210MW coal-fired power plants are located in Maasim, Sarangani Province. The construction of the Sarangani Energy project was done in two phases. SEC Phase 1, its first section of 105MW, began construction in January 2013 and started commercial operations in April 2016, while SEC Phase 2, its second section of another 105MW, began construction in January 2017 and started commercial operations on October 10, 2019.

The Company organized and incorporated Siguil and Kalaong on July 22, 2011 as wholly owned subsidiaries. Siguil and Kalaong were incorporated primarily to develop and invest in energy projects including but not limited to the exploration, development and utilization of renewable energy resources.

ACR has started construction of its first renewable energy project under Siguil Hydro Power Corporation, which will operate a 14.5MW run-of-river electricity generating facility located at the Siguil River basin in Maasim, Sarangani. The construction phase of this project is in full swing and is 87.8% complete and the Company expects commercial operations to begin in the first half of 2023. As at October 31, 2022, Siguil and Kalaong have not yet started commercial operations.

ACR organized and incorporated SRPI on July 22, 2011 as a wholly owned subsidiary. SRPI was incorporated primarily to acquire, construct, commission, operate and maintain power-generating plants and related facilities for the generation of electricity. SRPI has obtained its Environmental Compliance Certificate (ECC) on March 20, 2012 for the planned 105 MW coal fired power plant to be located in Zamboanga Ecozone. The Company has not started the construction of the ZAM 100 power plant. The proposals for the Engineering, Procurement and Construction (EPC) rebidding were submitted on August 30, 2018. The EPC contractors for the SRPI Project have been shortlisted based on the evaluation of the proposals submitted. The final execution of the EPC contract, however, is deferred owing to the travel restrictions brought about by the COVID-19 pandemic. The EPC

Contractor personnel will travel to the Philippines once the restrictions are lifted for the implementation of the SRPI Project. The issuance of Notice to Proceed (NTP) is projected for the fourth quarter of 2022, corresponding to a Commercial Operations Date (COD) in June 2025.

AREC organized and incorporated Bago and Siayan on February 26, 2018 and August 21, 2018, respectively, as wholly owned subsidiaries. Bago and Siayan were incorporated primarily to develop and invest in energy projects including but not limited to the exploration, development and utilization of renewable energy resources. Bago's 42 MW Hydro Power Plant Project is in Negros Occidental while Siayan is a combined 9MW hydro power project and 25MW solar power project located mainly in the Municipality of Siayan and Duminag, Zamboanga Del Norte. These projects are expected to augment power supply in the provinces of Negros Occidental and Zamboanga Del Norte, respectively, once they are completed. As at October 31, 2022, Bago and Siayan have not yet started commercial operation but is currently in advance development works.

### **Property Development**

ACR is also engaged in the Real Estate Development and Project Management through its subsidiary, Alsons Land Corporation or ALC. ALC continues to enhance its real estate portfolio thru investments in projects with immediate development potential. These include residential, commercial, mixed-use, and township and estate projects that have trading income activities (sale), high value recurring income businesses (rentals), Joint Venture arrangements and Asset Management opportunities.

Launched in November 25, 1994, ALC was involved in the development of Eagle Ridge Residential Estates, and the Eagle Ridge Golf and Country Club, in Cavite. The latter Club boasts of 72 holes in 4 golf courses, each designed by a world-class golf legend.

In 2013, ACR also entered into a Joint Venture Agreement with Ayala Land Incorporated (ALI) on with the 40% and 60% ownership, respectively to develop a 26-hectare world-class estate in Lanang, Davao City, Mindanao, which is now known as Azuela Cove. The estate is set to be transformed into a master-planned, mixed-use community that will include residential low to mid-rise towers, commercial lots, offices, an events venue and a waterside cove with some retail components. The sustainable estate is set to be Davao's prime waterside community, encapsulating a life of fluidity and ease within a vibrant locality and a buoyant economy south of the country; a paramount destination for the best in home, business and lifestyle in Mindanao. This project highlights Davao's prime commercial space offering distinct shopping, leisure, culture and art concepts to Davao City's discerning market. The flagship stores and unique outlets are Galerie Raphael, one of the country's leading art galleries, has recently opened at the retail block. Pilates Plus, Mindanao's top pilates studio, and Ramenniko Ramen House, Davao's home-grown full-service Japanese restaurant, have also opened their latest branch at the Shops. The Shops at Azuela Cove has also been redefining open-air retail shopping. Even during the strictest periods of community quarantine, the Shops has managed to create a thriving farmer's market community of produce growers, artisans, and health and wellness providers to cater to Davao's health-conscious and eco-friendly market base through its Kadiwa weekend market.

In 2006, ALC entered a joint venture agreement with Sunfields Realty Development Inc., the developer, for the development of ALC's parcels of land at Lipa and Malvar, Batangas into residential house and lots, called as the Campo Verde Subdivision. The entire development costs were shouldered by the developer. In return to their respective contributions to the project, the parties have agreed to assign a number of units of residential house and lots proportionate to their respective contributions computed as specified in the Memorandum of Agreement. The developer was assigned as the exclusive marketing agent and receives 10% of the total contract price, net of value-added tax and discounts, as marketing fee. Sales and cost of lots sold allocated to ALC are shown as part of "Real estate sales" and "Cost of real estate sales" accounts, respectively, in the consolidated statements of income.

ALC continues to grow its residential business when it embarked on the expansion of its Campo Verde subdivision in Batangas. The initial project, which is an 11-hectare property located inside the Lima Technology Center, is close to selling out. This project is an hour away from Makati via the South Luzon Expressway and the Southern Tagalog Arterial Road Tollway. Campo Verde offers three (3) distinct Spanish-themed homes that are ideal for young to growing families. The model house choices range from: Condesa, with a lot area of 90 square meters and floor area of 36 square meters; Duquesa, with a lot size of 100 square meters and a floor area of 50 square meters; and Reina, with 120 square meter-lot and a floor area of 80 square meters. ALC has acquired adjacent property for possible expansion of this project.

Through ALC, on September 3, 2010, the Company incorporated KAIEDC to establish, develop, operate and maintain an agro-industrial economic zone and provides the required infrastructure facilities and utilities such as power and water supply and distribution system, sewerage and drainage system, waste management system, pollution control device, communication facilities and other facilities as may be required for an agro-industrial economic zone. This “Ecozone” is accredited with the Philippine Economic Zone Authority (PEZA) as an agricultural and light-industry zone. Enterprises will be encouraged to set up their businesses in, or relocate to, this Ecozone to enjoy incentives prescribed by law through the PEZA.

### **Other Investments**

In 2007, ACR infused capital in ACR Mining amounting to P195 million, which was acquiring 75% interest in a joint venture between Alsons Development and Investment Corporation (ADIC or ALDEVINCO), and Southern Exploration (SECO). This joint venture was organized to explore and develop the Manat Mining Claims situated in the provinces of Davao del Norte and Compostela Valley.

ACR Mining was formerly known as ACR Management Corporation. Its initial activity involved the acquisition of ADIC’s interest in a mining claim, referred to as the Manat Mining Claims. Covered by Mineral Production Sharing Agreement (MPSA) Serial no. 094-97-XL for 25 years up to year 2022, the mining claim has a total area of 1,547.32 hectares. It is located in the Municipality of Nabunturan, province of Compostela Valley and in the Municipality of Maco, Province of Davao del Norte. Previous exploration work identified three mineralized structures: Pagtulian, Katungbuan/Taglayag, and Magas. Detailed work on the Magas Vien Zone (MVZ) so far revealed an estimate inferred resource of 2.7 million tons containing: 2.8 g/t gold, 26 g/t silver, 0.09% copper, 0.85% lead, and 1.58% zinc. On May 24, 2015, the Board of Directors approved and declared ACR Mining as property dividend of record date of June 5, 2015. The SEC approved the Certificate of Filing the Notice of property Dividend on August 11, 2015. The Bureau of Internal Revenue issued its Certificate Authorizing Registration on February 22, 2016.

The Declaration of Mining Project Feasibility was submitted to the Mines and Geosciences Bureau on October 2012. As of today, the Company continues to be under the care and maintenance activities wherein various safety, environment and health programs together with the host communities was implemented.

In the last quarter of 2019, the company started the process of transferring the MPSA which is currently under the name of Alsons Development and Investment Corporation. However, the processing of the documents to implement the transfer encountered numerous setbacks as a result of prolonged lockdowns in both the Region XI and the National Office of the Mines and Geosciences Bureau, the agencies where the documents were submitted and evaluated.

ACR Mining has successfully obtained DENR approval of the Assignment of MPSA No. 94—97-XI from ALDEVINCO to ACR MINING on February 22, 2022. The DENR approved the request of ACR Mining for the reinstatement of unconsummated term of its MPSA for a period of 5 years or until November 20, 2027.

Market Developers Inc., (MADE) which is in the distribution business, was incorporated on January 31, 1974. MADE has incurred significant losses in prior years resulting in capital deficiency. Because of the recurring losses, MADE decided to cease operations effective April 30, 2006 and terminated its employees. These factors indicate the existence of a material uncertainty which may cast significant doubt on the MADE's ability to continue as a going concern. MADE has no plans to liquidate but new business initiatives are being pursued which will justify resumption of its trading operations.

ACR organized and incorporated Alsons Power Supply Corporation (APSC) on October 13, 2016 primarily to provide services necessary or appropriate in relation to the supply and delivery of electricity. APSC was incorporated in the Philippines and was registered with the Philippine Securities and Exchange Commission (SEC) on November 10, 2016. The Company is a wholly owned subsidiary of ACR. APSC is engaged in providing facilities and services necessary in relation to the marketing, supply, delivery, purchase and sale of electricity, including implementation of energy efficiency programs. APSC provides services to all operating power plants of ACR.

Alto Power Management Corp. (APMC), a subsidiary of ACR, was incorporated on February 6, 1996. APMC provides the plant and operation management services to SPPC, WMPC and MPC. Also, APMC International Ltd., a wholly owned subsidiary of APMC, provided operations and maintenance management services to PT Makassar Power Indonesia until April 2016.

FGEN was already divested and did not operate. It was only used for bidding in a certain project but the company did not win.

## Business Segments Contribution to Revenues

As presented in the table below, the recurring income of ACR comes from power plant operations. Its investments in property development contributes only less than 1% of its total Revenues and is considered only a portfolio investment.

Business Segment	(Amounts in Thousand PHP)				% To Total			
	1H 2022	2021	2020	2019	1H 2022	2021	2020	2019
Energy and Power	P5,437,233	P 10,046,854	P 9,464,453	P 6,783,110	100%	100%	100%	100%
Property Development	P30,085	7,657	6,337	12,986	0%	0%	0%	0%
Total	P5,467,318	P 10,054,511	P 9,470,790	P 6,796,096	100%	100%	100%	100%

The Company had no income from foreign sources for the past 3 years.

## Percentage contribution of the operating companies to the revenue: (Amounts in Thousand PHP)

	1H 2022	2021	2020	2019
WMPC	844,135	1,596,258	1,386,497	1,103,375
MPC	98,109	187,247	182,705	268,347
SEC	4,435,424	8,263,349	7,891,887	5,411,388
ALC	28,039	7,657	9,700	12,986
Total	5,405,706	10,054,511	9,470,790	6,796,096

## Material Partly- Owned Subsidiaries

The tables below show details of materially partly owned subsidiaries of ACR either directly or indirectly.

Business Segment	Principal Activity	Proportion Ownership Interest and Voting Rights Held by Non-controlling interest			
		2022	2021	2020	2019
SPPC	Power Generation	45.0%	45.0%	45.0%	45.0%
WMPC	Power Generation	45.0%	45.0%	45.0%	45.0%
ATEC	Holding Company	50.0%	50.0%	50.0%	100.0%
Sarangani Energy	Power Generation	62.5%	62.5%	62.5%	25.0%

The summarized financial information in respect of the subsidiaries that have material non-controlling interests is set out below. The summarized financial information below represents amounts before intra-group eliminations.

Summarized statements of comprehensive income for the years ended December 31, 2021 and 2020 are shown below.

Three-Month Period Ended June 30, 2022						
	Energy and Power	Property Development	Other Investments	Total	Eliminations	Consolidated
<b>Earnings Information:</b>						
Revenues						
External customer	P 5,377,667,376	P28,038,839	P -	P5,405,706,215		P5,405,706,215
Inter-segment	59,565,606	2,046,078	-	61,611,684	(61,611,684)	-
Total revenues	5,437,232,982	30,084,917	-	5,467,317,899	(61,611,684)	5,405,706,215
Finance income	3,744,718	715,128	1,109,240	5,569,086		5,569,086
Finance charges	(639,225,745)	-	(147,296,757)	(786,522,502)		(786,522,502)
Provision for income tax	95,504,153	4,231,636	-	99,735,789	-	99,735,789
Net income (loss)	P826,449,423	P9,711,839	(P147,296,757)	P689,001,401		P689,001,401

Six-Month Period Ended June 30, 2021						
	Energy and Power	Property Development	Other Investments	Total	Eliminations	Consolidated
<b>Earnings Information:</b>						
Revenues						
External customer	P4,626,137,265	P5,387,292	P-	P4,631,524,557	P-	P4,631,524,557
Inter-segment	42,450,642	193,431	163,500,000	206,144,073	(206,144,073)	-
Total revenues	4,626,137,265	5,580,723	163,500,000	4,837,668,630	(206,144,073)	4,631,524,557
Finance income	6,102,827	361,635	2,123,591	8,588,071	(468,365)	8,119,706
Finance charges	(715,985,562)	-	(152,762,171)	(868,747,733)		(868,747,733)
Provision for income tax	84,532,342	-	-	84,532,342	(3,265,461)	81,266,882
Net income (loss)	P1,016,388,469	(P12,151,714)	(P19,542,095)	P984,694,660	(P113,531,057)	P871,163,604

## 2021

	Power And Energy	Property Development	Other Investments	Total	Eliminations	Consolidated
<b>Earnings Information</b>						
<i>(Amounts in Thousands)</i>						
Revenues						
External customer	P10,092,494	P10,794	P-	P10,103,288	(P48,777)	P 10,054,511
Inter-segment	-	193	628,212	628,405	(628,405)	-
Total revenues	10,092,494	10,987	628,212	10,731,693	(677,182)	10,054,511
Interest income	9,681	2,234	4,558	16,473	-	16,473
Finance charges	1,386,640	-	330,304	1,716,944	-	1,716,944
Provision for income tax	248,813	(23,423)	2,101	227,491	(61,855)	165,636
Net income (loss)	1,640,283	(6,967)	215,933	1,849,249	(528,566)	1,320,683
<b>Other Information</b>						
Investments in associates and due from related parties	474,020	1,051,266	14,116,559	15,641,845	(10,915,256)	4,726,589
Segment assets	38,476,104	2,554,264	17,154,447	58,184,815	(10,428,357)	47,756,458
Segment liabilities	23,046,955	842,821	9,644,506	33,534,282	(3,729,936)	29,804,346
Depreciation	1,474,961	496	2,038	1,477,495	44,538	1,522,033
<b>Cash Flow Information</b>						
Net cash flows from (used in):						
Operating activities	4,230,416	(22,670)	(1,109,507)	3,098,239	675,412	3,773,651
Investing activities	(774,325)	(116,345)	443,763	(446,907)	(529,323)	(976,230)
Financing activities	(3,272,721)	25	770,194	(2,502,502)	(140,086)	(2,642,588)

## 2020

	Power And Energy	Property Development	Other Investments	Total	Eliminations	Consolidated
<b>Earnings Information</b>						
<i>(Amounts in Thousands)</i>						
Revenues						
External customer	P9,509,894	P9,700	P-	P 9,519,594	(P48,804)	P9,470,790
Inter-segment	-	1,161	733,929	735,090	(735,090)	-
Total revenues	9,509,894	10,861	733,929	10,254,684	(783,894)	9,470,790
Interest income	30,166	707	11,561	42,434	(468)	41,966
Finance charges	1,550,847	-	534,274	2,085,121	25,445	2,110,566
Provision for income tax	293,424	-	3,177	296,601	(3,265)	293,336
Net income (loss)	2,475,054	(21,366)	122,387	2,576,075	(708,145)	1,867,930
<b>Other Information</b>						
Investments in associates and due from related parties	420,344	902,040	7,876,006	9,198,390	(5,275,120)	3,923,270
Segment assets	37,689,926	2,404,891	15,837,636	55,932,453	(9,517,706)	46,414,747
Segment liabilities	26,337,574	699,382	8,421,939	35,458,895	(4,748,559)	30,710,336
Depreciation	1,669,929	670	1,916	1,672,515	44,560	1,717,075
<b>Cash Flow Information</b>						
Net cash flows from (used in):						
Operating activities	5,373,879	289,183	(1,433,380)	4,229,682	1,041,328	5,271,010
Investing activities	(1,773,497)	(95,128)	407,052	(1,461,573)	(320,960)	(1,782,533)
Financing activities	(3,365,175)	(1,175)	492,311	(2,874,039)	(725,858)	(3,599,897)

2019

	Power And Energy	Property Development	Other Investments	Total	Eliminations	Consolidated
<i>(Amounts in Thousands)</i>						
<b>Earnings Information</b>						
Revenues						
External customer	P6,781,110	P12,986	P-	P6,796,096	P-	P6,796,096
Inter-segment	261,187	5,098	420,732	687,017	(687,017)	-
Total revenues	7,042,297	18,084	420,732	7,481,113	(685,017)	6,796,096
Interest income	74,374	851	43,964	119,189	(996)	118,193
Finance charges	737,904	-	561,729	1,299,633	(218,619)	1,081,014
Provision for (benefit from) income tax	141,766	497	(23,347)	118,916	(51,880)	67,036
Net income (loss)	1,306,099	(14,518)	(189,616)	1,101,965	(127,812)	974,153
<b>Other Information</b>						
Investments in associates and due from related parties	696,388	826,832	6,462,431	7,985,651	(4,387,767)	3,597,884
Segment assets	37,434,694	2,046,803	14,686,837	54,168,334	(8,559,120)	45,609,214
Segment liabilities	27,052,718	319,802	7,261,921	34,634,441	(3,879,924)	30,754,517
Depreciation	1,028,507	897	1,586	1,030,990	45,844	1,076,834
<b>Cash Flow Information</b>						
Net cash flows from (used in):						
Operating activities	2,316,549	28,642	(199,750)	2,145,441	230,501	2,375,942
Investing activities	(2,255,429)	(2,555)	56,207	(2,201,777)	(881,698)	(3,083,475)
Financing activities	(683,303)	433	119,399	(563,471)	620,736	57,265

## Power Plants

### Overview of the Power Plants

The three (3) operating power generation subsidiaries, WMPC, MPC, and Sarangani Energy are all located in Mindanao.

Presented below is a table summarizing relevant information about the Power Plants.

Power Plant	Parent Company	Status	Expected Life	Date of Construction	Start of Commercial Operation	Location	Capacity (MW)
WMPC	Alsing Power Holding	Operational	18 years	1996-1997	December 1997	Malasugat, Sangali Zamboanga City	100
MPC	Conal Holding Corp	Operational	30 years	1992-1993	February 27, 2013	Sitio Mapalad, Dalipuga, Iligan City	103
SEC Phase 1	ATEC	Operating	25 years	04 June 2012 (LNTP) 28 December 2012 (NTP)	April 29, 2016	Barangay Kamanga, Maasim, Sarangani Province	105
SEC Phase 2	ATEC	Operational	25 years	14 July 2016 (LNTP) 14 October 2016 (NTP)	October 10, 2019	Barangay Kamanga, Maasim, Sarangani Province	105

### Status of publicly-announced new projects

1. The Siguil Hydro Power Corporation, which will operate 14.5 MW run-of-river electricity generating facility located at the Siguil River basin in Maasim, Sarangani. The construction phase of this project is in full swing and the company expects commercial operations to begin in the first half of 2023. The other hydro projects currently in the pipeline include a 9MW hydro power project and 25MW solar power project in Zamboanga del Norte; and the 42 MW Bago Hydro plant in Negros Occidental.
2. The 105MW SRPI power plant in Zamboanga City received its environmental compliance certificate from the Department of Environment and Natural Resources in March 2012. The Company has begun site preparation and clearing works. The total project cost is estimated at Php16 billion. SRPI is still negotiating with various banks to finance the project. Once in operation, the SRPI coal-fired power plant would be able to service Zamboanga City and other nearby areas and target to go online by 2025. While coal is among the fossil fuels which costs have risen in the last three quarters or so, it remains to be the least costly among them. Moreover, SRPI is one of the last two or three coal-fired power stations that the Department of Energy has allowed to proceed with its construction. Thus, it will be a source of cheap base load capacity that the market will need to help power economic growth. We believe the local banks will recognize this developmental angle and continue to support SRPI notwithstanding that it is coal-fired.



Currently, site development works are on-going for SRPI while SHPC is 87.8% complete.

#### **Existing patents, trademarks, copyrights, licenses, franchises, concessions and royalty agreements.**

The Company has no existing patents, trademarks, copyrights, licenses, franchises, concessions and royalty agreements.

#### **Life of Power Plant**

##### **Start of Commercial Operations:**

- SARANGANI Phase 1 started commercial operation on April 29, 2016.
- SARANGANI Phase 2 started commercial operations on October 10, 2019.
- MPC started commercial operation on 2013.
- WMPC started commercial operation on 1997.
- SPPC started commercial operation on 1998.

##### **Expected Life:**

- **SARANGANI** -The design life of both units, as per the respective EPC contracts, is 35 years.
- **WMPC** - the expected life is 40 years from start of commercial operations
- **MPC** – the expected life is 20 years from 2013, based on running hours
- **SPPC**- The expected life is 20 years from 2017, based on running hours.

After the expected life of the power plants, the Company conducts a plant study in order to extend the life of the power plants, especially if the plants are still required to be operational. This study takes into account the condition of equipment and facilities, the running and operating conditions over the previous designed life of the plant, licensing conditions, among other considerations. The purpose of the study is to produce a recommendation on whether it is viable to refurbish equipment and continue the plants' operations. The company sticks to their set scheduled maintenance regime and refurbish and replace equipment, as determined by inspections, condition monitoring and obsolescence. These enhancements will then extend the useful life of a power plant.

#### **Process Flow**

From the three (3) operating power plants, only Sarangani Energy is a coal-fired power plant. WMPC and MPC are all diesel power plants.

<b>Operating Power Plants</b>	<b>Type of Power Plant</b>
SARANGANI	Coal-Fired Power Plant
WMPC	Diesel Power Plant
MPC	Diesel Power Plant

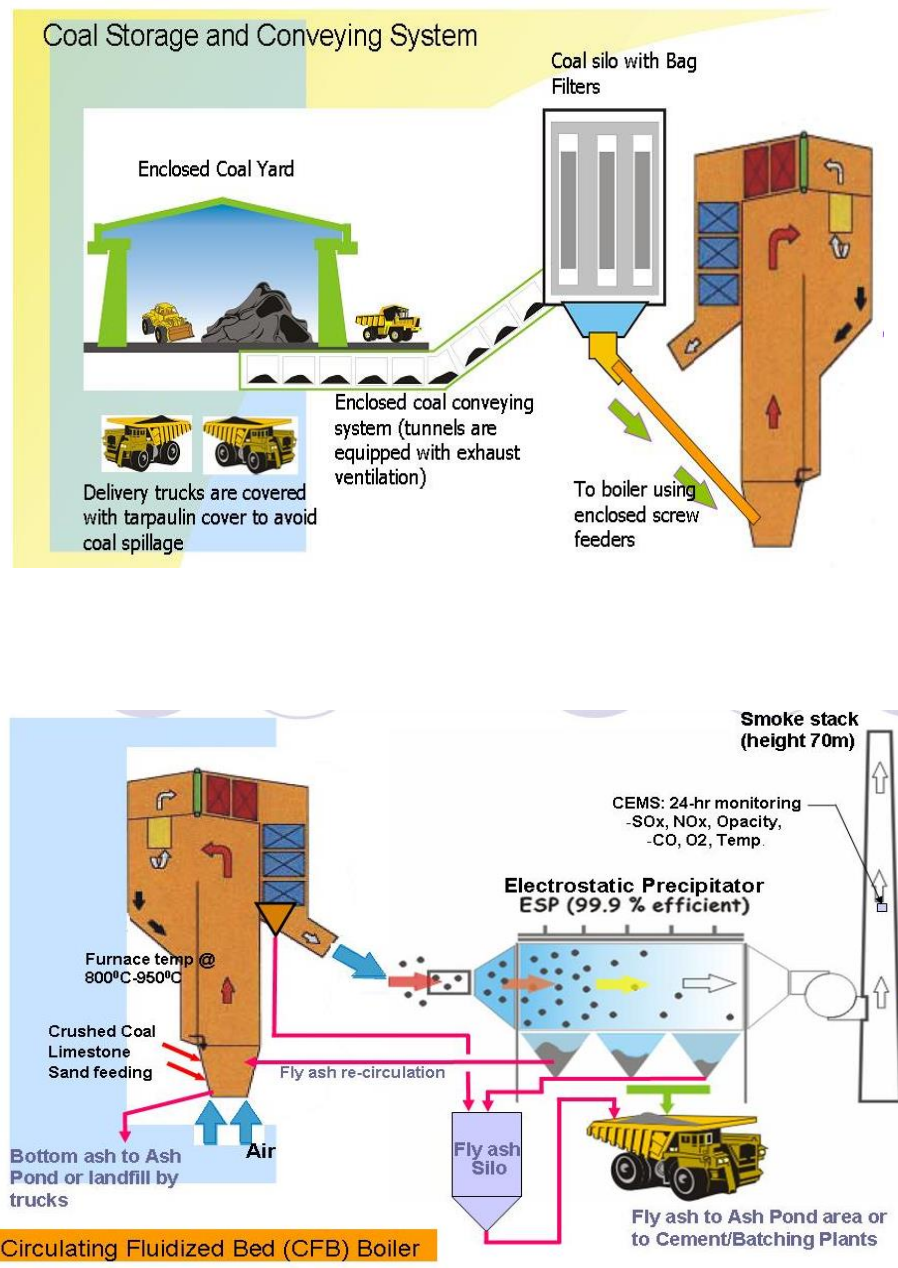
#### **Coal Fired Thermal Power Plant<sup>5</sup>:**

Coal is burnt in the boiler furnace to produce heat. Carbon in the coal and Oxygen in the air combine to produce Carbon Dioxide and heat. The heat from combustion of the coal boils water in the boiler to produce steam. The steam is then piped to a turbine. The high-pressure steam impinges and

---

<sup>5</sup> <http://www.brighthubengineering.com/power-plants/18082-coal-fired-thermal-power-plant-the-basic-steps-and-facts/>

expands across a number of sets of blades in the turbine. The impulse and the thrust created rotates the turbine. The steam is then condensed and pumped back into the boiler to repeat the cycle. After, rotation of the turbine rotates the generator rotor to produce electricity based of Faraday's Principle of electromagnetic induction.



## Diesel-Fired Power Plant<sup>6</sup>

A diesel engine is a type of internal combustion engine. An internal combustion engine transforms the chemical energy in fuel to mechanical rotational energy. To release the chemical energy in diesel effectively, an atomized form of the fuel is made to contact with high temperature and high-pressure air. In diesel engines, this energy is effectively transferred as mechanical rotational energy. The operation of a diesel engine is all about producing high temperature and high-pressure air continuously.

<sup>6</sup> <http://www.learnengineering.org/2014/10/Diesel-engine-Working.html>

Piston, connecting rod, crank and cylinder form a mechanism called slider-crank mechanism. Here the linear motion of the piston is transformed to a rotary motion at the crank.

During the motion of the piston, the topmost point it can reach is called Top dead centre (TDC) and the bottom most position the piston can reach is called as Bottom dead centre (BDC). In an IC engine, this mechanism is properly supported in an engine block. Cylinder head, valves and fuel injector are fitted above the engine block.

When the piston moves downwards, inlet valves open and fresh air from outside is sucked in, or, in other words, the engine breathes. This stroke is called as suction stroke.

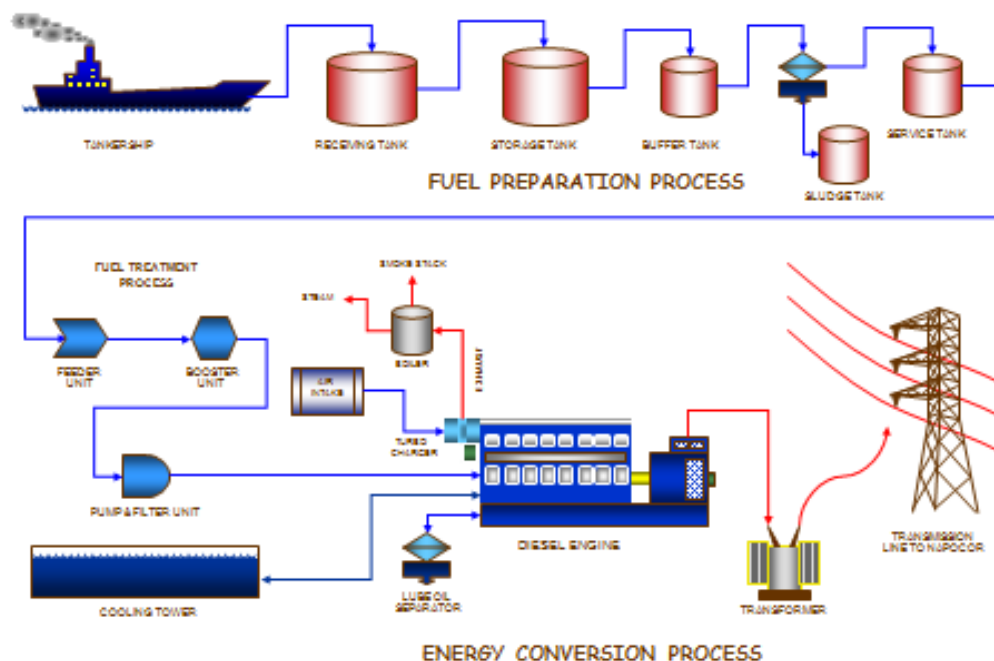
During the return stroke, inlet and exhaust valves are closed and the air inside the cylinder gets compressed. During the compression stroke, the piston does work on the air. So, the temperature and pressure of the air will rise to a level which is higher than the self-ignition value of the diesel.

An atomized form of diesel is injected into this compressed air. The fuel gets evaporated and undergoes an uncontrolled spontaneous explosion. As a result, the pressure and temperature rise to high level values.

The high energy fluid pushes the piston downwards. The hot air does work on the piston and energy in the fluid is converted to the mechanical energy of the piston. This is the only stroke where the piston absorbs power from the fluid.

Due to inertia of the system, the piston moves upwards again. This time the exhaust valves open and the exhaust are rejected. Again, the suction stroke happens.

This cycle, which has a total 4 strokes, is repeated over and over for continuous power production.



## **Distribution of Power to Customers (Distribution Utilities)**

Power is generated in the power plants, following the process flow explained above. After which, power is transmitted through the grid to the Distribution Utilities. It is then the distribution utilities who will transmit the power to the end users.

## **Sources and Availability of Raw Materials and Supplies**

SPPC has not renewed Fuel Supply Agreement with Pilipinas Shell Petroleum that expired last September 1, 2019 as the plant ceased operations. MPC and WMPC each signed a Fuel Supply Agreement with Phoenix Petroleum Corporation for the supply of approximately 4 to 8 million liters of fuel per month for each plant. MPC's and WMPC's agreements are renewable every month.

WMPC has an agreement with Petron Corp. for the supply of its lubricating oil valid until July 31, 2023. SPPC has no supply contract due to ceased operation, while MPC does not have a supply agreement for lubricating oil at the moment.

Wärtsilä Corporation of Finland supplies the engine parts and major maintenance services needed by the diesel plants.

Sarangani Energy has fuel supply and/or transport agreements with Kaltim Prima Coal, and Galaxy Energy and Resources for low Sulphur coal, or sub-bituminous coal from Indonesia with gross calorific value ranging from 4200 to 5000 kCal per kilogram. Local supply is sourced from Semirara Mining and Power Corporation.

Sarangani Energy is also procuring coal via spot market or short-term contracts with flexible pricing options with prices based on Global Coal New Castle Index, Indonesian Coal Index and or Fixed Price arrangements.

ACR is not expected to be dependent upon any one or limited number of suppliers for essential raw materials, energy or other items.

## **Related Party Transactions**

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

All related party transactions shall be disclosed to the Group's Audit Committee ("the Committee") of the BOD and all transactions will be reviewed and approved by the Committee to ensure that a conflict of interest does not exist, a proper assessment of such transaction is made, and all necessary information is properly documented. Material related party transaction shall mean any individual related party transaction, or series of related party transactions over twelve (12) months, and with the same related party, amounting to, or exceeding, individually, or in the aggregate, the materiality threshold. Materiality threshold shall mean ten percent (10%) of the total assets of any of the parties to a transaction, based on that party's latest audited financial statements, and if the transaction is a

material related party transaction, and one of the related parties is a parent of the other, the total assets shall pertain to the parent's total consolidated assets.

Transactions with related parties pertain mainly to cash advances and reimbursements of expenses.

Outstanding related party balances are generally settled in cash.

The table below shows the details of the Group's transactions with related parties.

The table below shows the details of the Group's transactions with related parties.

Related Party		Advances	Due from Related Parties (Note 8)	Terms	Conditions
Major stockholders	2021	₱405,549,937	₱2,201,175,865	Payable upon demand, noninterest-bearing	Unsecured, no impairment
	2020	₱242,020,657	₱1,745,217,050		
Subsidiaries of major stockholders	2021	35,780,977	185,814,209	Payable upon demand, noninterest-bearing	Unsecured, no impairment
	2020	9,561,270	150,033,232		
Affiliates*	2021	—	63,616,223	Payable upon demand, noninterest-bearing	Unsecured, no impairment
	2020	43,418,939	114,025,101		
Total	2021	₱441,330,914	₱2,450,606,297		
	2020	₱295,000,866	₱2,009,275,383		

Compensation of key management personnel amounted to Php96 million, Php87 million, and Php89 million in 2021, 2020, and 2019, respectively, representing short-term employee benefits.

The Related Party Transactions can be found in Note20 of the Company's Audited Consolidated Financial Statements for the interim period ended December 31, 2021.

## Customers

WMPC and MPC have secured, or are securing PSAs with various distribution utilities, and are currently moderately contracted. SPPC has no current PSA, but is exploring opportunities for relocating its engines to other locations. Sarangani Energy, on the other hand, has secured 25-year PSAs.

Presented below is a summary of the PSAs of the power plants.

Power Plant/Asset	Off-taker	Location	Contracted Capacity	No. of Years	Start Date	End Date
<b>MPC</b>	Cagayan Electric Power and Light Company (CEPALCO)	Cagayan De Oro	30	10 years	June 24, 2016	June 23, 2026
<b>WMPC</b>	Zamboanga City Electric Cooperative Inc. (ZAMCELCO)	Zamboanga	50	10 years	December 13, 2015	December 12, 2025
	Cagayan Electric Power and Light Company (CEPALCO)*	Cagayan	1	10 years	December 13, 2015	December 12, 2025
	National Grid Corporation of the Philippines (NGCP) – Ancillary Services Procurement Agreement (ASPA)	GRID	50	5 years	April 26, 2019	April 25, 2024
<b>SEC 1</b>	South Cotabato Electric Cooperative II (SOCOTECO 2)	General Santos	70	25	April 29, 2016	April 28, 2041
	Agusan del Norte Electric Cooperative	Agusan del Norte	10	25	April 29, 2016	April 28, 2041

Power Plant/Asset	Off-taker	Location	Contracted Capacity	No. of Years	Start Date	End Date
	(ANECO)					
	Agusan del Sur Electric Cooperative (ASELCO)	Agusan del Sur	10	25	April 29, 2016	April 28, 2041
	Davao Del Norte Electric Cooperative, Inc. (DANECO)	Davao del Norte	15	25	October 10, 2019	October 9, 2044
<b>SEC 2</b>	Cagayan Electric Power and Light Company, Inc. (CEPALCO)	Cagayan De Oro	20	25	October 10, 2019	October 9, 2044
	Cotabato Electric Cooperative Inc (COTELCO)	Cotabato City	10	25	October 10, 2019	October 9, 2044
	Davao del Sur Electric Cooperative (DASURECO)	Davao del Sur	15	25	October 10, 2019	October 9, 2044
	Iligan Light and Power Inc. (ILPI)	Iligan City	15	25	April 29, 2016	April 28, 2041
	South Cotabato I Electric Cooperative (SOCOTECO I)	South Cotabato	10	25	October 10, 2019	October 9, 2044
	Zamboanga del Sur I Electric Cooperative Inc (ZAMSURECO I)	Zamboanga del Sur	5	25	October 10, 2019	October 9, 2044
	Zamboanga del Norte Electric Cooperative Inc. (ZANECO)	Zamboanga del Norte	5	25	October 10, 2019	October 9, 2044
<b>SRPI</b>	Zamboanga City Electric Cooperative Inc. (ZAMCELCO)	Zamboanga City	85	25	n/a	n/a

Alto Power Management Corp. (APMC), a partnership between ACR through Conal and Toyota Tshusho Corporation of Japan, engages in power plant management and maintenance operations. Also, APMC International Ltd., a wholly owned subsidiary of APMC, provided operations and maintenance management services to PT Makassar Power Indonesia until April 2016. PT Makassar Power Indonesia ceased operation in 2016 and is undergoing liquidity hence APMC do not provide operations and maintenance management services to PT Makassar Power Indonesia.

The Property Development and other businesses of ACR are not dependent on a single or few customers and the loss of one or a few customers will have no material adverse effect on the Company and its subsidiaries.

### Marketing Process

ACR follows the marketing process for its prospective customers

1. ACR gathers customer data which include demand, supply, load profile, forecasts, suppliers, rates.
2. ACR simulates the technical and commercial/rate impacts of the coming in of its supply. If deemed acceptable, ACR proceeds to the next step.
3. ACR offers supply with the proposed tariff to management and Board of Directors
4. Series of negotiations and meetings with customer/s is conducted
5. ACR undergoes a Competitive Selection Process (CSP)
6. Contract is awarded to the winning bidder.

### Location of the Power Plants

ACR's power plants are strategically located to cater to the power requirements of its key areas in Mindanao.

The first three power plants of ACR, namely WMPC, SPPC and MPC, are strategically located to serve key load centers in Mindanao and provide adequate generation where it is needed most. The long-term Energy Conversion Agreements of these plants assured ACR of a steady revenue stream. Today, ACR continues to operate power plants through bilateral contracts with various distribution utilities.

Mindful of the need to strategically position the baseload plants in key load centers and also recognizing the inherent advantage of expanding in areas where we are already present, the Company decided to establish the Sarangani 210MW Coal-Fired Power Plant of Sarangani Energy Corporation in Maasim, Sarangani and the Zamboanga 105MW Coal-Fired Power Plant of San Ramon Power Incorporated in Zamboanga City. These coal-fired power plants are equipped with the latest state of the art thermal power generation technology.



Beyond the baseload expansion of ACR, the Company is looking towards the future and investing in renewable energy projects. ACR has identified hydropower resources in Mindanao and Negros Occidental that can be implemented under the Renewable Energy Act.

### Properties

The Company's energy and power operations are located in three different sites. WMPC's own power plant is on a 9-hectare property in Sitio Malasugat, Sangali, Zamboanga City. CHC's Plants 1 and 2, which are operated by MPC, are in an 8-hectare property in the Municipality of Lugait, Misamis Oriental, and in the City of Iligan. WMPC and SPPC fully own their respective properties. The power plants in Lugait, Misamis Oriental and City of Iligan were acquired by virtue of a Deed of Sale between the City of Iligan and CHC dated February 27, 2013. The lots on which the power plants of CHC are located were acquired by MPC from Alsons Development and Investment Corporation by virtue of the deed of sales dated November 21, 2013. Sarangani Energy Corporation is located in the Municipality of Maasim, Sarangani Province. The real estate assets of KAIEDC are located in Maasim Sarangani Province.

The power assets were used as collateral in various loans, specifically: (1) CHC power plant and the real estate owned by MPC, were used as collateral for loans for the rehabilitation of the MPC power plants; and (2) Sarangani Energy's real estate and coal-fired power plants are mortgaged to its various lender banks.

ALC, the Company's property development company, has properties in the Province of Batangas, in the Municipality of Cabuyao in the Province of Laguna, and along Chino Roces Avenue (formerly Pasong Tamo Extension), Makati City. Its Batangas property currently has residential developments. In addition, ALC owns the property, including the improvement, of Alsons Building, where ACR maintains its corporate headquarters. All ALC Lots inventory being sold are clean and free from any mortgage, lien, and encumbrances.

The land development of Azuela Cove is located in Lanang Davao City. Please refer to page 60 for more details.

The real properties of KAIEDC in Maasim, Sarangani Province are free from any mortgage, lien, and encumbrances. ALC/ KAIEDC is actively evaluating select properties in General Santos City and Sarangani Province as part of its land banking exercise. The corporation is looking at possible bright spots for real estate mixed-use development projects.

All of these properties are in good condition.

### Property, Plant and Equipment (Consolidated)

<i>(Amounts in Thousand Pesos)</i>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Main Engine, Plant Structures, and Others	P30,911,974	P30,770,855
Plant Mechanical, Switchyard and Desulfurization Equipment	7,270,737	7,244,961
Land, Buildings and Leasehold Improvements	575,761	575,255
Machinery and Other equipment	1,461,411	1,427,079
Construction in Progress	2,673,300	2,065,409
Right of Use	48,953	35,274



Total	42,942,136	42,118,833
Less: Accumulated Depreciation and Amortization	(14,847,299)	(13,323,061)
Net Book Value	28,094,837	28,795,772

### Lease Commitments

On December 1, 2011, the Group entered into a 5 year lease agreement with Alphaland Development Inc. commencing on February 1, 2012 up to January 31, 2017 for office space. Upon expiration, the lease was renewed up to January 2025.

Siguil has several lease agreements for parcels of land to be used in the operations of the power plant. The lease agreements have lease terms of 3-50 years. Siguil paid in advance the lease rentals for the duration of the lease agreements and were capitalized as part of the right-of-use assets. The depreciation expense on the right-of-use assets was capitalized as part of the construction-in progress.

On June 30, 2021, WMPC entered into a 10 year lease agreement with a third party for the easement and pier usage during fuel deliveries.

Set out below, are the amounts recognized in the Company's consolidated statements of income:

	2021	2020	2019
Depreciation expense of right-of-use assets	₱25,098,432	₱11,741,891	₱11,440,263
Interest expense on lease liabilities	1,227,007	1,832,902	2,418,712
Rent expense - short-term leases (Note 23)	1,119,138	1,646,892	1,877,508
	₱27,444,577	₱15,221,685	₱15,736,483

Total cash outflow for leases amounted to P16 million, P14 million and P15 million in 2021, 2020 and 2019, respectively.

Recoverable deposits related to the lease agreement amounted to P5 million and P4 million as of December 31, 2021 and 2020, respectively.

### Future Plans to Acquire Properties

ALC intends to purchase a commercial lot inside Azuela Cove. The acquisition cost around PHP151M, shall be funded through a combination of proceeds from pre-selling and bank loan.

### Investment Acquisition

On August 27, 2019, the Board of Indophil Resources Phils, Inc. (IRPI) approved the equity call to all existing shareholders amounting to P52.50 per share. On September 30, 2019, ACR participated and paid IRPI P2,977,452 for the additional 56,715 common shares.

### Research and Development

ACR and its subsidiaries do not allocate specific amounts or a fixed percentage for research and development. All research, if any, are done by its subsidiaries and affiliates on a per project basis. The allocation for such activities may vary depending on the nature of the project.

## **Employees**

As of October 31, 2022, ACR and its 50% or more directly or indirectly-owned subsidiaries had a manpower complement of 466 employees, broken down as follows: 41 executives/managers, 129 supervisors and 296 associates. The Company believes that changes in manpower complement will be minimal for the next twelve months. The employees of the Company and its subsidiaries are not unionized. None of the employees are on strike, or have been in the past three (3) years, or are threatening to strike. There are no supplemental benefits or incentive arrangements the Company has with its employees.

## **Future Plans**

The group is currently building a Php4.5 billion 14.5 – mega-watt (MW) run-of -river hydroelectric power plant at the Siguil River basin in Maasim, Sarangani Province – the company's first foray into renewable energy. The President of the Philippines personally inaugurated the plant and also attended the launching of the Siguil Hydro Power Corporation's 14.5 MW project. This hydro project is the beginning of ACR's venture into renewable energy projects. The Siguil Hydro power plant is expected to begin commercial operations in the first half of 2023.

On top of the hydroelectric power plant, the Company is also considering putting up a solar farm as well. This solar plant would have a capacity of at least 50 MW, and is estimated to cost less than \$750 per kW.

Another project in the company's pipeline is the Php16 billion 105-MW San Ramon Power, Inc. baseload coal-fired power plant in Zamboanga City, which is slated to begin operations in 2025. In March 2013, SRPI entered into a PSA with ZAMCELCO for a period of 25 years from start of the SRPI's commercial operation. Contracted capacity for the related PSA was 85 MW. On September 15, 2014, the Energy Regulation Commission approved the above PSA. As at March 18, 2021, the Company has not started the construction of the ZAM 100 power plant. The Engineering, Procurement and Construction (EPC) contractor has been selected. Construction will commence once SRPI and ZAMCELCO finalize the target commercial operation date of the power station in line with the utility's power demand projections.

The Company is also looking to expand operations in Indonesia, particularly in Sulawesi province, because of its proximity to Mindanao, but the plans are still in very early stages.

ACR continues to explore opportunities to relocate the diesel generating assets to Visayas Region. It is expected to have the relocated assets operational by January 2023 and December 2023 respectively.

For the long-term the company is slated to focus on renewables with at least seven more run- of -river hydroelectric plants in various stages of development. The next two hydro facilities in the pipeline are Siayan, a combined 9MW hydro power project and 25MW solar power project in Zamboanga del Norte and the 42 MW Bago Hydro plant in Negros Occidental- the company's first power venture outside of Mindanao.

With the sharp and sustained increases in fossil fuel prices globally, renewable energy is now front and center as a source of cost-effective and stable power supply. Along with its pipeline of hydro power projects, Alsons Power is contemplating developing and implement solar power projects. With Alsons' substantial landholdings in General Santos City and Sarangani Province, two areas with high levels of irradiation, the group is well-positioned to venture into solar power generation. The relatively short development and construction of solar power stations will allow Alsons to time the

commercial operation of its solar power projects with the demands of the market, the off take for the energy being always Alsons' main consideration in its investment in power. Under the present market conditions, Alsons Power is now looking at its first solar power station within the next year or two.

## Competition

Several power generation companies have either commenced construction of coal-fired power stations or announced plans to build, Sarangani Energy has secured its position in the market by entering into Power Sales Agreements (PSAs) with various distribution utilities. Having secured the approval of the Energy Regulatory Commission of these PSAs, Sarangani Energy is assured of the market for its capacity.

The diesel power plants of WMPC and MPC are moderately contracted. These plants offer distribution utilities ideal peaking and insurance capacities due to their competitive pricing and proven performance over years of reliable operations. SPPC, on the other hand, has no current PSA, but the Company is exploring opportunities for relocating its engines to other locations. MPC is likewise considering relocating its available unutilized engines to other locations.

### List of other Merchant plants

Merchant plants	Capacity (MW)		Owner
	Installed	Dependable	
Therma South, Inc. 1	150	130.0	Aboitiz Power Corporation
Therma South. Inc. II	150	130.0	Aboitiz Power Corporation
Therma Marine, Inc. I	100.3	96.0	Aboitiz Power Corporation
Therma Marine, Inc. II	100.3	96.0	Aboitiz Power Corporation
FDC Misamis Power Corporation (unit 1 & 2)	270	240	FDC Utilities

Company	Description
Aboitiz Power Corporation	<ul style="list-style-type: none"> <li>- Provides hydroelectric power generation</li> <li>- Market cap: 211.928 billion</li> <li>- Therma South, Inc. (TSI), a wholly-owned subsidiary of Aboitiz Power, is the project company of the 300-MW Circulating Fluidized Bed (CFB) coal-fired plant in Toril, Davao City and Sta. Cruz, Davao del Sur. It supplies reliable baseload power to more than 20 electric cooperatives and distribution utilities all over Mindanao</li> </ul>
FDC Utilities	<ul style="list-style-type: none"> <li>- A subsidiary of the Filinvest Development Corporation (FDC)</li> <li>- Offers utility services and focuses on power generation and potential water distribution projects.</li> <li>- Developed the FDC Misamis 3 x 135 MW Circulating Fluidized Bed (CFB) Coal Thermal Plant located in PHIVIDEC Industrial Estate, Villanueva, Misamis Oriental. The power plant has a combined capacity of 405 MW</li> </ul>

Company	Description
SMC Global Power Holdings Corp.	<ul style="list-style-type: none"> <li>- A power generation company and provides a diversified portfolio utilizing a mix of coal, natural gas, and hydroelectric power plants</li> <li>- Total capacity is 2,903 MW representing 22% of the Luzon grid and 17% of the National grid.</li> </ul>

The Government's drive in loosening the covid restrictions should bring better outlook to the real estate sector. Market mobility creates the impetus for various activities in terms of development and operations of different projects. Countryside development programs, business migration into select cities and provinces are just a few of the events happening in the country. ALCs residential lots inventory in Eagle Ridge, General Trias, Cavite stand to gain in the near term as land values have increased. Nearby provinces like Cavite and Laguna already called the "bedroom communities" of Metro Manila are experiencing a surge in new developments and might soon sell out most of the residential inventory. ALC can benefit from a lack of available land in the market. Year to date sale performance saw residential lots surge compared to previous years. Immediate sale, House and lot development, and Joint Venture agreements are among the opportunities for ALC in this sector specially in the Cavite and Batangas corridor.

ALC and its KAIEDC in Maasim, Sarangani are steadfast in its operations and development programs to be a world class PEZA accredited Industrial Estate. Provincial developments and the dispersal of big business in key cities and locations require power supply. For the industrial segment, location, land values, business terms, availability of affordable utility services are major considerations in site selection. KAIEDC can compete with other similar ecozones in Mindanao because of its proximity to the Sarangani Energy Corporation, a 210-MW coal-fired power plant. KAIEDC will soon host the operations of a steel plant in its estate.

AZUELA COVE: ALC acts as ACRs business manager in the Joint Venture Development with Ayala Land. The 26 hectares world class master planned seaside estate is in operations and continues to develop its township facilities. The first of two Ayala Premier residential towers will be ready for occupancy by the first quarter of 2023. A year after, the second tower will be delivered to the occupants. The Estate boasts of locators like a major supermarket chain, dining and coffee outlets, and amenities for the Davao market's lifestyle retail and dining activities. A major commercial retail development similar to the Bonifacio Hi Street in BGC, Taguig has commenced development. Azuela Cove remains to be a trailblazer in Davao as the only mixed-use seaside township.

A shift in the market forces has prompted a slowdown in sales for the Eagle Ridge Estates. Economic and affordable housing developments of Filinvest, Camella Homes, and Amaia have gained a foothold in the region.

### **Competitive Strengths**

The key strengths of ACR as compared to competitors are the following:

1. In-depth knowledge of the Mindanao Region
2. Experienced Management Team
3. Expertise in power plant development and operation
4. Enhanced competitiveness and sustainable growth
5. Focused Strategies

### *1. In-depth knowledge of the Mindanao region*

The Alcantara group has been operating in Mindanao for over 60 years engaging in forestry and wood processing, property development, power generation, cement, product distribution, agriculture, aquaculture, insurance, utilities. ACR benefits from this extensive business network by being able to build established relationships and acquire in-depth local knowledge of its operating environment and principal shareholders.

### *2. Experienced Management Team*

One of the strengths of the Company is its seasoned management team. The management team has relevant and extensive experience in the operation and management of power assets both here and abroad. They have deep understanding of the power industry and an extensive experience in the development and operation of greenfield power projects. Through their extensive experience, they have demonstrated successes in raising and negotiating financing for the power projects, and negotiating construction, supply and the offtake agreements. They have also established strong relationships with various stakeholders.

#### **Key Executives**

<b>Key Executives</b>	<b>Profiles</b>
<b>Nicasio I. Alcantara</b> Chairman and President	<ul style="list-style-type: none"><li>• Holds various managing and operating position in the Alcantara group</li><li>• Former Chairman and CEO in Petron Corporation</li><li>• MBA from Sta. Clara University, California, USA</li></ul>
<b>Editha I. Alcantara</b> Director, Vice-Chairman and Treasurer	<ul style="list-style-type: none"><li>• Holds various positions or directorships in Alcantara Group, Philippine Business for the Environment, Miriam College, and Philippine Wood Producers Association</li><li>• MBA from Boston College</li></ul>
<b>Tirso Santillan, Jr.</b> Executive Vice President	<ul style="list-style-type: none"><li>• Over 20 years of experience in the power industry and has been with ACR since 1995</li><li>• Overall head for the power division and overseas existing projects and new investments</li><li>• Previously worked with the First Pacific Group and with Clark Development Corp.</li><li>• Bachelor of Arts degree in Engineering and Masters in Business Management from Ateneo de Manila University</li></ul>

#### **Key Executives in Power Division**





<b>Key Executives in power division</b>	<b>Profiles</b>
<b>Antonio Miguel B. Alcantara</b> Deputy Chief Executive Officer of Power Business Unit	<ul style="list-style-type: none"><li>• Worked under the business development group's Power Business Unit since 2010.</li><li>• Bachelor of Science in Business Administration degree major in Finance and Marketing at Northeastern University in Boston, MA.</li></ul>

	<ul style="list-style-type: none"> <li>• Master in Business Administration at Babson College, F.W Olin Graduate School of Business in Wellesley, MA where he graduated as Magna Cum Laude</li> </ul>
<b>Joseph C. Nocos</b> Senior Vice President Business Development and Marketing	<ul style="list-style-type: none"> <li>• Over 24 years of experience in the power industry and has been with ACR since 1992</li> <li>• Head of development for all of ACR's power plants in Mindanao and abroad, and markets power to off takers and evaluates new investments.</li> <li>• Bachelor of Arts degree in Economics from Ateneo de Manila University.</li> </ul>

### *3. Expertise in power plant development and operation*

ACR has been in the power generation business for more than 25 years, and has demonstrated success in developing, financing and operating power projects both here and abroad. ACR has also established knowledge of the market and strong longstanding relationships with power customers.

#### **Power Plant Development & Operation**

	<ul style="list-style-type: none"> <li>* From 1992 to 2006, developed and operated the 103MW diesel power plant (then named NMPC) in Iligan City under a BOT arrangement with NPC</li> <li>* Since 2013, reacquired from the Iligan City government and has successfully rehabilitated and restored the diesel power plant to full operation</li> </ul>
	<ul style="list-style-type: none"> <li>* Since 1997, has been operating the 100MW diesel-fired plant in Zamboanga City under a BOO arrangement with NPC</li> <li>* Has historically exceeded the required level of availability as set under the ECA contract of 85%</li> </ul>
	<ul style="list-style-type: none"> <li>* Since 1998, has been operating the 55MW diesel-fired plant in Sarangani Province under a BOO arrangement with NPC</li> <li>* Has historically exceeded the required level of availability as set under the ECA contract of 85%</li> </ul>
	<ul style="list-style-type: none"> <li>* APMC has also provided management or consultancy services to power plants in Vietnam, Pakistan and Indonesia</li> </ul>

## Sarangani Energy Corporation

- **Project Overview**
  - The Sarangani Project is a two-phased coal power project with total rated net capacity of 211.5MW
  - The project is located at the 58-hectare Kamanga Agro-Industrial Economic Zone in Maasim, Sarangani
  - Notice to Proceed (NTP) for Sarangani Phase 1 was issued in January 2013 and COD was achieved in April 29, 2016
  - Limited Notice to Proceed (LNTP) for Sarangani Phase 2 was issued in July 2016 and started commercial operation on October 10, 2019
  - Sarangani is 75% owned by ATEC and 25% owned by TTC
- **Technical Overview**

PARAMETERS	DETAILS
Gross Capacity	Sarangani Phase 1: 118.5MW Sarangani Phase 2: 118.5MW
Net Capacity	Sarangani Phase 1: 106.8MW Sarangani Phase 2: 106.5MW
Net plant heat rate	Sarangani Phase 1: 10,663.5 kJ/kwh Sarangani Phase 2: 10,435.0 kJ/kwh
Average Availability	88.1%
Coal Storage Capacity	60 days (covered / open)

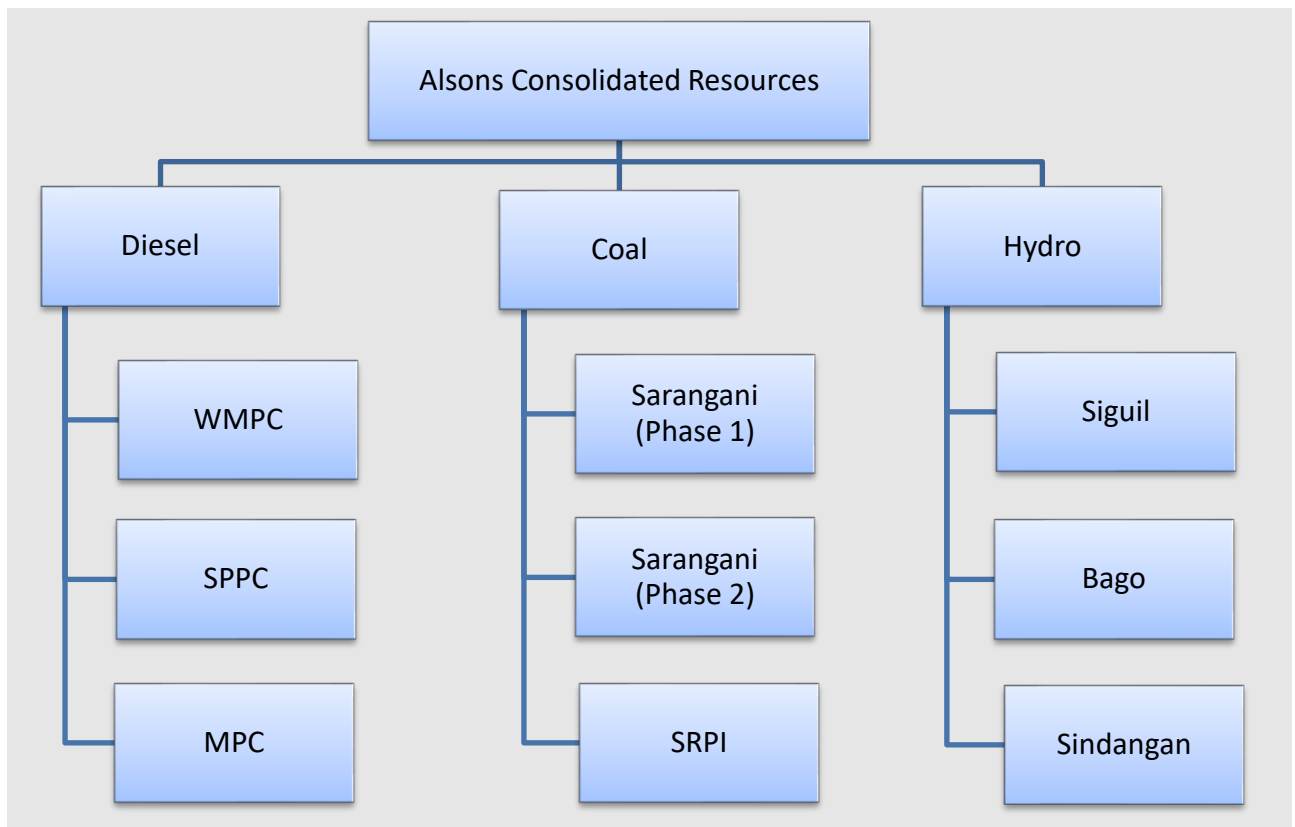
ACR's new power projects are grounded on:

- Committed project sponsors and partners – similar to its existing power plants, ACR and TTC will expand their partnership to the new coal-fired plants
- Project contracts (EPC contract, the Fuel Supply and Transportation Agreement, and the Operation & Maintenance Agreement) that have been crafted in accordance with international project finance standards
- Strong project management support from ÅF Consult, a Finnish engineering company with vast experience in thermal power construction and operation
- Power Supply Agreements mitigating offtake risks
  - Sarangani Phase 1 has PSAs covering 100% of capacity for a tenor of 25 years
  - Sarangani Phase 2 has PSAs covering 76% of capacity for a tenor of 25 years
  - SRPI has signed a 25-year PSA with Zamboanga City Electric Cooperative, Inc. (ZAMCELCO) for 80% of its capacity
- Experienced Operation & Maintenance (O&M) Firm
  - The Sarangani and SRPI plants' O&M will be supervised by PIC Marubeni

#### *4. Enhanced competitiveness and sustainable growth*

ACR's expansion to a balanced generation mix will allow it to:

- Provide a complete power solution to Mindanao grid
- Mitigate fuel-type specific risks such as volatilities in fuel costs and regulatory concerns linked to certain fuel types
- Enhance competitiveness of ACR in the Mindanao Electricity Market
- Diversify revenue and cash flow source



### 5. Focused Strategies

ACR's expansion strategy is driven by the needs of the Mindanao Grid and is supported by long-term offtake agreements.

- 1990s: Intermediate, peaking, and back up
- 2000s: Baseload
- Future: Renewables

ACR will position the diesel plants to perform roles that are not effectively and efficiently served by coal fired power plants.

- Intermediate and peaking capacity
- Back up capacity
- Ancillary service

ACR to develop its pipeline of hydro power projects to round up its generation mix with renewable sources

ACR's expansion will:

- Allow it to provide a complete power solution to the Mindanao grid
- Mitigate fuel-type specific risks such as volatilities in fuel costs and regulatory concerns linked to certain fuel types
- Enhance competitiveness of ACR in the Mindanao Electricity Market
- Diversify revenue and cash flow source.



## **Business Strategy**

ACR aims to maximize returns from its existing portfolio of oil-fired assets and to capitalize on underserved and growing baseload demand through the development of advanced coal-fired power stations. Management views that growth will be driven according to the needs in relation to the Mindanao grid.

ACR's existing plants play an important role in the Mindanao grid due to their strategic location, wherein there is great demand for electricity. ACR likewise has the operating versatility in meeting baseload and peak demand requirements in Mindanao.

ACR highlights that its Bunker C – fired diesel plants will be essential in carrying out ACR's business strategies. It will perform/cover tasks that will not be served by its coal-fired plants. These diesel capacities will be sold to cover intermediate and peaking supply, as well as provision of back-up power and ancillary services.

## **Plans and Programs**

ACR has three (3) operating power plants in Mindanao. Majority of its power plants are Bunker C – fired diesel and coal fuel types, with a total power capacity of about 468 MW in operation. Around 105 MW are still under construction and development. ACR expects its power capacities to further expand once all of its projects are completed,

While other power generation companies have recently entered Mindanao, ACR believes that its reliable and efficient service would be its primary strength to secure long-term PSAs. Sarangani Energy's 210MW coal-fired power plants are located in Maasim, Sarangani Province. Its first section of 105MW began commercial operations in April 2016, while its second section of another 105MW or Phase 2 started commercial operations on October 10, 2019.

The Company likewise began site development and clearing works for SRPI's 105MW coal-fired power plant project, which could supply power to Zamboanga City and other parts of the Zamboanga Peninsula, with commercial operations expected to begin in 2024.

ACR has plans of investing in renewable energy. The Group has identified hydropower resources in Mindanao and Visayas that may be implemented under the Renewable Energy Act. Apart from hydro-powered projects, the group is also looking into solar-power projects in Mindanao and is also planning to participate in the retail electricity supply business.

ACR has also started construction of its first renewable energy project under Siguil Hydro Power Corporation, which will operate a 14.5MW run-of-river electricity generating facility located at the Siguil River basin in Maasim, Sarangani. The construction phase of this project is in full swing and the and the company expects commercial operations to begin in the first half of 2023.

ACR's plan is to reach a level of balanced generation mix where it can serve the complete power requirements of its customers (i.e., baseload, intermediate, peaking, back-up as well as ancillary). Apart from enhancing its market position, this strategy, will in turn diversify its revenue mix, as well as minimize potential risks that may arise.

## Dividends

Declaration of dividends is subject to approval by the Board of Directors.

Dividends on preferred shares amounting to P4 million in 2021, 2020 and 2019 were applied against the Company's subscriptions receivable from Alsons Corporation.

### Historical Dividend Declarations

<u>Year</u>	<u>Date of Declaration</u>	<u>Per Share</u>	<u>Amount</u>	<u>Date of Payment</u>
<u>2022</u>	May 26, 2022	0.020	P125,830,000	July 23, 2022
2021	May 20, 2021	0.020	125,830,000	July 23, 2021
2020	July 9, 2020	0.020	125,830,000	August 4, 2020

Dividend Policy:

Management continuously endeavors to increase ACR's share value through new projects and expansion programs while at the same time provide yearly dividends to its shareholders. On June 8, 2011, the Board of Directors adopted a dividend policy of annually declaring dividends from 20% of the previous year's unappropriated retained earnings.

Lack of unappropriated retained earnings, due to certain situations such as, but not limited to, allocation of funds for capital expenditures or expansion plans, would limit the ability of the company to pay dividends in the future.

### Government Approvals and Permits

All Government approvals and permits issued by the appropriate Government agencies or bodies which are material and necessary to conduct the business and operations of the Company, were obtained by the Company and its subsidiaries and are in full force and effect.

For the lists of the Company's approvals regulatory permits, please refer to Annex I page 132:

### Effects of Existing or Probable Government Regulations on the Company's Business

Republic Act No. 9136, the EPIRA of 2001, and the covering Implementing Rules and Regulations (IRR) provide for the significant changes in the power sector which include among others:

- i. The unbundling of the generation, transmission, distribution and supply and other disposable assets, including its contracts with IPP and electricity rates;
- ii. Creation of a Wholesale Electricity Spot Market within one year; and
- iii. Open and non-discriminatory access to transmission and distribution systems.

The law also requires public listing of not less than 15% of common shares of generation and distribution companies within 5 years from the effectivity of the EPIRA. It provides: (i) cross ownership restrictions between transmission and generation companies and between transmission and distribution companies; and (ii) a cap of 50% of its demand that a distribution utility is allowed to source from an associated company engaged in generation except for contracts entered into prior to the effectivity of EPIRA; and (iii) specifically relating to generation companies, a cap on the

concentration of ownership to only 30% of the installed capacity of the grid and/or 25% of the national installed generating capacity. Based on the assessment of management, the operating subsidiaries have complied with the applicable provisions of the EPIRA and its IRR

Corporate Recovery and Tax Incentives for Enterprise (CREATE) which aims to recalibrate to make it more relevant and responsive to the needs of businesses negatively affected by the COVID-19 pandemic, and to improve the ability of the Philippines to attract highly desirable investments that will serve the public interest. The CREATE bill seeks to lower corporate income taxes and to rationalize fiscal incentives.

The corporate income tax will be immediately reduced from the current 30 percent to 20 percent for domestic corporations with total assets not exceeding Php100 million, excluding land, and total net taxable income of not more than Php5 million. The corporate income tax of all other corporations, meanwhile, will be lowered to 25 percent. The bill would also lower the minimum corporate income tax (MCIT) from 2 percent to one percent effectively July 2021 until June 30, 2023.

On the fiscal incentives, the total period of incentives availment has been increased to a maximum of 17 years. The length of the period of incentives takes into account the location and type of the registered activity.

Highly-desirable projects with a minimum investment capital of Php50 billion or those that can generate at least 10,000 employees, can enjoy a superior incentive package for up to 40 years which includes ITH for a maximum of 8 years. The sunset period for existing registered business enterprises (RBE) enjoying Income tax holiday (ITH) can continue to enjoy the same within the remaining ITH period while firms enjoying 5% GIT can continue to enjoy the same for 10 years. Existing RBEs may re-apply for the fiscal incentives under the CREATE bill after the lapse for the sunset period.

Approval of fiscal incentives for new projects or activities with investment capital of P 1 billion and below shall be deleted to their respective Investment Promotion Program Agencies (IPA). Fiscal incentives application for projects or activities with investment capital exceeding Php1 billion shall be subject to the approval of the Fiscal Incentives Review Board (FIRB).

Duty exempted on certain importations, VAT exemptions on importations, and VAT zero-rating on local purchases shall still apply.

The reduction of income taxes rates will provide positive impact to existing businesses and attract foreign investors to Kamanga Agro-Industrial Ecozone.

### **Cost and Effect of Compliance with Environmental Laws**

ACR engages only in projects and activities that comply with environmental laws. Its power subsidiaries follow the regulations embodied in the EPIRA. All its plants meet the exhaust emission standards set by Department of Environment and Natural Resources (DENR). Compliance with existing environmental laws has corresponding costs, which include expenditures for the following:

- a. renewal fees for the DENR permit/license to operate;
- b. exhaust emission tests and monitoring (costs covered by the environmental guarantee fund);
- c. environmental monitoring fund (SPPC P500,000 and WMPC P598,000); and,
- d. environmental guaranty fund (SPPC P500,000 and WMPC P508,000).

The Company meets all governmental, environmental, health and safety requirements. The Company's operating units are regularly inspected and have not experienced significant governmental, environment, health or safety problems. For the past three years, the total amounts spent in complying with environmental laws by the subsidiaries are as follows (1) Php 771,967 in 2021; (2) Php 461,176 in 2020; and (3) Php 2,022,841 in 2019.

## **Legal Proceedings**

Southern Philippines Power Corporation, a subsidiary of the Company, and owner of a diesel-fired power plant, has a receivable from the National Power Corporation, which NPC disputed. The parties brought their dispute to the Energy Regulatory Commission for arbitration. On June 3, 2013, the ERC decided in favor of SPPC, and NPC appealed the ERC decision to the Court of Appeals ("CA"), which affirmed the ERC decision. On August 17, 2015, the CA denied NPC's motion for reconsideration. On September 18, 2015, NPC petitioned the Supreme Court to review the ERC and CA decisions. On July 16, 2016, the SC rendered a decision holding NPC liable to pay SPPC for the capacity and other fees arising from the additional 5 MW nominated by SPPC from 2005 to 2010. On November 23, 2016, the SC denied NPC's motion for reconsideration, rendering the ERC decision final. On October 19, 2018, SPPC filed an Urgent Motion to Resolve the pending issue on the NPC's liability for interest and SPPC's motion for issuance of writ of execution against NPC for the payment of the principal amounts owed by NPC to SPPC. On September 6, 2019, SPPC filed with ERC a Manifestation with Urgent Motion to Resolve, praying that the commission: (1) resolve and grant SPPC's Omnibus Motion for Issuance of Writ of Execution and Notice of Garnishment dated July 18, 2018; (2) resolve the issue of NPC's liability for interest in favor of SPPC under the Energy Conversion Agreement. On December 9, 2019, the NPC, through its president and CEO Pio J. Benavidez, signified its agreement to SPPC's waiver of its claims of interest. On December 27, 2019, SPPC filed with the ERC an Omnibus Motion to (a) Resolve and (b) Withdraw claim of interest. On October 14, 2020, the Company filed a Motion to Resolve with the Commission on Audit (COA) requesting to immediately resolve the Petition for Money Claim.

On November 26, 2021, the COA issued Decision No. 2021-345, the dispositive portion of which states:

*"WHEREFORE, premises considered, the Petition for Money Claim of Southern Philippines Power Corporation (SPPC) against the National Power Corporation (NPC) for payment of contractual obligations under the Energy Conversion Agreement (ECA) for the period 2005 to 2010 amounting to USD 5,774,269.75 and P68,644,041.22, is hereby PARTIALLY GRANTED, subject to the usual accounting and auditing rules and regulations."*

In the same Decision, the COA directed SPPC, NPC and PSALM to file their respective Comment regarding PSALM's liability, hence the Decision is partially granted. This means NPC's liability is adjudged by COA as *far as the matter is concerned, however, PSALM's liability is still subject to the final determination of COA.*

In April 12, 2022, SPPC met with NPC to discuss implementation of the Decision. NPC reiterated its position that PSALM has assumed all NPC liabilities under ECA, as provided in Section 49 of the EPIRA.

In June 9, 2022, SPPC filed a Motion for Issuance of the COA Order of Execution with the COA and on July 28, 2022, SPPC again met with NPC's representatives and asked if the liability can be included in NPC's budget in 2023. NPC stated it can only include budget requests for operations related to its missionary electrification. All other liabilities are budgeted by PSALM. NPC reiterated position on PSALM's liability and committed to file a Motion to Resolve to request the COA to state PSALM is liable for the SPPC Claim. On September 15, 2022, COA responded to SPPC's Motion to Resolve by confirming that the comments of all the Parties are already being deliberated by the Commission proper.

As of October 31, 2022, SPPC did not yet recognize the balance of the claim from NPC since management believes that the claim is not yet virtually certain as it requires further review by the COA and appropriation of funds for NPC to release the amount of the claim.

In another case involving the Company's subsidiaries, Celso G. Regencia and Voltaire I. Rovira filed with the Supreme Court a Petition for Certiorari under the Rules of Court, Rule 64, against Conal Holdings Corporation ("CHC", a Company subsidiary), Mapalad Power Corporation ("MPC", a Company subsidiary), Tirso G. Santillan, Jr., former Iligan City Mayor Lawrence LL. Cruz, and the 14th City Council of Iligan City challenging: (a) the Commission on Audit ("COA") Decision No 2012-146 dated September 21, 2012, and (b) the COA Decision No 2018-182 dated January 29, 2018. In their Petition, the Petitioners questioned the validity of the December 12, 2011 sale by Iligan City of the Iligan Diesel Power Plants ("IDPPs") 1 and 2 to CHC, which was approved by the COA. Petitioners claimed grave abuse of discretion, and sought to have the sale reversed on the ground that there were irregularities in (a) the conduct of the auction, and (b) the valuation of the assets in the sale of the IDPPs, none of which were found by the COA. The petition is pending before the Supreme Court.

Receivable balances are monitored regularly and allowance provisions are reviewed to ensure limited exposure to bad debts.

Some of the subsidiaries or affiliates of the Company are also from time to time involved in routine litigation as well as various legal actions incidental to their respective operations while ACR is not involved in material or non-material legal proceedings. However, in the opinion of the Company's management, none of these legal matters, in which its subsidiaries or affiliates are involved, will be material to the Company's financial condition and results of operations.

### Bankruptcy Proceedings

The Company has not contemplated any plan for bankruptcy, receivership, or similar proceedings. Neither is there any material reclassification, merger, consolidation, nor sale of any significant amount of assets in the ordinary course of business.

### Market Information

All the common shares of the company are listed in the Philippine Stock Exchange.

The following are the high and low market prices of the Company's shares for the past three years:

#### Market Price of ACR Shares

Year		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2022	High	P1.20	P1.16	P0.97	
	Low	0.96	0.91	0.84	
2021	High	P1.37	P1.40	P1.36	P1.24
	Low	0.61	1.23	1.15	1.03
2020	High	1.37	1.46	1.44	1.49
	Low	0.61	0.83	1.13	1.19
2019	High	P1.58	P1.48	P1.42	P1.34
	Low	1.28	1.36	1.29	1.21

ACR's common shares were traded at Php 0.81 per share on of December 6, 2022.

## Stockholders

As of October 31, 2022, ACR has 6,291,500,000 common shares outstanding. The top twenty (20) stockholders of the Company, as recorded by Prime Stock Transfer Services, Inc., the Company's stock transfer agent, are as follows:

### Stockholders with 500,000 Shares and Above

Name	No. of Shares Held	% To Total
ALSONS CORPORATION	2,592,524,072	41.21%
ALSONS POWER HOLDINGS CORP.	1,249,999,599	19.87%
ALSONS DEVELOPMENT AND INVESMENT CORPORATION	1,188,524,026	18.89%
PCD NOMINEE CORPORATION (FILIPINO)	1,178,574,150	18.73%
PCD NOMINEE CORPORATION (NON-FILIPINO)	51,216,901	0.81%
SEC ACCOUNT NO. 2 FAO: VARIOUS CUSTOMERS OF GUOCO	2,090,000	0.03%
ALL ASIA CAPITAL TRUST & INVESTMENT DIVISION A/C#95-001	1,830,000	0.03%
EBC SECURITIES CORPORATION	1,030,000	0.02%
CRISOSTOMO, EMILY A.	1,000,000	0.02%
CRUZ JR., FELIPE A.	1,000,000	0.02%
GO, NORA T.	1,000,000	0.02%
FIRST INTEGRATED CAPITAL SECURITIES, INC. (555300)	900,000	0.01%
FIRST INTEGRATED CAPITAL SECURITIES, INC. (555200)	795,000	0.01%
ANSALDO, GODINEZ & CO., INC.	755,000	0.01%
GO, GEORGE	750,010	0.01%
AACTC FAO TRINITY INVESTMENT	680,000	0.01%
YAU, ESTEBAN	600,000	0.01%
TIA, ROY C.	513,000	0.01%
S. J. ROXAS & COMPANY, INC.	507,000	0.01%
CO, ANTONIO	500,000	0.01%
MENDOZA, MARITES &/OR ALBERTO MENDOZA	500,000	0.01%
ROQUEZA, RICARDO S.	500,000	0.01%
SAN JOSE, ROBERTO	500,000	0.01%
VEGA, LUIS V. &/OR ELISEO C. OCAMPO JR.	500,000	0.01%

\*percentages were rounded off.

### Submission of Matters to a Vote of Security Holders

During the calendar year covered by this report, no business matter was submitted to a vote of security holders through solicitation of proxies or otherwise other than an election of the Directors and Senior Management.

## The Board of Directors

The Company's Board of Directors is responsible for the overall management and direction of the Company. The Board meets regularly or as often as required, to review and monitor the Company's financial position and operations. Each Board member serves for a term of one year or until his successor is duly elected and qualified.

The following are the Directors and Officers of the Company and their business experience for the last five years.

### Board of Directors

Office	Name	Nationality
Director, President, Chairman of the Board	Nicasio I. Alcantara	Filipino
Director, Vice-Chair and Treasurer	Editha I. Alcantara	Filipino
Director, Executive Vice President, Chief Operating Officer	Tirso G. Santillan, Jr.	Filipino
Director	Tomas I. Alcantara	Filipino
Director	Alejandro I. Alcantara	Filipino
Director	Ramon T. Diokno	Filipino
Independent Director	Jacinto C. Gavino, Jr.	Filipino
Independent Director	Jose Ben R. Laraya	Filipino
Director	Honorio A. Poblador III	Filipino
Director	Arturo B. Diago, Jr.	Filipino
Independent Director	Thomas G. Aquino	Filipino

**Nicasio I. Alcantara**, 80, Filipino, became the Chairman of the Board of Directors Effective March 1, 2021. He previously led ACR as Chairman and President from 1995 to 2001. He was Chairman and Chief Executive Officer of Petron Corporation from 2001 to 2009. He currently holds leadership positions and board directorships in several companies including ACR Mining Corporation where he serves as Chairman and Phoenix Petroleum where he sits as an independent director. He has over 45 years of involvement in both public and private companies, and in diverse industries that include manufacturing, banking and finance, property, information technology, agriculture, power and energy, financial services, agriculture and diversified holdings. Mr. Alcantara is also a director of Seafront Resources Corporation, Philodril Corporation and Site Group International Limited.

He obtained his Business Administration degree from the Ateneo de Manila University and his Master's in Business Administration from Sta. Clara University, California U.S.A.

**Tomas I. Alcantara**, 76, Filipino, became the Chairman of the Board of Directors and the President of the Company in August 2001. On March 1, 2021, Mr. Alcantara retired from his position due health reasons. Upon his retirement, Mr. Nicasio I. Alcantara will assume the position of Chairman and President of ACR. Under Mr. Tomas Alcantara's leadership, the Alcantara Group cemented its position as one of the country's largest diversified Filipino-owned conglomerates - achieving great strides in the fields of agri-business and aquaculture, property development, and power generation.

He holds a Bachelor of Science degree in Economics from the Ateneo de Manila University and a Master's in Business Administration (MBA) from Columbia University, and he attended the Advanced Management Program of the Harvard Business School. He is presently the Chairman of the Board of Directors and President of Alsons Development and Investment Corporation and Sarangani Agricultural Company, Inc., and other companies in the Alcantara Group (since August 2001).

Mr. Alcantara is also the Chairman of the Alsons Aidx Information Systems, Inc. (since August 2001). He is a Trustee of the European IT Service Center Foundation (since August 2002) and of the Foundation for Revenue Enhancement (August 2004). He has been a Director of Holcim Philippines, Inc. since July 2003, Philweb Corporation (May 2002) and DBP-Daiwa Capital Markets Phils., Inc. (July 1995).

Mr. Alcantara served as Undersecretary for the Industry and Investment Group of the Department of Trade and Industry, the Vice Chairman and Managing Head of the Board of Investments from July 1986 to March 1995, and the Special Envoy of the Philippine President to Asia Pacific Economic Cooperation forum in 1996. He was also the Chairman of the Board of Directors and the President of Holcim Manufacturing Corporation (formerly Alsons Cement Corporation) from May 1997 to July 2003 and has served as a director of that company since 1997. He was a Member of the Advisory Board of Rizal Commercial Banking Corporation (RCBC) from April 1997 to June 2007. Mr. Alcantara served as a Director of Philippine Reclamation Authority (formerly Public Estate Authority) from 2003 to April 2006 and Chairman of the Manila Economic and Cultural Office from March 2001 to August 2010.

**Editha I. Alcantara**, 74, Filipino, has served as a Director of the Company since March 8, 1995. She holds a Business Administration degree from Maryknoll College and an MBA from Boston College. Ms. Alcantara became the President of C. Alcantara and Sons, Inc. in 1992 after serving as the Treasurer of that company. Presently, she is a director (since 1980) and the Treasurer (since October 2000) of other companies in the Alcantara Group.

She is also a Director of the Philippine Wood Producers Association (since May 16, 1980), and has served as a Trustee for the Philippine Business for the Environment, Inc. since July 1995 and as a Trustee of Miriam College since December 1998.

**Tirso G. Santillan Jr.**, 78, Filipino, became a Director of the Company in June 11, 1996. He has also been the Executive Vice-President since April 27, 1995. He holds a Bachelor of Arts degree in Engineering and a Master's in Business Management degree from the Ateneo de Manila University.

Presently, he heads the Power Business Unit of the Alcantara Group. He has been the Executive Vice-President of Alto Power Management Corporation since January 1996, Conal Holdings Corporation since June 1997, Southern Philippines Power Corporation and Western Mindanao Power Corporation since March 1996. He is also a Director of Sarangani Agricultural Co., Inc. since May 2002.

Additionally, he has been the Managing Partner of Private Capital of Asia Ltd. Since June 1991. Mr. Santillan worked with the First Pacific Group from February 1987 to May 1991.

**Alejandro I. Alcantara**, 68, Filipino, has served as a Director of the Company since July 2003. He graduated from the Ateneo de Davao with a degree in Economics. Mr. Alcantara has been a Director and the President of Aquasur Resources Corporation since 1993 and has served in the same capacity with Finfish Hatcheries, Inc. since 1995. He has also served as the Executive Vice President and General Manager of Sarangani Agricultural Company, Inc. since 1986 and of Alsons Aquaculture Corporation since 1998. He also became a Director and the Treasurer of the Federation of Cattle Raisers Association of the Philippines from 1997 to December 2009.

**Ramon T. Diokno**, 75, Filipino, rejoined the Company as a Director in March 18, 2009. Previously, he served the Company as a Director from June 19, 2002 to June 29, 2006 and as its Chief Financial Officer from January 16, 2001 to June 30, 2006. He holds an Economics and Accountancy degree from the De La Salle University and a Master's of Science in Management degree from the Massachusetts Institute of Technology.



Mr. Diokno is also the Chief Financial Officer of Lepanto Consolidated Mining Co and its wholly-owned subsidiaries. He is currently also a Director of Alsons Insurance Brokers Corporation.

**Jacinto C. Gavino, Jr.**, 73, Filipino, has served as Independent Director of the Company since May 2005. He has been a full-time Faculty of the Asian Institute of Management (AIM) since 1990 and he presently holds the Fr. James F. Donelan, SJ, Professional Chair Business Ethics. He is on the core faculty of the Washington SyCip Graduate School of Business (WSGSB). He was also the Associate Dean of the Master in Management Program from 1993 to 1995, and Associate Dean for Research from 1995 to 1999.

He is currently a Director of Productronica Holdings, Inc. (2003), Aurotech Corporation (2000), Green Chemicals Corporation (2006), RNUable Energy Corporation (2011) and Sarangani Agricultural Co., Inc. (2005). He also serves as a Trustee of Fundacion Santiago (2002) and the Center for Family Ministries at the Loyola School of Theology (2006). He also does consultancy work for various businesses and non-profit organizations.

Professor Gavino holds a Bachelor of Science degree in Electrical Engineering from the University of the Philippines (1971), a Master in Business Administration degree from the Ateneo de Manila University (1984), and a Doctorate in Public Administration from the University of the Philippines (1993). He also taught in the Ateneo de Manila University, Maryknoll College, and the University of the Philippines.

**Jose Ben R. Laraya**, 83, Filipino, has served as Independent Director of the Company since March 1995. He holds a Commerce degree from De La Salle College and an MBA from the University of the Philippines. He also attended the Advanced Management Program at Harvard Business School. Currently, he serves as Chairman of the Board of Directors of Ultrex Management and Investments Corporation (1992) and Laraya Holdings, Inc. (2007). He also serves as President of Trully Natural Food Corporation (2004), and a Director of La Frutera, Inc. (1997).

Previously, he served as Vice-Chairman of the Philcom Corporation from October 1996 to February 1999, President of National Steel Corporation from September 1980 to February 1989, Dole Asia from February 1989 to June 1992, and APC Group, Inc. from September 1995 to February 1999.

**Honorio A. Poblador III**, 76, Filipino, has served as a Director of the Company since March 8, 1995. He holds a Political Science degree from the Ateneo de Manila University. Currently, he serves as Chairman of the Board of Directors of Asuncion Realty Corporation (since 1995), Chairman of the Board of Directors and President of Asmaco, Inc. and President of Asian Aesthetic Excellence, Inc. and Mayriad Human Resources and Services, Inc.

He is also a Director of Philippine Communications Satellite Corporation, Philippine Overseas Telecommunications Corporation, and Elnor Investment Corp. (since 1983), Philcomsat Holdings Corporation (1998), the Philodrill Corporation (1997), F&C Realty Corporation and POB Corporation (2003).

**Arturo B. Diago, Jr.** 72, Filipino, became a director of the Company in August 2017 after the resignation of Mr. Nicasio I. Alcantara in July 2017. Mr. Diago has been the Treasurer of Cyan Management Corporation since 1988, Teleperformance, Inc. since 1996, Lacturan Holdings, Inc. since 1997, Mantrade Development Corporation since 2003 and Canlubang Golf Corporation since 2007. Mr. Diago has been the Vice-President-Comptroller of MG Exeo Network, Inc. since 1991. He has been an Executive Vice President and Treasurer of Directories Philippines Corporation since 1989. He served

as the Chief Officer for Administrative and Corporate Service of Pilipino Telephone Corporation until December 31, 2000. Mr. Diago served as the President of Lodestar Investment Holdings Corp. since May 2006. He held various positions in the Alcantara Group of Companies involved in manufacturing, marketing and shipping operations. He has been the Vice Chairman of Asian Media Development Group, Inc. since 2003. Mr. Diago serves as a Director of Directories Philippines Corporation and MG Exeo Network Inc., among other corporations. He has been a Director of Alsons Consolidated Resources, Inc. since August 24, 2017. He serves as a Director of Cebuana Lhuillier Bank, Cybersoft Information Technology, Inc., 911 Alarm, Inc. and Vinnell Belvoir Corp. He served as a Director of Lodestar Investment Holdings Corp. from March 10, 2006 to December 2007 and its Globalport 900, Inc. (a/k/a MIC Holdings Corp.). Mr. Diago served as a Director of PLDT Communications and Energy Ventures, Inc. (Former Name: Pilipino Telephone Corporation) from April 24, 1991 to May 9, 2011. He obtained his Master's Degree in Business Management from the Asian Institute of Management and his Bachelor of Science Degree in Commerce from the De La Salle University. He also attended the Strategic Business Economics Program of the Center for Research and Communication (now University of Asia and the Pacific).

**Dr. Thomas G. Aquino**, 73, Filipino, became an Independent Director of the Company in May 20, 2011. He is a Senior Fellow at the Center for Research and Communication of the University of Asia and the Pacific (UA&P). He was formerly the Senior Undersecretary of Philippine Department of Trade and Industry. He supervised the country's foreign trade promotions, trade negotiations under World Trade Organization and the ASEAN Free Trade Agreements as well as bilateral trade talks with the country's major economic trading nations. He served as overall lead negotiator for the country's first free trade agreement, namely the Philippine-Japan Economic Partnership Agreement and was country representative to the High-Level Task Force on ASEAN Economic Integration. For public service, Dr. Aquino was conferred the Presidential Service Award (or Lingkod Bayan) for extraordinary contribution of national impact on public interest, security and patrimony and was recipient of the Gawad Mabini Award with the rank of Grand Cross (or Dakilang Kamanong) for distinguished service to the country both at home and abroad by the President of the Republic of the Philippines.

Before entering public service, Dr. Aquino held important roles in the fields of economics and business in the private sector as Vice President for Business Economics and Director of the Strategic Business Economics Program of UA&P. He returned to private practice as strategy consultant to companies and economic policy adviser to government entities. He is the Chairman of NOW Corporation and Independent Director of a Brown Company, both publicly listed at the Philippine Stock Exchange. He obtained his Doctorate in Management from IESE Business School, University of Navarre (Spain) in 1980, an MS in Industrial Economics from presently the University of Asia and the Pacific in 1972 and an AB in Economics from the School of Economics, University of the Philippines in 1970.

## The Executive Officers

The following Company Executive Officers do not own more than 2% of ACR:

Officer	Name	Nationality
Director, President, Chairman of the Board	Nicasio I. Alcantara	Filipino
Director, Vice-Chair and Treasurer	Editha I. Alcantara	Filipino
Director, Executive Vice President, Chief Operating Officer	Tirso G. Santillan, Jr.	Filipino
Vice President and Chief Finance Officer	Alexander Benhur M. Simon	Filipino
Chief Investment and Strategy Officer	Antonio Miguel B. Alcantara	Filipino
Corporate Secretary	Ana Maria Margarita A. Katigbak	Filipino

Assistant Corporate Secretary, Data Protection Officer and Compliance Officer	Jonathan F. Jimenez	Filipino
Deputy Chief Financial Officer	Philip Edward B. Sagun	Filipino
Internal Auditor	Alexis B. Dela Cuesta	Filipino

**Alexander Benhur M. Simon**, 59, Filipino, was appointed as Vice President and Chief Finance Officer of Company on February 1, 2021. Mr. Simon previously served as Chief Finance Officer of Global Business Power Holdings Corporation, a subsidiary of Metro Pacific Group, and SMC Global Power Holdings Corporation, a subsidiary of San Miguel Corporation. Mr. Simon obtained his Bachelor of Science degree in Management Engineering from Ateneo de Manila University and completed his Master of Business Administration from Pepperdine State University in California, USA and Master of Applied Business Economics from the Center for Research and Communication.

**Antonio Miguel B. Alcantara**, 38, Filipino, was appointed as Chief Investment and Strategic Officer of Company on February 1, 2021. He has been the Corporate Planning Officer of the Group since August 2014. He led the acquisition of the 103MW Diesel Fired Power Plant in Northern Mindanao (Mapalad Power Corporation) where he currently serves as Director. Mr. Alcantara has also worked under the business development group's Power Business Unit since 2010. Mr. Alcantara obtain his degree in Bachelor of Science in Business Administration degree major in Finance and Marketing at Northeastern University in Boston, MA. He obtained his Master in Business Administration at Babson College, F.W Olin Graduate School of Business in Wellesley, MA where he graduated as Magna Cum Laude.

**Ana Maria Margarita A. Katigbak**, 53, Filipino, has been the Corporate Secretary of the Company since June 24, 2021, replacing Atty. Roberto B. San Jose. She received her BACL and law degree from the University of the Philippines. She is a member of the Philippine Bar and a senior partner of Castillo Laman Tan Pantaleon and San Jose Law Offices. In addition to serving as a Corporate Secretary for the Company, she also serves as a Director of Mabuhay Holdings Corporation since 2007.

**Jonathan F. Jimenez**, 57, Filipino, was appointed as the Assistant Corporate Secretary of the Company on May 26, 2022. He is a member of the Philippine bar and a Juris Doctor (Law) graduate from the Ateneo de Manila University in 1992. Atty. Jimenez ha a long-standing career of 23 years in the Alcantara Group. He first joined the Alcantara Group in October 1998 where he was Legal Counsel of Lima Land, Inc. for 15 years. In October of 2013, he transferred to Alsons Land Corporation prior to moving to Conal Corporation in March 2014 as Legal Counsel and now serves as the Corporate Secretary of the group's other companies.

**Philip Edward B. Sagun**, 47, Filipino, was appointed as the Deputy Chief Financial Officer of the Company on May 2019. In February 2015, he joined the Alcantara Group as AVP Corporate Finance and Treasury.

Prior to joining the company, Mr. Sagun held important roles in the banking sector as First Vice President for Philippine Bank of Communications. He obtained his Bachelor of Arts degree in Social Science from Ateneo De Manila University and holds a master degree in Finance at the University of the Philippines.

**Alexis B. Dela Cuesta**, 47, Filipino, was appointed as the Internal Auditor of the Company on May 26, 2022. In March 2014, he joined the Alcantara Group as Audit Manager. He obtained his Bachelor of Science degree in Accountancy from Mariano Marcos State University.

## Independent Directors

The following are the Company's Independent Directors. They are neither officers nor substantial shareholders of ACR:

1. Jacinto C. Gavino, Jr.
2. Jose Ben R. Laraya
3. Thomas G. Aquino

## Significant Employee

There are no persons other than the Executive Officers that are expected by the Company to make a significant contribution to the business.

## Family Relationships

Mr. Nicasio I. Alcantara, Mr. Tomas I. Alcantara, Mr. Alejandro I. Alcantara, and Ms. Editha I. Alcantara are siblings, while Mr. Antonio Miguel B. Alcantara is the son of Mr. Alejandro I. Alcantara. There are no other family relationships up to 4th degree of consanguinity or affinity.

## Compensation of directors and executive officers

A Director's compensation consists of a per diem of P30,000 for every meeting of the Board of Directors' and P15,000 for every meeting of the Executive Committee and Corporate Governance Committee and the Audit Committee.

The aggregate amounts paid by the Company to its Directors and Executive Officers as a group were 3,300,000, 2,973,000 and 2,850,000 for the years 2021, 2020 and 2019 respectively. For 2022, the Company estimates that it will pay an aggregate amount of 3,600,000 as compensation to its Directors and Executive Officers.

## Summary of Compensation of Directors and Executive Officers

Name and Principal Position	Year (With 2022 Estimates)	Salary (Php)	Bonus (Php)	Other Annual Compensation Income (Php)
Nicasio I. Alcantara, Director, Chairman and President	2022	-	-	P240,000
	2021	-	-	P 210,000
	2020	-	-	-
	2019	-	-	-
Tomas I. Alcantara, Director	2022	-	-	240,000
	2021	-	-	405,000
	2020	-	-	225,000
	2019	-	-	165,000
Editha I. Alcantara Director, Vice Chair and Treasurer	2022	-	-	345,000
	2021	-	-	315,000
	2020	-	-	300,000
	2019	-	-	285,000

<b>Name and Principal Position</b>	<b>Year (With 2022 Estimates)</b>	<b>Salary (Php)</b>	<b>Bonus (Php)</b>	<b>Other Annual Compensation Income (Php)</b>
Tirso G. Santillan, Jr. Director, Executive Vice President	2022	-	-	315,000
	2021	-	-	255,000
	2020	-	-	300,000
	2019	-	-	315,000
Jose Ben R. Laraya Director	2022	-	-	345,000
	2021	-	-	315,000
	2020	-	-	300,000
	2019	-	-	330,000
Ramon T. Diokno Director	2022	-	-	345,000
	2021	-	-	270,000
	2020	-	-	285,000
	2019	-	-	225,000
Alejandro I. Alcantara	2022	-	-	240,000
	2021	-	-	240,000
	2020	-	-	210,000
	2019	-	-	120,000
Arturo B. Diago, Jr.	2022	-	-	240,000
	2021	-	-	240,000
	2020	-	-	210,000
	2019	-	-	180,000
Jacinto C. Gavino, Jr.	2022	-	-	345,000
	2021	-	-	300,000
	2020	-	-	270,000
	2019	-	-	300,000
Honorio H. Poblador, III	2022	-	-	240,000
	2021	-	-	240,000
	2020	-	-	210,000
	2019	-	-	180,000
Thomas G. Aquino	2022	-	-	345,000
	2021	-	-	270,000
	2020	-	-	225,000
	2019	-	-	165,000
All other Officers as a group unnamed	2022	-	-	660,000
	2021	-	-	645,000
	2020	-	-	420,000
	2019	-	-	660,000

Annual Compensation received from ACR consists of per diems given for every attendance in meeting of the Board, Executive Committee, or Audit Committee.

The Company and the Executive Officers are not involved in any of the following transactions:

1. Standard arrangement and any material arrangements;
2. Employment contract (between the registrant and named Executive Officers);
3. Compensatory plan or arrangement;
4. Outstanding warrants or options;
5. Adjustments or amendments on the stock warrants or options.

The members of the Compensation Committee of the Company are as follows:

- |                            |   |                               |
|----------------------------|---|-------------------------------|
| 1. Nicasio I. Alcantara    | - | Chairman                      |
| 2. Honorio A. Poblador III | - | Member                        |
| 3. Jose Ben R. Laraya      | - | Member (Independent Director) |
| 4. Tirso G. Santillan, Jr. | - | Member                        |

### **Warrants and Options Outstanding**

There are no warrants or options granted by the Company to any of its Directors or Executive Officers.

### **Pending Legal Proceedings**

None of the directors and officers were involved in any bankruptcy proceedings as of October 31, 2022 and during the past five years. Neither have they been convicted by final judgment in any criminal proceedings or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court of administrative bodies to have violated a securities or commodities law.

### **Significant employees**

There are no persons other than the executive officers that are expected by the Company to make a significant contribution to the business.

### **Voting Trust Holders of 5% or More**

No person holds five percent (5%) or more of the issued and outstanding shares of stocks of the Company under a voting trust or similar agreement.

### **Change in Control**

There are no changes in controlling interest of the Company during the period covered by this report.

### **Certain Relationships and Related Transactions**

During the last three (3) years, the Company was not a party to any transaction in which a director or Executive Officer of the Company, any nominee for election as a director, or any security holder owning more than 5% of any class of the Company's issued and outstanding shares and/or his/her immediate family member, had a material interest thereon.

In the normal conduct of business, the following are some of the Company's transactions with its affiliates and related parties disclosed in the audited financial statements.

- I. On October 9, 2015, the Company subscribed to 22 million redeemable preferred shares of Aldevinco, a shareholder of the Company, through a conversion of the Company's advances to Aldevinco amounting to P2.2 billion. The redeemable preferred shares have a par value of P100 per share with cumulative dividend of 4% per annum and are non-participating. The Company accounts for its investment in these redeemable preferred shares as part of AFS investment in the Financial Statements.
- II. On March 21, 2013, Aldevinco and ACIL (collectively referred to as AG) and Ayala Land, Inc. (ALI) entered into a joint venture agreement, wherein ALI would own 60% and AG would own 40% of the outstanding capital stock of a Joint Venture Corporation (JVC), Aviana Development Corporation (ADC), which shall develop the Lanang Landholdings in Davao. On September 17, 2013, ADC was incorporated, and ACR subscribed to, and now owns, 34% of ADC's outstanding capital stock.

There were no transactions to which the Company was a party during the past two (2) fiscal years where a Director, Executive Officer, nominee for Director, or stockholder owning more than 10% of the outstanding shares of the Company had a direct interest.

The Company retains the law firm of Castillo Laman Pantaleon and San Jose for legal services, where Atty. Ana A. Katigbak is a Partner. In 2021 and 2020,, ACR paid this law firm fees of P360,000.00 for each year. No special engagement was made during the years covered. The Company believes that the legal fees are reasonable for the services rendered.

With the Company's issuance of the voting preferred shares, the Company's ultimate parent company is Alsons Corporation or AC, which owns 68.63% of all the common and the preferred shares. The Company's outstanding common shares, which are all listed in the Philippine Stock Exchange, are owned and controlled by the following Companies: Alsons Corporation – 41.21%; Alsons Power Holdings Corporation – 19.87%; and Alsons Development and Investment Corporation – 18.89%.

For further disclosures involving related parties, please refer to i) Item 13 in the SEC Form 17-A Annual Report Year Ended December 31, 2021 page 34-36; and ii) Note 20 of the Company's Consolidated Audited Financial Statements for the year ended December 31, 2021.

#### **Security Ownership of Certain Record and Beneficial Owners**

As of October 31, 2022, the Company knows of no one who beneficially owns in excess of 5% of its common stock except as set forth below:

### Beneficial Owners of Voting Securities

Title of Class	Name and address of Record Owner	Relationship with Issuer	Name of Beneficial Owner and Relationship with record owner	Citizenship	Number of shares held	Percent of Ownership
Common	Alsons Corporation <sup>7</sup> Alsons Building, 2286 Pasong Tamo Ext., Makati City	Affiliate	AC	Filipino	2,592,524,072	41.21%
Common	Alsons Power Holdings Corp. Alsons Bldg., 2286 Pasong Tamo Ext., Makati City	Affiliate	APHC	Filipino	1,249,999,599	19.87%
Common	Alsons Development and Investment Corp Alsons Bldg., 2286 Pasong Tamo Ext., Makati City	Affiliate	ADIC	Filipino	1,188,524,026	18.89%
<b>Total</b>					<b>5,031,047,697</b>	<b>79.97%</b>

<sup>7</sup> The President and CEO of the Corporation, Nicasio I. Alcantara, is the Chairman of the Board of Directors of the Company.



## Security Ownership of Management

The table below shows the securities beneficially owned by all Directors, nominees, and Executive Officers of ACR as of October 31, 2022.

### Security Ownership of Management

Title of Class	Name of Beneficial Owner	Amount and Nature/ Type of Beneficial Ownership	Citizenship	Percent of Ownership
<b>Directors</b>				
Common	Nicasio I. Alcantara	100 / Direct	Filipino	0.00%
Common	Editha I. Alcantara	100,000 / Direct	Filipino	0.00%
Common	Alejandro I. Alcantara	1/ Direct	Filipino	0.00%
Common	Jacinto C. Gavino, Jr.	1/ Direct	Filipino	0.00%
Common	Arturo B. Diago, Jr.	1/ Direct	Filipino	0.00%
Common	Ramon T. Diokno	1/ Direct	Filipino	0.00%
Common	Jose Ben R. Laraya	100/ Direct	Filipino	0.00%
Common	Honorio A. Poblador III	100/ Direct	Filipino	0.00%
Common	Tomas I. Alcantara	1/ Direct	Filipino	0.00%
Common	Thomas G. Aquino	100/ Direct	Filipino	0.00%
Common	Tirso G. Santillan, Jr.	1/ Direct	Filipino	0.00%
<b>Total</b>		<b>100,406</b>		
<b>Officers</b>				
Common	Nicasio I. Alcantara	-	Filipino	0.00%
Common	Editha I. Alcantara	-	Filipino	0.00%
Common	Tirso G. Santillan, Jr.	-	Filipino	0.00%
Common	Alexander Benhur M. Simon	-	Filipino	0.00%
Common	Ana A. Katigbak-Lim	-	Filipino	0.00%
Common	Jonathan F. Jimenez	-	Filipino	0.00%
<b>Total</b>		-		0.00%

### Sales of Unregistered Securities within the last three (3) years

The Company issued Promissory Notes (PN) in the last three years which are exempted from registration, pursuant to SRC Rule 9.1.2.5 and SRC Rule 10.1.3. SRC Rule 9.1.2.5 exempts from registration evidences of indebtedness that meet the following conditions:

- Issued to not more than nineteen (19) non-institutional lenders;
- Payable to a specific person;
- Neither negotiable nor assignable and held on to maturity; and
- In an amount not exceeding One Hundred Fifty Million Pesos (PhP150,000,000.00) or such higher amount as the Commission may prescribe.

Meanwhile, SRC 10.1.3 exempts from registration the sale of securities to qualified buyers. A list of these promissory notes previously issued is presented in Annex II.

Certain issuances of the above PNs claimed as exempt from registration are currently the subject of inquiry by the SEC on the validity of their exemptions.

### **Corporate Governance**

In compliance with the SEC directive and in view of the ASEAN Corporate Governance Scorecard Assessment, the Company filed its the latest Integrated Annual Corporate Governance Report for 2021. This is compiled and published in the Company website, in compliance with the SEC Memoranda No. 1 and 12, Series of 2014, requiring all publicly listed companies to consolidate all the ACGR updates and changes for the year and label the consolidated changes as “Consolidated Changes in ACGR for (year)”.

### **Evaluation System**

In compliance with Securities & Exchange Commission (“SEC”) Memorandum Circular No 19, Series of 2016, the Company timely and duly adopted a New Manual on Corporate Governance on 24 August 2017. In this New Manual, the evaluation system established by the Company to measure or determine the level of compliance by the Board of Directors and top-level management with its New Manual consisted of: (1) the appointment of a competent compliance officer who monitors, reviews, evaluates and ensures the compliance by the Company, its officers and Directors with the relevant laws, the Code, rules and regulations and all governance issuances of regulatory agencies; (2) the appointment of a competent Chairman of the Board of Directors who makes sure that performance of the Board is evaluated at least once a year and discussed/ followed up on; (3) the constitution of the Executive Committee of the Board of Directors as concurrently the Corporate Governance Committee that (i) oversees the periodic performance evaluation of the Board, its committees, and Management, and conducts an annual self-evaluation of its performance; (ii) ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement; and (iii) evaluates itself in carrying out its evaluation functions. These evaluations take place usually at the end of the year, just before the annual corporate governance that all Directors and Officers attend.

### **Measures Being Undertaken for Compliance**

The Company plans to fully comply with the adopted leading practices on good corporate governance by constantly reviewing such practices as reported in the relevant media, portrayed in the appropriate websites, and revealed in various conferences and seminars regarding such practices. In addition, the Company’s external auditor regularly briefs the Board regarding up-to-date corporate governance practices in other situations, and suggests the adoption of such practices when relevant for the Company.

### **Deviations**

To date, the Company knows of no material deviation from the Company’s New Manual of Corporate Governance.

### **Future Plans for Improvement**

To improve the corporate governance of the Company, it plans to fully adopt another New Manual on Corporate Governance pursuant to the SEC’s Memorandum Circular No 24, series of 2019, which will require the Company to (1) appoint a competent compliance officer who will monitor, review, evaluate, and ensure that the compliance by the Company, its officers and Directors with the relevant

laws, the Code, rules and regulations and all governance issuances of regulatory agencies; (2) appoint a competent Chairman of the Board of Directors who will make sure that performance of the Board is evaluated at least once a year and discussed/followed up on; (3) constitute the Executive Committee of the Board of Directors as concurrently the Corporate Governance Committee that (i) oversees the periodic performance evaluation of the Board, its committees, and Management, and conducts an annual self-evaluation of its performance; (ii) ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement; and (iii) evaluates itself in carrying out its evaluation functions. These evaluations will take place at the end of the year, just before the annual corporate governance that all Directors and Officers attend, and at such other dates at the discretion of the Board of Directors.

## **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION**

*The following management's discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's unaudited, interim financial statements as of June 30, 2022 and audited consolidated financial statements for the fiscal years ended 2021, 2020, 2019 including the related notes, contained in this Prospectus. This Prospectus contains forward-looking statements that are based largely on the Company's current expectations and projections about future events and trends affecting its business and operations. The Company cautions investors that its business and financial performance is subject to substantive risks and uncertainties. The Company's actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set out in "Risk Factors." In evaluating the Company's business, investors should carefully consider all of the information contained in "Risk Factors."*

### **Risks related to the Covid-19 pandemic**

COVID-19 Alert Level System refers to the new Community Quarantine Classifications for dealing with COVID-19 covering entire cities, municipalities and/or regions; aimed to manage and minimize the risk of the disease through System Indicators, Triggers and Thresholds determined by the IATF to specify the public health and social measures to be taken in relation to the COVID-19 response, as may be updated based on new scientific knowledge, information about the effectiveness of control measures in the country and overseas, and its application.

The guidelines for the Pilot Implementation of Alert Level System in the National Capital Region was adopted by the IATF and was published on September 13, 2021. The pilot area for implementation of the Alert Level System was expanded to include other provinces, highly urbanized cities, and independent component cities on October 18, 2021.

The general community quarantine (GCQ) was introduced on May 1, 2020 and is generally less stringent than ECQ. The Philippines has extended community quarantine restrictions of varying levels nationwide.

The economic narrative on the COVID-19 outbreak revolves around two causal mechanisms: the impact of the fear factor on behavior, reflected in a decline in demand for travel-related services, discretionary consumption, and the production and regional supply chains. Our power plants continue to deliver the required uninterrupted energy supply. As such, the impact on the business will be minimal.

In light of COVID-19, an Emergency Task Force on COVID-19 was formed to ensure there will be continuity of work in case of lockdown. A selected group of teams is working to handle issues on employees' health and safety, communications, technology support and legal compliance. The team will regularly update the guidelines and ensure the adherence to the same.

## Review as of June 30 2022 vs. June 30, 2021 Operations

### Key Performance Indicator

The following key performance indicators were identified by the Company and included in the discussion of the results of operations and financial condition for the Six Months ended June 30, 2022 and 2021. (Amounts in million pesos, except ratios)

Financial KPI	June 30	
	2022	2021
<b>Profitability</b>		
Revenues	Php 5,406	Php 4,631
EBITDA	2,288	2,554
EBITDA Margin	51%	55%
Return on Equity	4%	5%
Net Earnings Attributable to Equity Holders	181	267
<b>Efficiency</b>		
Operating Expense Ratio	26%	14%
<b>Liquidity</b>		
Net Debt Coverage	8%	10%
Current Ratio	1.16:1	1.06: 1
Debt-to-Equity Ratio	2.10:1	2.64: 1
Asset-to-equity Ratio	2.59:1	2.90:1
Interest Rate coverage ratio	2.00:1	2.94:1

### Profitability

Earnings before interest, taxes, depreciation, and amortization (EBITDA) margin of the Company decreased during the first half of the year to 51% from the same period last year at 55%. The Company's operating power plants continue to provide the Group's earnings. Return on equity (ROE) remain stable at 4%, slightly down from 5% last year.

### Efficiency

ACR's power facilities operate and continue to provide power to our customers in various parts of Mindanao amidst the continuing threats of the COVID-19 Pandemic. The 210 mega-watt (MW) Sarangani Energy Corporation (SEC) baseload coal-fired power plant in Maasim, Sarangani with both sections delivering electricity to General Santos City, Sarangani Province, Cagayan de Oro, Iligan, Butuan, and other major population centers in Mindanao. The 100 MW diesel plant of the Western Mindanao Power Corporation (WMPC) in Zamboanga City continues to be a major power to Zamboanga City. WMPC likewise provides ancillary services to the National Grid Corporation of the Philippines (NGCP) with dispatchable generating capacity, reactive power support, and black start capability to help stabilize the power grid in the Zamboanga Peninsula (Western Mindanao/Region 9). Also last year, the Company tendered a proposal for the group's Southern Philippines Power Corp. (SPPC) diesel plant in Region 12 or South-Central Mindanao. The outcome of this proposal remains

pending. The Company is likewise actively exploring prospective markets for its diesel capacity in areas outside of Mindanao where the demand for power is growing.

The Siguil Hydro Power Plant in Maasim Sarangani is in full swing and is expected to be in commercial operations in the first half of 2023, there are expense items that are not allowed to be capitalized as such the operating expense ratio increased to 26% from 14% in the previous year. The operating efficiency of the power plants is expected to continue in accordance with the plans and budgets.

ACR's cash flows from operations this year remain stable at Php1.67 billion from last year's Php2.06 billion. The decline was due to payment of trade payables in the first half of the year. The net debt coverage decreased to 2.59% from 2.90% in the previous year while current ratio improved to 1.16:1 from last year's 1.06:1.

## **Results of Operations**

The first half of 2022 showed steady flow of revenues at Php5,406 million from last year's Php4,631 million. The demand for power in Mindanao has recovered after the lockdown imposed last year due to the Covid-19 Pandemic. We forecast that power demand in Mindanao to be stable for the rest of the year as we recover from the effect of the Pandemic.

Cost of goods sold and services increased significantly from Php2,624 million to Php3,460 million, this year due mainly to the high cost of fuel. Gross profit margin remains stable at 36% delivering a steady gross profit of Php1,945 million for the first half of the year and Php2,007 million for the same period in 2021.

General and administrative expenses increased to Php403 million from Php241 million last year due mainly to higher marketing expenses and one-time settlements of expenses. Most of the Company's personnel are now back to office and some still on a work-from home arrangements to minimize if not totally avoid the covid virus.

Net finance charges for the first half of this year was at Php781 million compared to last year's Php861 million. The decline is due mainly to the lower interest of the Parent because of lower interest rates and the continuing amortization of maturing debts.

Due to the above variances, the net income is lower at Php689 million from last year's Php871 million resulting and the net income attributable to the Parent of Php181 million from last year's Php267 million. Earnings per share were at Php0.029 during this period.

## **Review of Financial Position**

ACR and its Subsidiaries continue to post strong balance sheets with total assets of Php47,973 million, a slight increase from the Php47,756 million at the end of 2021.

Current assets slightly increased by 5% from Php11,204 million to Php11,764 million brought about by the higher trade and other receivables and inventories during the period.

Non-current assets slightly decreased from Php36,552 million to Php36,208 million. The slight decrease is due to the depreciation expense recognized during the period.

Total liabilities amounted to Php29,462 million is slightly lower than the Php29,804 million reported at the end of 2021. The settlement of trade payables was partly offset by the additional loans payable during the period which was used for the construction of Siguil Hydro power plant project.

As of June 30, 2022, ACR's current ratio improved to 1.16 from last year's 1.06 while Debt to equity ratio decreased to 2.10:1 from 2.64:1 last year.

ACR's consolidated statement of cash flows showed that cash from operating activities is the major source of funding for payment of maturing obligations during the period.

- i. Causes of the material changes (5% or more) in balances of relevant accounts as of June 30, 2022 compared to December 31, 2021 are as follows:
  - a) Cash and cash equivalents – Increased 30%  
The increase is due mainly to the timing of collection of trade receivables as well as the proceeds of the Commercial Paper sold during the end of June this year that remained unused.
  - b) Trade and other receivables — Increased 6%  
The Increase is due mainly to the timing of collections of trade and other receivables during the period.
  - c) Spare parts and supplies — Increased 14%  
The increase is due mainly to the acquisition of coal during the period.
  - d) d) Prepaid expenses and other current assets — decreased 61%  
The decrease was due to the release of DSRA of SEC during the during the period.
  - e) Advances to contractors — increased 47%  
The increase was due to the additional advances made to the Contractor of Siguil Hydro Project during the period.
  - f) Contract Asset — Increased 3%  
Contract asset represents asset recognized though the application of PFRS 15. This Accounting Standards simply recognizes the revenues of SEC relative to its Capital Recovery Fee equally over the life of its PSA. Thus, applying the average method in calculating the CRF Revenue. The increment is presented as Contract Asset.
  - g) Accounts Payable and Accrued Expenses — Decreased 38%
  - h) The decrease was due to the timing of payments during the period.
  - i) Loans payable — Increased 27% and Short-term Loans Payable — Increase 82%  
On June 27, 2022, the Company listed P1.265 billion series R and S Commercial Paper with PDS with 6 months and one-year tenor. The proceeds from the issuance which remain outstanding as of June 30, 2022, was for general working capital purposes.
  - j) Income tax payable — Decrease 19%  
Timing of payments of income tax payable led to the decrease in this account during the period.
  - k) Long-term debt — Decrease 5%  
The decrease was due to the continued amortization of maturing portion of the loan.
  - l) Noncontrolling Interest — Increase 9%  
The income recognized representing share of the minority shareholders has led to the increase in this account.
- ii. Events that will trigger Direct or Contingent Financial Obligation that is material to the Company, including any default or acceleration of obligation.
- iii. Some of the subsidiaries or affiliates of the Company are from time to time involved in routine litigation and various legal actions incidents to their respective operations. However, in the opinion of the Company's management, none of the legal matters in which its subsidiaries or affiliates are involved have material effect on the Company's financial condition and results of operations.

- iv. There are no Material Off-balance Sheet Transactions, Arrangements, Obligations (including contingent obligations), and other relationship of the company with unconsolidated entities or other persons created during the period.
- v. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.
- vi. There were no known trends, events or uncertainties that have had or that were reasonably expected to have a material favorable or unfavorable impact to the Company.

## **Review of Current Year 2021 vs. 2020 Operations**

Highlights of the Company's financial performance are as follows:

### **Revenues and Profitability**

ACR and Subsidiaries posted a 6% increase in its consolidated revenues during the year at Php10,055 million from the Php9,471 million reported in the previous year. The improvement was due mainly to Sarangani's improved operations.

Cost of services increased by 33% at P6,255 million from Php4,688 million in 2020 due mainly to the higher fuel cost as well as higher energy dispatched by WMPC in 2021.

General and administrative expenses increased by 27% at Php678 million in 2021 from Php535 million in 2020. The increase was due mainly to the higher taxes and licenses, personnel cost, and bad debt expenses, transportation cost, outside services, and covid-related expenses as a result of easing lockdowns during the year. As a result, operating profit decrease from Php4,248 million to Php3,121 million in 2020. The last year's income includes the one-time recognition of revenue loss compensation charged to EPC contractor of Sarangani 2 as a result of the delay in completing the Plant.

The Company continues to post strong earnings before interest, taxes, depreciation and amortization (EBITDA) registering Php4,709 million in 2021, albeit 22% lower than last year's Php6,061 million. The last year's revenue includes "the revenue loss compensation" paid by JGC for the delay in the completion of Sarangani 2 Plant. The resulting EBITDA margin is 47% from 64% from last year.

Meanwhile, finance charges decrease by 19% from Php2,111 million in 2020 to Php1,717 million in 2021. The decrease was due to the settlement of maturing loans of Sarangani during the year. Interest income on the other hand decrease by 61 % from Php 42million income earned in 2020 to Php 16 million this year. The decrease was due mainly to lower interest rates on placements during the year which is below 1% on the average.

Equity in net earnings coming from the Company's share in Aviana Development Corp. posted higher results in 2021 of Php72 million from P64 million in the previous year due mainly to the improved performance of the Company.

The Company's negative Other Income of Php7 million is lower in 2021 from Php81 million in 2020 due mainly to lower foreign exchange loss as a result of stronger Peso during the year.

As a result of the foregoing, the consolidated net income posted steady result of Php1,321 million. The income attributable to Parent of Php405 million is 24% better than last year's Php325 million posting an earnings per share of Php0.064 from Php0.051 last year.

### **Financial Position**

As of December 31, 2021, total resources of ACR and Subsidiaries remained strong at Php47,754 million, increased by 3% versus the Php 46,415 million level reported in 2020.

Current assets posted a significant increase of 19% from Php9,393 million in 2020 to Php 11,204 million this year. The increase came largely from higher trade and other receivables. In 2020, the Company has provided financial reliefs to certain electric cooperatives and distribution utilities as a response to the effect of the COVID-19 pandemic. These relief measures included restructuring of existing receivables and extension of payment terms. Spare parts and supplies also increased by 81% from Php 839 million to Php 1,517 million due mainly to the higher coal costs.

Noncurrent assets slightly decrease by 1%, due mainly to the recognition of depreciation expense on the Company's property, plant and equipment and partly offset by the cost incurred for the cost of Siguil's Plant which is currently under construction.

Current liabilities increased by 8% from Php8,847 million to Php9,530 million, largely on the availment of short-term notes payable by the Parent Company which were mostly used for the construction Siguil. Noncurrent liabilities, on the other hand, decreased by 7% due to the amortization of maturing long-term debt and partly offset by the recognition of deferred credit arising from the collection of a grant for the Siguil Hydro project.

Equity increased by 14% from Php15,704 million to Php 17,952 million due mainly to the increase in non-controlling interest as a result of the conversion of related party advances in ATEC into equity as well as the income earned during the year.

ACR posted a current ratio of 1.18:1 in 2021 as compared to 1.06:1 in 2020 mainly due to the higher current assets brought about by the increase in trade and other receivables as well as spare parts and supplies.

Net cash inflows from operating activities remain stable and continue to be the source of payment of maturing obligations and trade payables. Net cash used for investing activities decreased significantly from Php 1,487 million to Php497 million this year due mainly to the lower cost for capital expenditures. This year's expenditures focused mainly on the construction of Siguil Hydro Power Plant Project. Net cash outflows from financing activities amounted to Php 2,666 million is likewise lower than last year's Php 3,598 million. This is due mainly to the lower payment of loans and long-term debt as well as interest. The net cash balance after accounting for the above changes reached Php2,864 million, slightly higher than the Php 2,703 million in the previous year.

### **Key Performance Indicator**

The Company's operations for the year ended December 31, 2021 showed stable gross profit at P4,783 million compared to last year's Php2,556 million. KPI of the Company are as follows: (Amounts in million pesos, except ratios).



Financial KPI	Calendar Year	
	2021	2020
<b>Profitability</b>		
Revenues	Php10,055	Php9,471
EBITDA	4,709	6,061
EBITDA Margin	47%	64%
Return on Equity	7%	12%
Net Earnings Attributable to Equity Holders	Php405	Php325
<b>Efficiency</b>		
Operating Expense Ratio	22%	13%
<b>Liquidity</b>		
Interest rate coverage ratio	2.74:1	2.82:1
Current Ratio	1.18:1	1.06:1
Debt-to-Equity Ratio	1.71:1	1.88:1

### Profitability

The earnings before interest, taxes, depreciation and amortization ("EBITDA") of the Company decreased from Php6,061 million in 2020 to Php4,709 million in 2021. The last year's revenue includes "the revenue loss compensation" paid by JGC Corporation for the delay in the completion of Sarangani Energy Corporation ("Sarangani") Phase 2 Plant. The resulting EBITDA margin is 47% in 2021, lower from 64% from last year.

Return on equity was also down from last year's 12% to 7% this year while the net income attributable to the equity holders of the parent improved to Php405 million from last year's Php325 million. All of the operating power plants continue to deliver positive results in spite of the COVID- 19 lockdowns.

### Efficiency

The Company's operating expense ratio increased to 22% in 2021 from 13% in 2020. The operating power plants continue to improve their operating performance during the year.

### Leverage and Liquidity

The continued amortization of Sarangani's project loan which is partly offset by the additional short-term debts obtained by the Parent Company for the construction of Siguil Hydro Project resulted in financial debt decreased slightly by 0.7%. Consequently, net debt coverage ratio decreased to 11% from last year's 13%.

Current ratio on the other hand increased to 1.18: 1 from last year's 1.06: 1 due mainly to the higher balance of trade receivables and coal inventory.

### Material Changes in Consolidated Balance Sheet Accounts by 5% or More

1. Cash and cash equivalents, 6% Increase and Short-term investments, 6% Increase

The decrease in cash and cash equivalents (2021: Php2,864 million vs. 2020: Php2,703 million) was due mainly to the cash generated from operations of the Power Companies as well as additional short-term borrowings of the Parent Company which were used for the construction of Siguil Hydro Power Plant which is expected to begin commercial operations in the first half of 2023.

2. Trade and other receivables, 24% Increase

The increase was due to the timing of collection of trade receivables during the year. The Company has provided financial reliefs to certain electric cooperatives and distribution utilities as a response to the effect of the COVID-19 pandemic. These relief measures included restructuring of existing receivables and extension of payment terms.

3. Spare parts and supplies, 81% increase

The increase was due mainly to the higher cost of coal inventories.

4. Noncurrent Portion of Trade Receivables 93% decrease

The decrease was due to the collections made during the year. In 2020, the Company provided financial reliefs to certain electric cooperatives and distribution utilities as a response to the effect of the Covid-19 Pandemic.

5. Investment in Real Estate, 69% increase

The increase was due mainly to the additional lots acquired by KAIEDC for the expansion of the covered area of the Ecozone Industrial Estate.

6. Advances to Constructors, 59% Decrease

The decrease was due to the reclassification to Construction-in Progress of the Completed portion of Sta. Clara's construction works for Siguil's hydro power plant and KAIEDC property transferred to its name during the year.

7. Property, Plant and Equipment, 2% Decrease

The decrease is due mainly to the depreciation expense recognized on SEC 1 and 2 during the year which is partly offset by the additional project cost incurred for the Construction of Siguil Hydro power plant.

8. Accounts payable and other current liabilities, 17% Decrease

The decrease was due to the conversion of liability to GBPC to non-controlling interest amounting to P1,880 million. This was partially offset by the unpaid purchases of coal during the months of November and December 2021.

9. Loans payable, 14% increase and short-term notes payable, 118% Increase

The increase in loans payable was due to additional loans availed during the months of November and December 2021 while the increase in notes payable represents additional commercial paper issuances in July and November 2021.

10. Income tax payable. 19% Increase

The increase was due to the higher taxable income earned during the year by all operating power Companies.

11. Lease Liability, 300% Increase

The increase was due to the recognition of additional lease obligations during the year.

12. Current Portion of Long-term Debt, 22% Increase. Long-term debts — net of Current portion, 8% Decrease

The variances were due to recognition and settlement of maturing principal during the year.

13. Deferred Credit 100% increase

The increase is due to the portion of Join Credit Mechanism (JCM) grant received by SHPC during the year. As a background, SHPC entered into a grant agreement with Toyota Tsusho Corp. (TTC) and Ministry Environment of Japan (MEJ) in 2029. The Conditions attached to the grant are as follows:

- Construction of hydro power plant
- 50% carbon credits to be delivered to MEJ from start of operation and 22 years thereafter
- The MOA between SHPC and TTC requires SHPC to have an agreed PSA with SOCOTECO 11 or any other offer taker.

## **Review of 2020 vs. 2019 Operations**

Highlights of the Company's financial performance are as follows:

### **Revenues and Profitability**

ACR and subsidiaries posted a 39% increase in its consolidated revenues during the year at Php9,471 million from the Php6,796 million reported in the previous year. This improvement was due mainly to Sarangani Energy's full year of commercial operations which started on October 10, 2019.

Cost of services increased by 11% at Php4,687 million from Php4,237 in 2019 due mainly to the cost associated to Sarangani Energy's II operations as well as higher energy dispatched by the WMPC in 2020.

General administrative expenses were down by 10% at hpP535 million from Php598 million in 2019. The decrease was due mainly to the lower transportation cost, outside services and marketing expenses as a result of lockdown brought about by Covid 19 Pandemic. As a result, operation profit improved significantly from Php1,958 million to Php4,248 million in 2020.

Earnings before interest, taxes, depreciation and amortization improved from Php3,081 million to Php6,061 million this year as a result of full year operations of Sarangani Energy's II resulting to higher EBITDA margin of 64% from last year's 45%.

Meanwhile, finance charges increase significantly by 95% from Php1,081 in 2019 to Php2,111 million. The interest on project loan availed for Sarangani Energy's II are now expensed while in 2019 there were capitalized as part of project cost up to the time the Company declared commercial operations. The Company's negative Other Income of Php81 million is higher in 2020 from Php25 million in 2019 due mainly to an impairment loss of goodwill associated to SPPC amounting to Php115 million.

As a result of the foregoing, the consolidated net income posted significant increase from Php974 million in 2019 to P1,868 million in 2019. The income attributable to Parent is 120% better that of last year's Php248 million to Php325 million this year and posting an earnings per share of Php0.051 from Php0.023 last year.

### Financial Position

As of December 31, 2020, total resources of ACR and Subsidiaries remained strong at Php46,415 million, increased by 2% versus the Php45,609 million level reported in 2019.

Current assets posted a light increase from Php8,840 million in 2019 to Php9,393 million this year. The increase came largely from higher trade and other receivables. In 2020, the Company has provided financial reliefs to certain electric cooperatives and distribution utilities as a response to the effect of the Covid 19 pandemic. These relief measures included restructuring of existing receivables and extension of payment terms. Noncurrent assets slightly decreased by 1% due mainly to the recognition of depreciation expenses on the Company's property, plant and equipment and partly offset by the cost incurred for the cost of Siguil's plant which is currently under construction.

Current liabilities decreased significantly by 27% from Php12,051 million to Php8,847 million, largely on account of refinancing the Company's Fixed Rate Corporate Note (FRCN) in December 2020 as well as lower short-term notes payable. Noncurrent liabilities, on the other hand, increased by 17% due to the reclassification of above maturing loan and partly offset by the additional decommissioning liability related to Sarangani Energy's II.

ACR posted a current ratio of 1.06:1 for 2020 as compared to 0.73:1 in 2019 mainly due to the decrease in currently liabilities as a result of refinancing of the Company's FRCN loan.

Net cash inflows from operating activities remain stable and continue to be the source of payment of maturing obligations and trade payables. Net cash used for investing activities decreased from Php3,083 million to Php2,018 million this year due mainly to the completion of Sarangani Energy's II in October 2019. This years' capital expenditures focused mainly on the construction of Siguil Hydro Power Plant project. Net cash outflows from financing activities amounted to P3,693 million is significantly higher than the P33 million in 2019 due mainly to the payment of long-term debt. The total available funds of Php8,414 million in 2020, from which Php2,205 were used for power plant project construction during the year. The net cash balance after accounting for the above changes reached Php2,703 million, slightly lower than the Php2,815 million in the previous year.

### Key Performance Indicator

The Company's operation for the year ended December 31, 2020 showed stable gross profit at Php4,783 million compared to last year's Php2,556 million. KPI of the Company are as follows:

Financial KPI	Calendar Year	
	2020	2019
Profitability		

Revenues	Php9,471	Php6,796
EBITDA	5,889	3,199
EBITDA Margin	63%	47%
Return on Equity	12%	7%
Net Earnings Attributable to Equity Holders	Php325	Php148
<b>Efficiency</b>		
Operating Expense Ratio	13%	29%
<b>Liquidity</b>		
Net Debt Coverage	26%	10%
Current Ratio	1.06:1	0.73: 1
Debt-to-Equity Ratio	1.88:1	2.82: 1

### Profitability

The EBITDA of the Company increased from Php3,081 million to Php6,061 million due mainly to the full year operations of Sarangani Energy's and improved performances of Sarangani Energy's I and WMPC. EBITDA margin significantly improved from 47% in the previous year to 63% this year as a result of higher income.

ROE was also up from last year's 7% to 12% this year while the net income attributable to the equity holders of the parent increased significantly to Php325 million from last year's Php148 million. The second section of Sarangani Energy's started commercial operations on October 10, 2019 and now in full year operations contributing hpP4,172 million in total revenues during the year.

### Efficiency

The Company's operating expense ratio decreased to 13% in 2020 from 29% in 2019. The full year commercial operations of Sarangani Energy's II and improved operations performance of the Company's operations led to the decrease in operating expense ratio.

### Liquidity

As a result of additional loan obtained by the Parent Company for the construction of Siguil Hydro project, financial debt increased by 8%. Consequently, net debt coverage ratio decreased to 11% from last year's 13%. Current ratio on the other hand increased to 1.06:1 from last year's 0.73:1. The Company has successfully refinanced its FRCN in December 2020.

### Material Changes in Consolidated Balance Sheet Accounts by 5% or More

Cash and cash equivalents, 4% Decrease and Short-term investments, 42% decrease.

The decrease in cash and cash equivalents (2020: Php2,703 million vs. 2019 Php2,814) was due to the usage of cash for the construction of Siguil Hydro and payment of dividends. Siguil is expected to be completed and to commence commercial operations in the first half of 2023.

Trade and other receivables, 22% increase

The increase was due to the timing of collection of trade receivables during the year. The Company has provided financial reliefs to certain electric cooperatives and distribution utilities as a response to the effect of the Covid 19 pandemic. These relief measures included restructuring of existing receivables and extension of payment terms.

Spare parts and supplies, 30% increase

The increase was due mainly to the coal inventory for Sarangani Energy's II who is now on full year commercial operations.

Prepaid expenses and other current assets, 12% decrease

The decrease was due to the lower interest reserve account of Sarangani Energy required for its loan facility used for the construction of Sarangani Energy's II and the application of available creditable withholding tax against income tax due for the year.

Advances to constructors, 9% decrease

The decrease was due to the offsetting of advances against payable on Sarangani Energy's II payables which was partly offset by the advances made for the construction of Siguil which began construction in 2019 and target completion in the first half of 2023.

Contract asset, 35% increase

The contract assets represent asset recognized through the application of PFRS 15. This accounting standards simply recognizes the revenues of SEC relative to its Capital Recovery Fee (CRF) equally over the life of its PSA. Thus, applying the average method in calculating the CRF revenue. The increase during the year is attributable to Sarangani Energy's II recomputation.

Goodwill, 14% decrease

The Company recognized impairment loss amounting to Php115 million in 2020 due to the decline in recoverable amount and no impairment loss was recognized on goodwill in 2019.

Accounts payable and other current liabilities, 14% increase

The increase was unpaid dividends at the end of the year and the refundable deposit for the lot be acquired by a certain customer during the year.

Loan payable, 1,131% increase and short-term notes payable, 45% decrease

The increase in loans payable was due to additional availment during the year used for the construction of Siguil while the decrease in short-term notes payables which was a negotiable commercial paper registered with the Securities and Exchange Commission was due mainly to settlement made during the year.

Income tax payable, 7% increase

The increase was due to the higher taxable income earned during the year. The major portion of this increase is attributed to Sarangani Energy's II which is currently on its first full year of commercial operations.

Lease liability, 89% decrease

The decrease was due to payment of lease during the year

Current portion of long-term debt, 76%

Long-term debt – net of Current portion, 17% increase

The refinancing of the Company's FRCN in December 2020 led to the decrease in current portion of long-term debt at the same time increase in the long-term debt. This same note was recognized as current in 2019.

Deferred tax liabilities, 9% increase

The increase was due to the recognition of additional contract asset related to Sarangani Energy's II.

## **Review of Current Year –2019 vs. 2018 Operations**

Highlights of the Company's financial performance are as follows:

### **Revenues and Profitability**

ACR and Subsidiaries posted a slight increase in its consolidated revenues during the year at P6,796 million, a 2% improvement from the Php6,666 million reported in the previous year. This improvement was due mainly to SEC 2's commercial operations which started on October 10, 2019. It generated 186,609 megawatts of power during the year.

Cost of services decreased by 9% at Php4,237 million from Php4,673 million in 2018. The decrease was due mainly to the lower cost of fuel, lower energy dispatched by the diesel plants and the delay in SEC 2's commercial operations.

General and administrative expenses increased by 23% at Php598 million from Php487 million in 2018. The increase was due mainly to the expenses recognized by SEC 2 as well as those of Siguil Hydro Power Corporation which began construction in the 3rd quarter of 2019 and expected commercial operations by the first half of 2023. Operating profit also improved by 31% at Php1,959 million from Php1,499 million reported in the previous year.

Earnings before interest, taxes, depreciation and amortization (EBITDA) improved from Php2,698 million to Php3,081 million this year. The EBITDA margin is higher at 45% this year versus the 40% earned in 2018. The improvements were due mainly to the revenue contribution of SEC 2 and the better performance of WMPC.

Meanwhile, finance charges decreased by 9% from Php1,186 million to Php1,084 million. The partial pre-payment by ACR Parent debt in April 2018 amounting to P1billion and amortization of SEC 1 project loans, caused the decrease in interest expense. The interest incurred for SEC 2 was capitalized as part of project cost up to the time it declared commercial operations.

The Company realized Other Income of Php164 million from Php390 million in 2018. The Company recognized a dividend from its investment in preferred shares amounting to Php264 million in 2018 which is partly offset by higher equity in net earnings from an associate of Php71 million in 2019, from Php33 million last year. The issuer of the preferred shares did not declare dividend this year. However, the feature of this preferred shares is cumulative and therefore the Company will recognize the dividend in arrears when declaration is made in the future.

As a result of the foregoing, the consolidated net income posted a better performance of Php974 million in 2019, 73% better than the Php563 million in 2018. The income attributable to Parent is 58% better from last year's Php94 million to Php148 million this year and posting an earnings per share of Php0.023 from Php0.014 last year.

### **Financial Position**

As of December 31, 2019, total resources of ACR and Subsidiaries remained strong at Php45,609 million, increased by 5% versus the Php43,492 million level reported in 2018.

Current assets posted a 0.7% decrease, from Php8,904 million to Php8,840 million. The decrease came largely from the use of cash and cash equivalents for the construction and completion of SEC 2. Siguil

Hydro Power Plant likewise began construction during the year. Noncurrent assets rose by 6%, mostly on the capital expenditures incurred for the completion of the construction of SEC 2 and Siguil.

Current liabilities increased significantly by 92% from Php6,280 million to Php12,051 million, largely on account of higher current portion of long-term debt. The first tranche of Company's Fixed Rate Corporate Note (FXCN) which will mature in December 2020 has been recognized as current during the year. The Company is currently working on refinancing this maturing obligation. Noncurrent liabilities, on the other hand, decreased by 18% due to the reclassification of above maturing obligation and partly offset by the recognition of additional decommissioning liability related to SEC 2.

ACR posted a current ratio of 0.73:1 for 2019 as compared to 1.42:1 in 2018 mainly due to the reclassification of its maturing obligation. The Company is already in discussion with the existing lenders for the refinancing and majority has obtained management clearance to refinance the same.

Net cash inflows from operating activities remain stable and continue to be the source of payment of maturing obligations and trade payables. Net cash used for investing activities decreased from Php5,310 million to Php3,083 million this year due mainly to the completion of SEC 2. Net cash inflows from financing activities amounted to -Php33 million in 2019, largely coming from loan availments of Php5,324. These were used mainly for debt servicing and dividend payments. The net cash balance after accounting for the above changes reached Php2,815 million, 19% lower than the Php3,474 million in the previous year.

### Key Performance Indicators (KPI)

The following key performance indicators were identified by the Company and included in the discussion of the results of operations and financial condition. The Company's operations for the year ended December 31, 2018 showed stable gross income at Php2,559 million compared to last year's Php1,993 million. KPI of the Company are as follows: (Amounts in million pesos, except ratios).

Financial KPI	Calendar Year	
	2019	2018
<b>Profitability</b>		
Revenues	Php6,796	Php6,666
EBITDA	3,081	2,698
EBITDA Margin	45%	40%
Return on Equity	7%	4%
Net Earnings Attributable to Equity Holders	148	94
<b>Efficiency</b>		
Operating Expense Ratio	29%	32%
<b>Liquidity</b>		
Net Debt Coverage	11%	13%
Current Ratio	0.73: 1	1.42: 1
Debt-to-Equity Ratio	2.82: 1	2.62: 1

### Profitability

The earnings before interest, taxes, depreciation and amortization (EBITDA) of the Company increased from Php2,695 million to Php3,152 million in 2019 due mainly to the improved performances of SEC and WMPC. EBITDA Margin was also up from 40% in the previous year to 45% this year as a result of higher income.



Return on equity (ROE) was also up from last year's 4% to 8% this year while the net income attributable to the equity holders of the parent increased significantly to P148 million from last year's Php94 million. The second section of SEC started commercial operations on October 10, 2019 contributing Php1,046 million in total revenues during the year.

### **Efficiency**

The Company's operating expense ratio decreased to 29% in 2019 from 32% in 2018. The continued operating performance of the Company's operations led to the decrease in operating expense ratio.

### **Liquidity**

As a result of additional project loan drawdown for the completion of Sarangani Energy section 2 during the year, financial debt increased by 8%. Consequently, net debt coverage ratio decreased to 11% from last year's 13%. Current ratio on the other hand decreased to 0.73:1 from last year's 1.42:1. The first tranche of Company's Five-Year Fixed Rate Corporate Note (FXCN) which matures on December 2020 has been recognized as current during the year. The Company is currently working on the refinancing of this maturing obligation and majority of the noteholders have signified their concurrence.

### **Material Changes in Consolidated Balance Sheet Accounts by 5% or More**

1. Cash and cash equivalents, 19% Decrease and Short-term investments, 31% decrease

The decrease in cash and cash equivalents (2019: Php2,815 million vs. 2018: Php3,475 million) was due to the usage of cash for the completion of the SEC 2 power plant as well as the on-going construction of Siguil Hydro Power Plant. SEC 2 has started commercial operations on October 10 while Siguil is expected to be completed to commence commercial operations in the first half of 2023.

2. Trade and other receivables, 22% Increase

The increase was due to the timing of collection of trade receivables during the year.

3. Spare parts and supplies, 6% decrease

The decline was due mainly to the lower coal consumption of Sarangani Energy Corporation during the year.

4. Prepaid expenses and other current assets, 12% Increase

The increase was due to the higher interest reserve account of Sarangani Energy Corporation required for its loan facility used for the construction of SEC 2.

5. Advances to Constructors, 306% Increase

The increase was due to the additional advances made during the year for our first renewable energy project that began construction in 2019 and target completion in 2022.

6. Property, plant and equipment, 7% Increase

The increase in is due mainly to expenditures incurred for the completion of SEC 2 power plant.

7. Contract Asset, 5% Increase

The Contract asset represents asset recognized through the application of PFRS 15. This Accounting Standards simply recognizes the revenues of SEC relative to its Capital Recovery Fee equally over the life of its PSA. Thus, applying the average method in calculating the CRF Revenue. The increment is presented as Contract Asset.

8. Deferred Financing Cost, 100% Decrease

The decrease was due to reclassification of SEC 2 financing costs into property plant and equipment account.

9. Deferred Tax Assets, 75% Increase

The increase is due largely to the deferred tax impact of the additional recognized contract assets.

10. Accounts payable and other current liabilities, 4% Decrease

The decrease was due mainly to the payment of dividend declared by Sarangani Energy in the previous year.

11. Loans payable and short-term notes payable, 285% Increase

The short-term notes payable represents negotiable commercial paper registered with the Securities and Exchange Commission of the Company, which security is listed in the Philippine Dealing System (PDEX). The increase was due mainly to the additional issuance during the year.

12. Income tax payable, 571% Increase

The increase was due to the higher taxable income earned during the year.

13. Current Portion of Long-term Debt, 397% Increase

Long-term debts – net of Current portion, 19% Decrease

The first tranche of Company's Five-Year Fixed Rate Corporate Note (FXCN) which matures on December 2020 has been recognized as current during the year. The Company is currently working on the refinancing of this maturing obligation and majority of the noteholders have signified their concurrence.

14. Deferred Tax Liabilities, 16% Decrease

The decline in deferred tax liabilities was due to the increase capitalized interest of the SEC 2 Power Plant which is under construction during the year.

## Other Required Disclosures

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

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unsolicited entities or other persons created during the reporting period.

There are no material commitments for capital expenditures.

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

There are no significant elements of income or loss that did not arise from the registrant's continuing operations.

There are no seasonal aspects that had a material effect on the financial condition or results of operations.

## External Audit and Fees

1. SyCip Gorres Velayo & Co. has been the Company's external auditor for the last three fiscal years. SGV has not expressed any intention to resign as the Company's principal public accountant nor has it indicated any hesitance to accept re-election after the completion of their last audit.
2. In compliance with SEC Memorandum Circular No. 8 Series of 2003 on rotation of External Auditors, SGV's previous engagement partner was replaced in 2014.
3. There has been no disagreement with SGV & Co. on accounting principles or practices, financial statements disclosures, auditing scope or procedures, which disagreements, if not resolved to their satisfaction, would have caused them to make reference thereto in its respective reports on the Company's financial statements for the abovementioned years.
4. The Company has maintained SGV as its principal public accountant to audit the financial statement for the last fiscal year. SGV has not expressed any intention to resign as the Company's principal public accountant nor has it indicated any hesitance to accept re-election after the completion of their last audit.

## Members of the Audit Committee

Listed below are the members and officers of the Company's Audit Committee:

### Company's Audit Committee

Office	Name
Chairman	Jose Ben R. Laraya
Member	Editha I. Alcantara
Member	Jacinto C. Gavino, Jr.
Member	Thomas G. Aquino
Member	Ramon T. Diokno

## **External Audit and Audit-Related Fees**

Fees for the years ended December 31, 2021, 2020 and 2019 were P550,000 for each year. The above fees are for the audit of the Company's annual financial statements or services normally provided in connection with statutory and regulatory filings or engagements. The fees and services were approved by the Audit, Risk Oversight, and Related Party Transaction Committee (Audit Committee) in compliance with the Code of Corporate Governance for Publicly Listed Companies.

### **Brief Summary for the Approval of the Auditor's fees**

The Audit Committee pre-approves all audit plans, scope, and frequency before the conduct of its external audit. Moreover, pursuant to its mandate, it likewise performs interface functions with both internal and external auditors.

The External Auditor confers and discusses with the Internal Auditors of the Company the auditing process adopted and methodologies used in compliance with International Accounting Standards in the initial draft of the Financial Statements and Notes to the Financial Statements in compliance with its Internal Management handbook and such other statutory and regulatory requirements.

The External Auditor, likewise, prepares an accountability statement that sufficiently identifies the officers responsible for the financial report.

The final form of the Annual Financial Statements is then presented to the Company's Audit Committee members who can properly review and further examine and perform their oversight financial management functions in such areas relative to the Company's credit, market, liquidity, operational, legal and other risks as indicated in its financial reports. The approval of the External Auditor's fees is made by the Audit Committee in view of the complexity of the services rendered and reasonableness of the fee under the engagement provided in the audit of the Company's Annual Financial Statements.

### **Changes in and Disagreements with Accountant on Accounting and Financial Disclosure**

1. SGV has been the Company's external auditor for the last three fiscal years. SGV has not expressed any intention to resign as the Company's principal public accountant nor has it indicated any hesitance to accept re-election after the completion of their last audit.
2. In compliance with SEC Memorandum Circular No. 8 Series of 2003 on rotation of External Auditors, SGV's previous engagement partner was replaced in 2014.
3. There has been no disagreement with SGV & Co. on accounting principles or practices, financial statements disclosures, auditing scope or procedures, which disagreements, if not resolved to their satisfaction, would have caused them to make reference thereto in its respective reports on the Company's financial statements for the abovementioned years.

## MATERIAL CONTRACTS & AGREEMENTS

The Company's principal contracts generally consist of agreements – directly, or through wholly-owned subsidiaries – with shareholders of several subsidiaries that: (a) own, operate, and maintain, or are developing, different power plants, or real estate projects. The Company also has existing financing agreements. Save for the contracts mentioned below, the Company is not a party to any contract of material importance and outside the usual course of business, and the Directors do not know of any such contract involving the Company.

### 1. Conal Holding Corporation (CHC) and Subsidiaries

WMPC has existing PSAs with electric cooperatives and distribution utilities for a period of 10 years with contracted capacity of 51MW. On September 25, 2017, CEPALCO requested to suspend its PSA starting October 2017 because based on the current supply-demand condition within its franchise area, CEPALCO will not be requiring the 30 megawatts capacity from WMPC for the meantime. Consequently, on September 26, 2017, WMPC agreed to the requested suspension. The unexpired term of the PSA between WMPC and CEPALCO shall be preserved and will resume upon prior written notice from the latter.

In addition, WMPC has existing ASPA with National Grid Corporation of the Philippines (NGCP) which was provisionally approved by the ERC. On the other hand, MPC has existing PSA with electric cooperative with contracted capacity of 30MW.

Revenue amounted to Php 1,822 million in 2021, Php1,572 in 2020, and Php1,592 million in 2019.

### 2. Shareholders' Agreements for SEC, and SRPI

The Company has a shareholders' agreement with Global Business Power Corporation ("GBPC") for Alsons Thermal Energy Corporation ("ATEC"), which owns 75% of the outstanding shares of Sarangani Energy Corporation ("SEC"), and all of the outstanding shares of San Ramon Power, Inc. ("SRPI"), and of Aces Technical Services, Inc. ("ATSI"). TTC owns the other 25% of the outstanding shares of SEC.

#### SEC

SEC has two coal-fired power plants, developed in two phases, and has PSAs with the following electric cooperatives and/or distribution utilities in Mindanao

#### *Phase 1 of the Project*

Contracting Party	Contracted Capacity (in Mega Watts)
SOCOTECO II	70
Iligan Light and Power Inc.	15
Agusan del Norte Electric Cooperative	10
Agusan del Sur Electric Cooperative	10
	105

#### *Phase 2 of the Project*

Contracting Party	Contracted Capacity (in Mega Watts)
Cagayan Electric Power and Light Company, Inc	20
Davao Del Norte Electric Cooperative, Inc.	15

Davao del Sur Electric Cooperative	15
Cotabato Electric Cooperative Inc.	10
South Cotabato I Electric Cooperative	10
Zamboanga del Sur I Electric Cooperative Inc.	5
Zamboanga del Norte Electric Cooperative Inc.	5
	<hr/> 80

## SRPI

In March 2013, SRPI entered into a PSA with ZAMCELCO for a period of 25 years from start of the SRPI's commercial operation. Contracted capacity for the related PSA was 85 MW. On September 15, 2014, the Energy Regulation Commission approved the above PSA. As at March 18, 2021, the Company has not started the construction of the ZAM 100 power plant. The proposals for the Engineering, Procurement and Construction (EPC) rebidding were submitted on August 30, 2018. Selection of the contractor who will handle the construction of the project is scheduled in second quarter of 2021, followed by the issuance of Limited Notice to Proceed and Final Notice to Proceed in June 2021 and November 2021, respectively. The power plant is expected to be operational in 2024.

## 3. Loan Agreement

### Long-Term Loan

**Omnibus Notes Facility and Security Agreement (ONFSA)** - On November 23, 2020, ACR entered into a facility agreement with various noteholders with aggregate principal amount of P6,000 million divided into two (2) tranches: (a) Tranche A with principal amount of P5,215 million, subject to fixed interest rate of 5% and payable within five (5) years from the drawdown date and (b) Tranche B with principal amount of P785 million, subject to fixed interest rate of 6%. The loans are payable semi-annually based on graduated rates of 0.5% of the principal in the first year, 22.5% in the 2nd to 6th year and 77% of the principal in the year of maturity. Proceeds of the loan shall be used to prepay ACR's fixed rate corporate notes facility, partly finance the investments in renewable energy projects and for general corporate purposes. ACR had drawn the entire loan facility amounting to million as of December 31, 2020.

**Fixed Rate Corporate Notes Facility** - On November 25, 2015, ACR entered into a fixed rate corporate notes facility with various noteholders with aggregate principal amount of P7,500 million divided into two (2) tranches: (a) Tranche A with principal amount of P5,600 million, subject to fixed interest rate of 7.24% and payable within five (5) years from the drawdown date and (b) Tranche B with principal amount of P1,900 million, subject to fixed interest rate of 7.92% and payable in annual installment of P19 million for the first six (6) years with balloon payment of P1,786 million on the 7th year from the drawdown date. ACR then settled the remaining balance of fixed rate corporate notes facility in November 2020.

### Short-Term Loan

In 2021 and 2020, the Company availed of unsecured short-term loans from local banks totaling to P1,378.4 million and P1,507.3 million, respectively. These loans are subject to annual fixed interest rates ranging from 3.50% to 6.00% per annum and are payable on various dates within one year. Upon maturity in 2020, these loans were renewed by the Company. As at December 31, 2021 and 2020, outstanding short-term loans amounted to P1,570.5 million and P1,382.7 million, respectively

## Commercial Papers

In 2018, the Company initiated a P2.5 billion Commercial Paper Program with the Multinational Investment Bancorporation acting as the sole issue manager, lead arranger and underwriter of such commercial papers to be listed publicly through the Philippine Dealing & Exchange Corporation. The issuance was divided into two tranches. The first and second tranches shall amount to issuances totaling P1,500.0 million and P1,000.0 million, respectively.

In October 2018, the Company has listed a total of P100 million worth of commercial papers, which was part of the first tranche, with a tenor of 360 days, and was paid in October 2019. These were issued at discounted amounts with net proceeds amounting to P94.0 million.

In 2019, the Parent Company has listed a total of P1,880 million worth of commercial papers with a tenor of 90 to 360 days. These were issued at discounted amounts with net proceeds amounting to P1,806 million. This was settled in 2019 and 2020.

In 2021, the Parent Company has listed a total of P2,000 million worth of commercial papers with a tenor of 182 to 364 days. These were issued at discounted amounts with net proceeds amounting to P1,944 million.

Outstanding balance from the commercial papers amounted to P1,943million and P893 million as at December 31, 2021 and 2020, respectively.

## 4. Joint Venture Agreements

ALC has a Joint Venture Agreement with Sta Lucia Realty Development, Inc. (SLRDI) for the development of ALC's parcels of land at General Trias, Cavite into a commercial and residential subdivision with golf courses, known as the Eagle Ridge Golf and Residential Estates (Eagle Ridge). The entire development shall be undertaken by SLRDI which shall receive 60% of the total sales proceeds of the lots of the subdivision, both commercial and residential, and of the golf shares. The remaining balance of 40% shall be for ALC. ALC's 40% share in the proceeds and in the cost of the lots sold is shown as part of "Sales of real estate" and "Cost of real estate sold" accounts, respectively, in the consolidated statements of income. ALC's share in the unsold lots is included under "Real estate inventories" account in the consolidated statements of financial position.

In 2006, ALC entered a joint venture agreement with Sunfields Realty Development Inc., the developer, for the development of ALC's parcels of land at Lipa and Malvar, Batangas into residential house and lots, called as the Campo Verde Subdivision. The entire development costs were shouldered by the developer. In return to their respective contributions to the project, the parties have agreed to assign a number of units of residential house and lots proportionate to their respective contributions computed as specified in the Memorandum of Agreement. The developer was assigned as the exclusive marketing agent and receives 10% of the total contract price, net of value-added tax and discounts, as marketing fee. Sales and cost of lots sold allocated to ALC are shown as part of "Real estate sales" and "Cost of real estate sales" accounts, respectively, in the consolidated statements of income.

On March 21, 2013, Aldevinco and ACIL (collectively referred as "AG") and Ayala Land, Inc. (ALI) entered into a joint venture agreement, where ALI shall own 60% and AG shall own 40% of the outstanding capital stock of the Joint Venture Corporation (JVC), Aviana. On September 17, 2013, Aviana was incorporated as the JVC. ACR has subscribed to 296 preferred shares and 32 common shares for 34% ownership in Aviana.

## **5. Marketing Agreements**

ALC and SLRDI have a Marketing Agreement with Fil-Estate Group of Companies (FEGC) for the latter to market and sell the individual lots at Eagle Ridge. FEGC is entitled to a marketing commission of 12% of the sales contract price.

## **6. Engineering, Procurement and Construction Contract (EPC)**

Sarangani Energy

On March 30, 2011, Sarangani entered into EPC contract with the consortium of Daelim Industrial Co. Ltd, a company incorporated in Korea, and Daelim Philippines Incorporated, a company incorporated in the Philippines (“Contractor”). Under the terms of the contract, the Contractor shall perform any and all services and provide any and all equipment and construction equipment necessary to perform the work in accordance with the EPC contract on a fixed-price, turnkey basis and shall deliver a fully operational power plant facility (SM 200). On December 29, 2011 and May 24, 2012, Amendments 1 and 2 to the EPC, respectively, were signed, revising certain portions of the EPC. Construction of Phase 1 of the SM200 commenced in January 2013 and was completed in April 2016.

On July 6, 2016, Sarangani entered into EPC contract with JGC Corporation, a company incorporated in Japan, and JGC Philippines, Inc., a company incorporated in the Philippines (“JGC”). Under the terms of the contract, JGC shall install the second 105 MW unit and associated auxiliaries in accordance with Sarangani’s requirements. On October 14, 2016, the formal Notice to Proceed was issued to JGC. Construction of Phase 2 of the SM200 commenced in January 2017 and was completed in October 2019. Sarangani received revenue loss compensation amounting to P880 million in 2020 due to the delay in the completion of the project.

## **7. Registration with Zamboanga City Special Economic Zone Authority (ZAMBOECOZONE) and Kamanga Agro-Industrial Economic Zone**

On November 20, 2012, SRPI obtained the certificate of registration and tax exemption issued by ZAMBOECOZONE. As a registered ZAMBOECOZONE enterprise, SRPI shall enjoy incentives and benefits provided for in Republic Act (R.A.) 7903 Sections 4(e) and 4(f) and Sections 43-44, 57-59 and 62 of R.A. 7903 throughout the Lease Agreement with ZAMBOECOZONE.

On June 7, 2011, PEZA approved Sarangani’s registration as an Ecozone Utilities Enterprise inside Kamanga Agro-Industrial Economic Zone located at Barangay Kamanga, Maasim, Sarangani Province.

As a power generation registered economic zone enterprises SRPI and Sarangani are entitled to the following incentives:

(a) Exemption from national and local taxes and in lieu thereof payment of a special tax rate of 5% on gross income; and

(b) Tax- and duty-free importation of capital equipment, machineries and spare parts. VAT-zero rating on local purchases subject to compliance with BIR and PEZA regulations/requirements.

## **8. Joint Crediting Mechanism Grant (the JCM Grant) by the Ministry of Environment of Japan (MEJ)**

On September 22, 2017, the Company, AREC, Toyota Tsusho Corporation (TTC) and Siguil entered into an International Consortium Agreement (the Consortium Agreement) in order to apply for the JCM



grant with MEJ. On October 20, 2017, MEJ approved the grant in relation to the development and implementation of the 15 MW Hydro Power Plant Project in Siguil River in Mindanao.

On November 14, 2017, the parties entered into a Memorandum of Agreement (MOA) to define its roles and responsibilities in relation to the JCM grant. Under the MOA, TTC shall remit the grant it received from MEJ within 30 days after the issuance of the Certificate of Provisional Acceptance as defined in the EPC contract and the date that Siguil has declared to South Cotabato II Electric Cooperative, Inc. (SOCOTECO II) or any other off-taker that, it is ready to deliver, and SOCOTECO II or any other off-taker is ready to accept, the contracted capacity and dispatchable energy mentioned in the PSA between parties, which is still pending as of date. As of October 31, 2022, Siguil has received 2 grants: (1) On June 14, 2021 for JPY 388,645,236; and (2) on August 1, 2022 for JPY 304,304,764.00

## REGULATORY & ENVIRONMENTAL MATTERS

As a holding company, the Company is subject to ordinary regulations pertaining to regular corporations. However, the Company's subsidiaries may be subject to the following rules and regulations.

### **a. Electric Power Industry Reform Act (EPIRA)**

Republic Act No. 9136, the EPIRA of 2001, and the covering Implementing Rules and Regulations (“IRR”) provide for the significant changes in the power sector which include among others:

- i. The unbundling of the generation, transmission, distribution and supply and other disposable assets, including its contracts with IPP and electricity rates;
- ii. Creation of a Wholesale Electricity Spot Market within one year; and
- iii. Open and non-discriminatory access to transmission and distribution systems.

The law also requires public listing of not less than 15% of common shares of generation and distribution companies within 5 years from the effective date of the EPIRA. It provides cross ownership restrictions between transmission and generation companies and between transmission and distribution companies, and a cap of 50% of its demand that a distribution utility is allowed to source from an associated company engaged in generation except for contracts entered into prior to the effective date of the EPIRA.

There are also certain sections of the EPIRA, specifically relating to generation companies, which provide for a cap on the concentration of ownership to only 30% of the installed capacity of the grid and/or 25% of the national installed generating capacity. Based on the assessment of management, the operating subsidiaries have complied, with the applicable provisions of the EPIRA and its IRR.

Based on the assessment of management, the operating subsidiaries have complied with the applicable provisions of the EPIRA and its IRR.

### **b. Clean Air Act**

The Clean Air Act and the related IRR contain provisions that have an impact on the industry as a whole and on the Group in particular, that needs to be complied with. Based on the assessment made on the power plant's existing facilities, management believes that the operating subsidiaries comply with the applicable provisions of the Clean Air Act and the related IRR.

### **c. Securities and Exchange Commission**

Under the SRC, the Securities & Exchange Commission (the “Commission”) has jurisdiction and supervision over all corporations, partnerships or associations that are grantees of primary franchises, license to do business or other secondary licenses. As the government agency regulating the Philippine securities market, the Commission issues regulations on the registration and regulation of securities exchanges, the securities market, securities trading, the licensing of securities brokers and dealers and reportorial requirements for publicly listed companies and the proper application of Securities Regulation Code provisions, as well as the Revised Corporation Code, and certain other statutes.

## **GENERAL CORPORATE INFORMATION**

### **INCORPORATION**

The Company is duly organized as a corporation under the laws of the Philippines and was registered with the Commission on December 24, 1974.

### **ARTICLES OF INCORPORATION AND BY-LAWS**

The Commission approved the Articles of Incorporation of the Company on December 24, 1974. The Commission approved the latest amended Articles on August 11, 2014.

The By-Laws of the Company were registered with the Commission on December 24, 1974 and were amended on July 16, 2004.

### **PRIMARY PURPOSE**

To acquire by purchase, exchange, assignment, gift or otherwise, and to hold, own and use for investment or otherwise, and to sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, traffic, deal in, and with, and otherwise to operate, manage, enjoy and dispose of, any and all properties of every kind and description and whatever situated, as and to the extent permitted by the law, including but not limited to, buildings, tenements, warehouses, factories, edifices and structures and other improvements, and bonds, debentures, promissory notes, shares of capital stock, or other securities or obligations, created, negotiated or issued by any corporation, association, or other entity, foreign or domestic and while the owner, holder or possessor thereof, to exercise all the rights, powers and privileges of ownership or any other interest therein, including the right to receive, collect and dispose of, any and all rentals, dividends, interests and income, derived therefrom, and the right to vote on any proprietary or other interest, on any shares of the capital stock, and upon any bonds, debentures, or other securities having voting power, owned or held; and provided that it shall not engage in the business of an open-end or close-end investment company as defined in the Investment Company Act (Republic Act No. 2629)

### **CORPORATE TERM**

The Company has perpetual existence pursuant to the Revised Corporation Code. Section 11 of the Revised Corporation Code grants corporation's perpetual existence unless its articles of incorporation provides otherwise. Corporations established prior to the effective date of the Revised Corporation Code shall have perpetual existence unless the shareholders owning and/or representing at least a majority of the outstanding capital stock notifies the Commission that it elects to retain its corporate term pursuant to its articles of incorporation. The Company has not made such election to retain its corporate term indicated in its Articles of Incorporation.

### **FISCAL YEAR**

The business year of the Company begins on the first day of January and ends on the last day of December of each year.

## **APPROVALS**

The Board of Directors of the Company approved the issuance and sale of the CPs on December 10, 2020.

## **DOCUMENTS AVAILABLE FOR DOWNLOADING**

In order to implement necessary health protocols consistent with the directives and guidelines of the Department of Health for the protection of Commission's employees and the investing public, the Commission suspended: (i) the physical inspection of the Company's articles of incorporation, and by-laws, as amended; and (ii) providing physical copies thereof to interested parties, until further notice. In lieu thereof, the Commission adopted an alternative mode viewing and/or downloading the documents, and any subsequent amendments thereto, by enabling interested parties to access the same through the MSRD corner of the Commission's website ([www.sec.gov.ph](http://www.sec.gov.ph)) or the Company's website (<http://acr.com.ph/index.php>)

## TAXATION

*Following is a general description of certain Philippine tax aspects of investment by prospective CP Holders. This discussion is based upon Philippine tax laws, in particular the Tax Code, its implementing regulations and rulings in effect at the date of this Prospectus. Subsequent legislative, judicial or administrative changes or interpretations may be retroactive and could affect the tax consequences to the prospective CP Holders.*

*The tax treatment of a prospective CP Holder may vary depending on such CP Holder's particular situation and certain prospective CP Holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a prospective CP Holder.*

*This general description does not purport to be a comprehensive description of the Philippine tax aspects of investment in the CPs and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing the CPs under applicable tax laws of other jurisdictions and the specific tax consequence in light of particular situations of acquiring, owning, holding and disposing the CPs in such other jurisdictions.*

**EACH PROSPECTIVE CP HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH CP HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE CPs, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.**

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines but who is not a citizen of the Philippines; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines; a non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines"; otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "resident foreign corporation" is a foreign corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a foreign corporation not engaged in trade or business within the Philippines. The term "foreign" when applied to a corporation means a corporation that is not domestic while the term "domestic" when applied to a corporation means a corporation created or organized in the Philippines or under its laws.

### **Taxation of Interest Income/Discount**

The CPs will be, under current interpretation of the Tax Code, treated as, a deposit substitute instrument as such term is defined under the Tax Code. Interest income earned, or the yield, or any other monetary benefit from the CPs realized by the CP Holders shall be taxed as described in the following sections.

#### **Interest income/Discount earned by individuals**

As a general rule, interest income earned or yield or any other monetary benefit from the CPs realized by individual citizens of the Philippines, resident aliens and non-resident aliens engaged in trade or business in the Philippines is subject to a final withholding tax at the rate of 20%.

Transfers or assignments of the CPs by the CP Holders are subject to a final tax on the interest income already earned by the transferor CP Holder which shall be borne by the CP Holder.

Interest income received by non-resident aliens not engaged in trade or business in the Philippines shall generally be subject to a final withholding tax of 25%. However, such tax rate may be reduced under an applicable tax treaty.

#### **Interest income/Discount earned by corporations**

Interest income earned, or the yield, or any other monetary benefit derived by domestic and resident foreign corporations from the CPs shall be subject to a final withholding tax of 20% of such interest income. On the other hand, interest income received by a non-resident foreign corporation shall be subject to 30% final withholding tax. This rate may also be reduced under an applicable tax treaty.

#### **Interest income/Discount earned by trusts**

A trust is generally taxed in the same way as an individual pursuant to the Tax Code which provides that the tax imposed upon individuals shall apply to the income of any kind of property held in trust (except qualifying employee's trust considered tax-exempt). Accordingly, since trusts are, for tax purposes, treated as an individual, interest income earned by trusts are likewise subject to the 20% final withholding tax.

#### **Tax-exempt persons**

All sums payable by the Issuer to tax-exempt persons shall be paid in full without deductions for taxes, duties, assessments, or government charges, subject to the submission to the Registrar by the CP Holder claiming the exemption of reasonable evidence of such exemption.

### **DOCUMENTARY STAMP TAXES**

The Tax Code imposes a documentary stamp tax on all debentures, certificates of indebtedness, due bills, bonds, loan agreements, deposit substitute debt instruments at the rate of ₱1.50 on every ₱200, or fractional part thereof, of the face value of such securities; Provided, that for such debt instruments with terms of less than one (1) year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to three hundred sixty five (365) days. The Company has undertaken to pay the documentary stamp tax on the issuance of the CPs.

### **VALUE-ADDED TAX AND GROSS RECEIPTS TAX**

At issuance, no VAT shall be imposable upon the CPs. Subsequent transfers shall similarly be free of VAT, unless the CP Holder is a dealer in securities. In that instance, the CP Holder shall be liable to pay 12% VAT on the gross income derived from the trading of the CPs.

Under Republic Act No. 9238, services rendered in the Philippines by, among others, banks, non-bank financial intermediaries, quasi-banks, finance companies, and other financial intermediaries not performing quasi-banking functions (excluding insurance companies) are exempted from the coverage of the VAT. The exemption, which took effect retroactively on 1 January 2004, reverts to the application of the GRT regime on services rendered by banks, non-bank financial intermediaries, quasi-banks, finance companies, and other financial intermediaries not performing quasi-banking functions (excluding insurance companies). Rates of GRT shall be as follows:

- (1) Banks and Non-Bank Financial Intermediaries Performing Quasi-Banking Functions:

- (a) On interest, commission and discounts from lending activities as well as income from financial leasing, on the basis of the remaining maturities of instruments from which such receipts are derived:
  - Maturity period is five years or less – 5%
  - Maturity period is more than five years – 1%
- (b) On dividends and equity shares in net income of subsidiaries – 0%
- (c) On royalties, rentals of real or personal property, profits from exchange and all other items treated as gross income under the Tax Code – 7%
- (d) On net trading gains within the taxable year on foreign currency, debt securities, derivatives and other similar financial instruments – 7%

(2) Other Non-Bank Financial Intermediaries:

- (a) On interest, commission, discounts and all other items treated as gross income under the Tax Code – 5%
- (b) On interest, commission and discounts from lending activities as well as income from financial leasing, on the basis of the remaining maturities of instruments from which such receipts are derived:
  - Maturity period is five years or less – 5%
  - Maturity period is more than five years – 1%

## **ESTATE AND DONOR'S TAX**

The transfer of the CPs by a decedent to his heirs, whether or not such decedent was residing in the Philippines, will be subject to an estate tax that is levied on the net estate of the deceased at a rate of six percent (6%). CP Holders, whether or not citizens or residents of the Philippines, will be subject to donor's tax upon the donation of the CPs to any person at a rate of 6% computed on the basis of the total gifts in excess of ₱ 250,000 per year.

The estate tax, as well as the donor's tax in respect of the CPs, shall not be collected if: (a) the deceased at the time of his death or donation was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) the laws of the foreign country of which the deceased or the donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

## **TAXATION OUTSIDE THE PHILIPPINES**

The tax treatment of non-resident CP Holders in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations on such non-resident holders under laws other than those of the Philippines.

## ANNEX I: PERMITS AND LICENSES

Companies	License/ Permits	Issuing Body	Issue Date	Validity Date
ACR	Business Permit	LGU-Makati	January 22, 2022	December 31, 2022
ACR	Sanitary Permit	Environmental Health & Sanitary	January 23, 2022	December 31, 2022
ACRM	Assignment of MPSA No. 094-97-XI from ALDEVINCO to ACR MINING	DENR	February 22, 2022	
ACRM	Restoration of the Lost Term of MPSA No. 094-97-XI Granted to ACRM	DENR	June 21, 2022	
MPC	Permit to Operate- APSCI, MPC2 Only	DENR	March 21, 2019	March 29, 2024
MPC	Permit to Operate- Crane MPC2	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- Steam Boiler	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- Steam Boiler MPC 2 Exhaust Gas	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- ICE-X-21-2013M I.C.E MPC 2	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- ICE-X-22-2013M I.C.E MPC 2	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- ICE-X-23-2013M I.C.E MPC 2	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- ICE-X-23-2018M I.C.E MPC 2	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- ICE-X-24-2013M I.C.E MPC 2	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- ICE-X-25-2013M I.C.E MPC 2	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- ICE-X-26-2013M I.C.E MPC 2	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- ICE-X-27-2013M I.C.E MPC 2	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- ICE-X-28-2013M I.C.E MPC 2	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- PPD-L-X-1-2013M Power Piping Line Operation Permit Fuel	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- PPD-L-X-2-2013M Power Piping Line Operation Permit Steam	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- PVDL-X-51-2013M Pressure Vessel MPC 2	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- PVDL-X-52-2013M Pressure Vessel MPC 2	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- PVDL-X-53-2013M Pressure Vessel MPC 2	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- PVDL-X-54-2013M Pressure Vessel MPC 2	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- PVDL-X-55-2013M Pressure Vessel MPC 2	DOLE	March 31, 2022	March 31, 2023



MPC	Permit to Operate- PVDL-X-56-2013M Pressure Vessel MPC 2	DOLE	March 31, 2022	March 31, 2023
MPC	Permit to Operate- PVDL-X-57-2013M Pressure Vessel MPC 2	DOLE	March 31, 2022	March 31, 2023
MPC	Business Permit	LGU-Iligan	March 31, 2022	March 31, 2023
MPC	Certificate of Compliance	ERC	May 6, 2018	May 5, 2023
MPC	Wastewater Discharge Permit- Domestic	DENR	July 01, 2022	July 01, 2023

MPC	Wastewater Discharge Permit-Industrial	DENR	July 01, 2022	July 01, 2023
MPC	Environmental Compliance Certificate-Exemption MPC 2013_1992	DENR	July 03, 2013	July 03, 2028
MPC	Water Permit- NWRB	NWRB	March 18, 2022	May 05, 2023
MPC	PDEA License	PDEA	April 22, 2022	April 02, 2023
SEC	Wastewater Discharge Permit- EMB	DENR	April 30, 2021	April 30, 2026
SEC	Environmental Compliance Certificate	DENR	October 24, 2017	October 24, 2042
SEC	Maritime Industry Authority - Bay and River License	Maritime	March 08, 2022	March 06, 2023
SEC	Water Permit	NWRB	February 26, 2015	February 26, 2040
SEC	PDEA License to Handle Controlled Precursors and Essential Chemicals	PDEA	April 18, 2022	March 25, 2023
SEC2	Certificate of Compliance	ERC	September 24, 2019	September 23, 2024
SEC1	Provisional Authority to Operate (Pre- Release)	ERC	June 27, 2022	April 18, 2023
SPPC	Environmental Compliance Certificate-for the additional 5.5MW Bunker Fired Diesel Generating Set Project	DENR	August 26, 1997	N/A
SPPC	Environmental Compliance Certificate-for the 50MW Bunker Fired Diesel Power Plant	DENR	June 04, 2004	N/A
SPPC	Certificate of Compliance	ERC	August 27, 2018	August 26, 2023
WMPC	Permit to Operate - Internal Combustion Engine	DOLE	November 24, 2021	N/A
WMPC	Permit for Power Piping Line Operation Permit	DOLE	January 19, 2022	N/A
WMPC	Permit to Operate- Pressure Vessel	DOLE	January 19, 2022	N/A
WMPC	Permit to Operate - Steam Boiler	DOLE	January 19, 2022	N/A
WMPC	Permit to Transport	DENR		N/A
WMPC	Water Permit	NWRB	5/19/98	
WMPC	Certificate of Compliance	ERC	August 27, 2018	August 26, 2023
WMPC	License to to Handle Controlled Precursors and Essential Chemicals	PDEA	September 14, 2021	N/A
WMPC	Wastewater Discharge Permit	DENR	February 01, 2022	January 31, 2023
WMPC	Permit to Operate- Air Pollution Source and Control Installation	DENR	August 12, 2022	August 12, 2027
WMPC	Environmental Compliance Certificate	DENR	November 08, 1996	N/A
SHPC	Sanitary Permit (for Business Permit-Head Office) 2019	DENR-EMB	January 23, 2022	December 31, 2022
SHPC	ECC- AMENDED	DENR-EMB	22/01/2019	N/A
SHPC	Mayor's Permit	LGU	January 27, 2022	December 31, 2022
SHPC	RESHERR - SAFETY OFFICER PERMIT 2021-2022	DOE	March 21, 2022	March 20, 2023
SHPC	Makati Business Permit 2022	LGU	January 23, 2022	December 31, 2022

SHPC	Special Tree Cutting and Earth Balling Permit - Extension	DENR	23/12/2021	December 23, 2022
SHPC	LGU Maasim- Mayor's Permit	LGU	27/01/2022	December 31, 2022
SRPI	Environmental Compliance Certificate	DENR	20/03/2012	March 20, 2037
SRPI	Water Permit (Saaz Riverwater)	NWRB	08/06/2022	June 8, 2023
SRPI	Water Permit (sea water)	NWRB	28/09/2022	November 30, 2023
SRPI	Permit to Develop Private Port	PPA	10/03/2015	March 20, 2037
SRPI	Project Site Fencing Permit	ZFA	28/03/2016	March 20, 2037
SRPI	Provisional Permit for Miscellaneous Lease Agreement (MLA)	DENR	19/10/2021	October 19, 2024
SRPI	Certificate of Registration as a locator	ZFA	12/11/2022	November 12, 2023
SRPI	SRPI Business Permit	LGU Makati	23/01/2022	December 31, 2022

## ANNEX II: LIST OF PROMISSORY NOTES (UNREGISTERED) AND REGISTERED COMMERCIAL PAPERS ISSUED

ALSONS CONSOLIDATED RESOURCES, INC AND  
SUBSIDIARIES  
Schedule E: Total Debt  
For the Year Ended December 31,2019

	UNREGISTERED	REGISTERED	UNREGISTERED	UNREGISTERED	EXEMPTION RATIONALE
Title of Issue and Type of Obligation	Loans Payable in the Balance Sheet	Short Term Notes Payable in the Balance Sheet	Current Portion of Long-Term Debt in the Balance Sheet	Noncurrent Portion of Long-Term Debt in the Balance Sheet	Total Long Term Debt
Parent Company					
Philippine peso-denominated debt:					
Five-year fixed rate corporate note			4,528,412,954	25,615,251	4,554,028,205
Seven-year fixed rate corporate note			17,420,796	1,416,603,631	1,434,024,427
Missionary Sisters of Immaculate Heart of Mary	11,214,392				11,214,392
Stella Maris College	11,027,210				11,027,210
Pag Asa Human Development Foundation Inc,	8,053,433				8,053,433
St. Louis School Inc.	3,518,093				3,518,093
PERAA Fund	21,009,051				21,009,051
St. Augustine School Inc.	7,469,547				7,469,547
PETER T NG OR JOSEPHINE NG LO		9,748,345			9,748,345
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008459		9,748,345			9,748,345
SHINHAN BANK MANILA BRANCH		121,854,316			121,854,316
MBTC TBG AS TRUSTEE FOR TA NO 10650002612		14,525,035			14,525,035
MBTC TBG AS TRUSTEE FOR TA NO 10640968510		15,109,935			15,109,935
MBTC TBG AS IM FOR IMA NO 30300000618		9,748,345			9,748,345
MBTC TBG AS IM FOR IMA NO 30110012409		11,698,014			11,698,014
MBTC TBG AS IM FOR IMA NO 30110009719		7,603,709			7,603,709
MBTC TBG AS IM FOR IMA NO 30110026009		22,616,161			22,616,161
MBTC TBG AS IM FOR IMA NO 30110010019		4,874,173			4,874,173
MBTC TBG AS IM FOR IMA NO 30110010819		9,260,928			9,260,928
MBTC TBG AS IM FOR IMA NO 30110010719		13,745,167			13,745,167
MBTC TBG AS IM FOR IMA NO 30110010519		19,496,691			19,496,691
MBTC TBG AS IM FOR IMA NO 30110010419		4,874,173			4,874,173
CSBI TRUST DEPT FAO TA NO 093120000014		4,874,173			4,874,173
CSBI TRUST DEPT FAO TA NO 0931200000205		4,874,173			4,874,173
JULIAAN MULLIE FOUNDATION INC		3,899,338			3,899,338
PETER HENRI K NG		974,835			974,835
ANTRILIA RESOURCES CORPORATION		974,835			974,835
MAYBANK PHILIPPINES INCORPORATED		41,138,017			41,138,017
AGBAY MARIA KATHERINE A		487,417			487,417
CRISTOBAL MARILOU C OR CRISTOBAL OSCAR A		2,144,636			2,144,636
ROXAS SOL ELIZAH T		2,924,504			2,924,504
MULTINATIONAL INVESTMENT BANCORPORATION		19,496,691			19,496,691
NAVARRO MARIA TERESITA M		487,417			487,417
NAVARRO MARIA TERESITA M		487,417			487,417
GUILLARTE DANTE D		1,949,669			1,949,669
LAPERAL GERARDO OLIVERIO V		1,462,252			1,462,252

QUIAMBAO CECILIA CRISTINA G OR QUIAMBAO MIKAELA G		2,437,086		2,437,086
TAN MARIMIL G OR QUIAMBAO CARLO ISAIH G		2,437,086		2,437,086
PUZON MIGUEL Y		487,417		487,417
SIVARAMAN RAMASWAMI K		1,949,669		1,949,669
CSBI TRUST DEPT FAO TA No 093160000546		487,417		487,417
CSBI TRUST DEPT FAO TA No 093160000065		2,437,086		2,437,086
CSBI TRUST DEPT FAO TA No 093120000296		1,267,285		1,267,285
CSBI TRUST DEPT FAO TA No 093120000168		877,351		877,351
CSBI TRUST DEPT FAO TA No 093120000021		974,835		974,835
CSBI TRUST DEPT FAO TA No 093200000802		1,949,669		1,949,669
PETER T NG OR JENNY K NG		9,748,345		9,748,345
SHINHAN BANK MANILA BRANCH		121,854,316		121,854,316
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030310000226		1,072,318		1,072,318
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008305		1,072,318		1,072,318
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008127		1,072,318		1,072,318
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008400		2,437,086		2,437,086
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008399		1,072,318		1,072,318
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008425		1,072,318		1,072,318
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008241		19,496,691		19,496,691
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008314		5,361,590		5,361,590
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008458		10,235,763		10,235,763
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008454		1,072,318		1,072,318
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180000318		1,072,318		1,072,318
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030310004497		1,072,318		1,072,318
MBTC TBG AS IM FOR IMA NO 30110010619		9,748,345		9,748,345
MBTC TBG AS IM FOR IMA NO 30110009019		4,874,173		4,874,173
MBTC TBG AS IM FOR IMA NO 30110009319		4,874,173		4,874,173
MBTC TBG AS IM FOR IMA NO 30110009419		4,874,173		4,874,173
MBTC TBG AS IM FOR IMA NO 30110009519		8,968,478		8,968,478
MBTC TBG AS IM FOR IMA NO 30110009619		9,748,345		9,748,345
MBTC TBG AS TRUSTEE FOR TA NO 10650001919		4,874,173		4,874,173
MBTC TBG AS IM FOR IMA NO 30110009819		13,647,683		13,647,683
MBTC TBG AS IM FOR IMA NO 30110009919		9,748,345		9,748,345
MBTC TBG AS TRUSTEE FOR TA NO 10650008612		9,748,345		9,748,345
MBTC TBG AS IM FOR IMA NO 30300000618		19,496,691		19,496,691
MBTC TBG AS IM FOR IMA NO 30110007210		4,874,173		4,874,173
MBTC TBG AS IM FOR IMA NO 30110010119		4,874,173		4,874,173
MBTC TBG AS IM FOR IMA NO 30110019409		6,336,424		6,336,424
MBTC TBG AS IM FOR IMA NO 30110002017		5,849,007		5,849,007
MBTC TBG AS IM FOR IMA NO 30110001917		5,849,007		5,849,007
MBTC TBG AS TRUSTEE FOR TA NO 10650010309		14,622,518		14,622,518
MBTC TBG AS IM FOR IMA NO 30110012409		23,396,029		23,396,029
MBTC TBG AS IM FOR IMA NO 30120010512		9,748,345		9,748,345
MBTC TBG AS TRUSTEE FOR TA NO 10640967710		4,874,173		4,874,173
MBTC TBG AS TRUSTEE FOR TA NO 10650008411		24,370,863		24,370,863
MBTC TBG AS TRUSTEE FOR TA NO 10640361304		9,748,345		9,748,345
MBTC TBG AS TRUSTEE FOR TA NO 10640952509		4,874,173		4,874,173
MBTC TBG AS TRUSTEE FOR TA NO 10650017111		974,835		974,835

MBTC TBG AS TRUSTEE FOR TA NO 10650020912		2,047,153			2,047,153	
MBTC TBG AS IM FOR IMA NO 30110026009		48,741,727			48,741,727	
MBTC TBG AS IM FOR IMA NO 30110010319		4,874,173			4,874,173	
MBTC TBG AS IM FOR IMA NO 30110010219		4,874,173			4,874,173	
MBTC TBG AS IM FOR IMA NO 30110008719		6,823,842			6,823,842	
SUN SAVINGS BANK INC		9,748,345			9,748,345	
CSBI TRUST DEPT FAO TA No 093120000151		779,868			779,868	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030005000005		24,370,863			24,370,863	
Marilou C. Cristobal		1,966,826			1,966,826	
Susan Lagdameo or Cayetano Lagdameo		983,413			983,413	
Renato Anel or Corazon VL Anel or Rico Carlo Anel		1,966,826			1,966,826	
Renato L. Anel or Cynthia L. Anel		983,413			983,413	
Antrilla Resources Corp.		983,413			983,413	
Franciscan Missionaries of Mary (SMC Oroquieta)		4,228,675			4,228,675	
c/o 10		1,475,119			1,475,119	
Victoria Jardiolin or Dinah Bitong etal		5,605,454			5,605,454	
Market Reach		22,618,497			22,618,497	
Miguel Puzon		491,706			491,706	
Beatriz R. Gobencion		983,413			983,413	
C/O 78		983,413			983,413	
Robinsons Bank Trust and Investment Group		7,965,644			7,965,644	
Robinsons Bank Trust and Investment Group		24,585,322			24,585,322	
Rico CL Anel or Corazon VL Anel		1,966,826			1,966,826	
Franciscan Missionaries of Mary		1,868,485			1,868,485	
Franciscan Missionaries of Mary		2,458,532			2,458,532	
MBTC		12,981,050			12,981,050	
MIB		1,278,437			1,278,437	
C's Subsidiaries						
palad Power Corporation						
90days peso denominated fixed rate debt	50,000,000				50,000,000	SRC Rule 10.1.3
EC's Subsidiaries						
angani Energy Corporation						
Thirteen and a half year peso denominated debt floating rate debt - SEC1			813,624,983	6,205,515,723	7,019,140,706	SRC Rule 10.1.3
Ten and a half year peso denominated floating rate debt - SEC2			411,106,911	9,881,194,454	10,292,301,366	SRC Rule 10.1.3
30days term peso denominated fixed rate debt		645,000,000			645,000,000	
	112,291,726	1,618,725,542	5,770,565,644	17,528,929,060	25,030,511,972	

Total non-QIBs is Php 41,282,674 for 5 lenders

ALSONS CONSOLIDATED RESOURCES, INC AND  
SUBSIDIARIES  
Schedule E: Total Debt  
For the Year Ended December 31,2020

Title of Issue and Type of Obligation	UNREGISTERED	REGISTERED	UNREGISTERED	UNREGISTERED	EXEMPTION RATIONALE
	Loans Payable in the Balance Sheet	Short Term Notes Payable in the Balance Sheet	Current Portion of Long-Term Debt in the Balance Sheet	Noncurrent Portion of Long-Term Debt in the Balance Sheet	
Parent Company					
Philippine peso-denominated debt:					
Five-year fixed rate corporate note			10,193,384	5,123,601,734	5,133,795,118
Seven-year fixed rate corporate note			1,534,383	771,242,064	772,776,447
ANTIPOLO SEMINARY FOUNDATION INC.	9,207,697				9,207,697
CHRIST THE KING COLLEGE	5,800,598				5,800,598
CONGREGATION OF THE MOST HOLY REDEEMER	41,268,009				41,268,009
FRANCISCAN MISSIONARIES OF MARY	4,071,654				4,071,654
MISSIONARY SISTERS OF IMMACULATE HEART	15,570,707				15,570,707
MULTINATIONAL INVESTMENT BANCORPORATION	54,968,767				54,968,767
PAG ASA HUMAN DEVELOPMENT FOUNDATION INC.	13,436,211				13,436,211
PCCI TIG AS INVESTMENT MANAGER	152,832,226				152,832,226
PERAA FUND	38,782,350				38,782,350
RCBC TRUST AND INVESTMENT GROUP	549,229,885				549,229,885
SBJ MARIKINA SHOE EXCHANGE	25,000,000				25,000,000
SHOECAT, INC.	39,944,932				39,944,932
ST LOUIS SCHOOL INC.	3,675,903				3,675,903
ST. AUGUSTINE'S SCHOOL INC.	12,865,454				12,865,454
ST. LOUIS SCHOOL INC.	19,820,845				19,820,845
ST. THERESAS COLLEGE - QUEZON CITY	9,992,808				9,992,808
STELLA MARIS COLLEGE	11,494,791				11,494,791
STERLING BANK OF ASIA TRUST GROUP	374,704,670				374,704,670
FRANCISCAN MISSIONARIES OF MARY		4,862,691			4,862,691
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310025290		4,862,691			4,862,691
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310024191		4,862,691			4,862,691
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310025445		9,725,383			9,725,383
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310026901		45,223,030			45,223,030
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310027767		87,528,445			87,528,445
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280001260		9,725,383			9,725,383
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280000901		9,725,383			9,725,383
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280001249		4,862,691			4,862,691
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030320530069		48,626,914			48,626,914
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008241		19,450,766			19,450,766
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008464		4,959,945			4,959,945
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008493		4,862,691			4,862,691
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008487		4,862,691			4,862,691
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008382		4,862,691			4,862,691
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030320008357		4,862,691			4,862,691
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180007971		4,862,691			4,862,691
STELLA MARIS COLLEGE INC		4,862,691			4,862,691
ROBINSONS BANK TRUST AND INVESTMENTS GROUP TA NUMBER 030005000005		38,804,277			38,804,277
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030320008292		4,862,691			4,862,691
BILLONES JOSEPHINE MANINGO OR BILLONES ANAMAE MANINGO		2,917,615			2,917,615
SAMANIEGO AMELIA RIVERA OR SAMANIEGO CELSO LOMBO		2,917,615			2,917,615
QUIAMBAO CECILIA CRISTINA G OR TAN MARIMIL G		5,348,961			5,348,961
QUIAMBAO CECILIA CRISTINA G OR QUIAMBAO MIKAELA G		5,348,961			5,348,961
NAVARRO MARIA TERESITA MAULEON		972,538			972,538

ROXAS SOL ELIZAH T		3,014,869		3,014,869
GUILLARTE DANTE DIZON		1,945,077		1,945,077
CAYANGA EFRENILO JR LANSANGAN OR CAYANGA EVE CHERIE LYNN LANSANGAN		972,538		972,538
CAYANGA EVE CHERIE LYNN LANSANGAN		972,538		972,538
CAYANGA EMMANUEL CHRISTIAN LANSANGAN OR CAYANGA EVE CHERIE LYNN LANSANGAN		972,538		972,538
CAYANGA EGBERT CHAD LANSANGAN OR CAYANGA EVE CHERIE LYNN LANSANGAN		972,538		972,538
DEL ROSARIO MARIA LUZ UY OR EXIOMO LARRY VENTURA OR EXIOMO KEIKO KIANA ESPINUEVA		972,538		972,538
PUZON MIGUEL YAP		972,538		972,538
CHAN HUAN KIM OR CHAN NENITA ALVARADO		4,862,691		4,862,691
SY SUY KIAT OR SY VICTORIA CO OR SY GIOVANNI JOHN CO		486,269		486,269
FLORES PATRICIA GUTIERREZ		972,538		972,538
ANTRILIA RESOURCES CORPORATION		7,780,306		7,780,306
SBJ MARIKINA SHOE EXCHANGE CORPORATION		24,313,457		24,313,457
SHOECAT INC		29,176,148		29,176,148
FRANCISCAN MISSIONARIES OF MARY		1,945,077		1,945,077
SHINHAN BANK MANILA BRANCH		189,644,964		189,644,964
CTBC BANK PHILS CORP TISD AS IMA AGENT TO IMA NO 28450		10,114,398		10,114,398
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008254		1,556,061		1,556,061
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008314		4,862,691		4,862,691
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008458		14,588,074		14,588,074
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008411		5,057,199		5,057,199
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530096		14,588,074		14,588,074
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008241		1,847,823		1,847,823
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530095		3,890,153		3,890,153
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008000		972,538		972,538
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008176		2,139,584		2,139,584
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008265		1,945,077		1,945,077
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030320008358		1,069,792		1,069,792
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530097		5,835,230		5,835,230
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008363		1,069,792		1,069,792
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008413		1,945,077		1,945,077
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008454		2,139,584		2,139,584
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530093		1,069,792		1,069,792
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030320530098		5,348,961		5,348,961
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008104		1,945,077		1,945,077
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008424		1,069,792		1,069,792
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008426		1,069,792		1,069,792
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008427		1,069,792		1,069,792
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008428		1,945,077		1,945,077
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180007932		1,069,792		1,069,792
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180000961		1,069,792		1,069,792
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530065		1,069,792		1,069,792
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530091		2,917,615		2,917,615
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530092		2,917,615		2,917,615
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008155		1,069,792		1,069,792
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER		1,069,792		1,069,792



030180008222						
ROBINSONS BANK TRUST AND INVESTMENTS GROUP MONEY MARKET FUND		4,862,691			4,862,691	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP BALANCED FUND		486,269			486,269	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001862		972,538			972,538	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001863		972,538			972,538	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001715		486,269			486,269	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 000724		9,725,383			9,725,383	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001249		3,890,153			3,890,153	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001766		1,945,077			1,945,077	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001467		1,069,792			1,069,792	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001342		972,538			972,538	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001160		972,538			972,538	
STERLING MONEY MARKET FUND TA NO 111000111		1,945,077			1,945,077	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001524		486,269			486,269	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093160000041		1,945,077			1,945,077	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093120000333		486,269			486,269	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093120000168		1,847,823			1,847,823	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093160000065		5,640,722			5,640,722	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093160000546		583,523			583,523	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093160000539		583,523			583,523	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093120000021		972,538			972,538	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310024234		4,862,691			4,862,691	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310024191		4,862,691			4,862,691	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030320008375		19,450,766			19,450,766	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030320008292		3,598,392			3,598,392	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP TA NUMBER 030005000005		77,900,316			77,900,316	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093120000302		2,334,092			2,334,092	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093120000205		15,657,866			15,657,866	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093120000296		1,556,061			1,556,061	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093120000014		3,403,884			3,403,884	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001320026989		5,251,706			5,251,706	
EC's Subsidiaries						
angani Energy Corporation						
Thirteen and a half year peso denominated debt floating rate debt - SEC 1			791,934,350	5,407,775,766	6,199,710,116	SRC Rule 10.1.3
Ten and a half year peso denominated floating rate debt - SEC 2			599,597,768	9,287,402,293	9,887,000,061	SRC Rule 10.1.3
					-	
	1,382,667,507	892,790,136	1,403,259,885	20,590,021,857	24,268,739,385	

Total of non-QIB is Php 147,204,677 for 11 lenders

ALSONS CONSOLIDATED RESOURCES, INC AND  
SUBSIDIARIES  
Schedule E: Total Debt  
For the Year Ended December 31,2021

Title of Issue and Type of Obligation	UNREGISTERED	REGISTERED	UNREGISTERED	UNREGISTERED	EXEMPTION RATIONALE	
	Loans Payable in the	Short Term Notes Payable in the	Current Portion of Long-Term Debt in the	Noncurrent Portion of Long-Term Debt in the	Total Long Term	
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Debt	
Parent Company						
Philippine peso-denominated debt:						
Five-year fixed rate corporate note			9,418,639	5,114,183,095	5,123,601,734	SRC Rule 10.1.3
Seven-year fixed rate corporate note			1,417,763	769,824,301	771,242,064	
CHRIST THE KING COLLEGE	6,002,583				6,002,583	Rule 9.1.2.5.
CONGREGATION OF THE MOST HOLY REDEEMER	19,982,024				19,982,024	Rule 9.1.2.5
FRANCISCAN MISSIONARIES OF MARY	4,177,641				4,177,641	Rule 9.1.2.5
MISSIONARY SISTERS OF IMMACULATE HEART	16,048,575				16,048,575	Rule 9.1.2.5
PAG ASA HUMAN DEVELOPMENT FOUNDATION INC.	13,843,440				13,843,440	Rule 9.1.2.5
PCCI TIG AS INVESTMENT MANAGER	273,753,723				273,753,723	SRC Rule 10.1.3
RCBC TRUST AND INVESTMENT GROUP	1,018,883,381				1,018,883,381	SRC Rule 10.1.3
SBJ MARIKINA SHOE EXCHANGE CORP	19,982,024				19,982,024	SRC Rule 10.1.3 *
SHOECAT INC	39,964,047				39,964,047	SRC Rule 10.1.3 *
ST. AUGUSTINE'S SCHOOL INC.	13,320,350				13,320,350	Section 9.1.2.5
ST. LOUIS SCHOOL, INC.	7,045,329				7,045,329	Section 9.1.2.5
STELLA MARIS COLLEGE	11,844,985				11,844,985	Section 9.1.2.5
STERLING BANK OF ASIA TRUST GROUP	125,686,928				125,686,928	SRC Rule 10.1.3
BANSON CARMELITA TANJANGCO OR PASTELERO ANA FELISA BANSON		7,822,120			7,822,120	
PBCOM TRUST GROUP AS TRUSTEE FOR PMT 500005		4,888,825			4,888,825	
STERLING BANK OF ASIA TRUST GROUP AS INV MGR OF TA NO 280 000482		6,844,355			6,844,355	
STERLING BANK OF ASIA TRUST GROUP AS INV MGR OF TA NO 280 001988		4,888,825			4,888,825	
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2345		13,688,710			13,688,710	
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2290		79,198,964			79,198,964	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008136		4,888,825			4,888,825	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180000410		4,888,825			4,888,825	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008265		4,888,825			4,888,825	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530128		4,888,825			4,888,825	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530130		4,888,825			4,888,825	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008326		4,888,825			4,888,825	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540236434		22,488,595			22,488,595	
RCBC TIG AS INVESTMENT MANAGER OF TA 900000356		4,888,825			4,888,825	
RCBC TIG AS INVESTMENT MANAGER OF TA 968862		12,222,062			12,222,062	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239913		9,288,767			9,288,767	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239921		4,888,825			4,888,825	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540124792		4,888,825			4,888,825	
UCPB TBG AS IM FOR 21 010920		5,573,260			5,573,260	
UCPB TBG AS IM FOR 19 009830		9,093,214			9,093,214	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310029367		1,759,977			1,759,977	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310028590		3,226,624			3,226,624	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310026534		7,822,120			7,822,120	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310026901		13,786,486			13,786,486	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310026878		1,759,977			1,759,977	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310027512		4,693,272			4,693,272	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310029378		1,759,977			1,759,977	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310018473		1,759,977			1,759,977	

PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310027001		2,542,189			2,542,189
PUZON MIGUEL YAP		977,765			977,765
CRISTOBAL MARILOU CABRERA OR CRISTOBAL OSCAR ABAD		1,955,530			1,955,530
SAMANIEGO AMELIA RIVERA OR SAMANIEGO CELSO LOMBO		3,911,060			3,911,060
FLORES PATRICIA GUTIERREZ OR FLORES EDILBERTO HERNANDEZ		977,765			977,765
ROJAS EDUARDO CARRILLO OR ROJAS ENRICO LUIS DALUPAN		1,466,647			1,466,647
QUIAMBAO CECILIA CRISTINA G OR QUIAMBAO MIKAELA G		3,911,060			3,911,060
TAN MARIMIL G OR QUIAMBAO CARLO ISIAH G		3,911,060			3,911,060
NAVARRO MARIA TERESITA MAULEON		488,882			488,882
SY SUY KIAT YU OR SY VICTORIA CO OR SY GIOVANNI JOHN CO		488,882			488,882
CHAN HUAN KIAM LEE OR CHAN NENITA ALVARADO		7,333,237			7,333,237
CANTO RHODORA ZAMORA OR CANTO LEANDRO GABRIEL ZAMORA		3,911,060			3,911,060
DEL ROSARIO MARIA LUZ UY OR EXIOMO LARRY VENTURA OR EXIOMO KEIKO KIANA EXSPINUEVA		977,765			977,765
ALCANTARA ANTONIO MIGUEL BARCIA		9,777,650			9,777,650
GOBENCION MA BEATRIZ LUISA REYES		977,765			977,765
MANAGEMENT ASSOCIATION OF THE PHILIPPINES AGRIBUSINESS AND COUNTRYSIDE DEVELOPMENT FOUNDATION INC		977,765			977,765
ANTRILIA RESOURCES CORPORATION		2,933,295			2,933,295
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310027767		87,998,849			87,998,849
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310024191		4,888,825			4,888,825
STERLING MONEY MARKET FUND		7,333,237			7,333,237
STERLING BANK OF ASIA TRUST GROUP AS INV MGR OF TA NO 280 000897		488,882			488,882
STERLING BANK OF ASIA TRUST GROUP AS INV MGR OF TA NO 280 001221		1,955,530			1,955,530
STERLING BANK OF ASIA TRUST GROUP AS INV MGR OF TA NO 280 001777		1,955,530			1,955,530
STERLING BANK OF ASIA TRUST GROUP AS INV MGR OF TA NO 280 001117		488,882			488,882
STERLING BANK OF ASIA TRUST GROUP AS INV MGR OF TA NO 280 000884		2,933,295			2,933,295
BENEFICIAL LIFE INSURANCE COMPANY INC		97,776,498			97,776,498
PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 9094		9,777,650			9,777,650
PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 9147		977,765			977,765
PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 9148		1,955,530			1,955,530
PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 9197		1,955,530			1,955,530
PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 9268		4,888,825			4,888,825
PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 8540		19,555,300			19,555,300
PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 9259		48,888,249			48,888,249
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239867		4,888,825			4,888,825
RCBC TIG AS INVESTMENT MANAGER OF TA 51540232765		1,955,530			1,955,530
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239182		4,888,825			4,888,825
RCBC TIG AS INVESTMENT MANAGER OF TA 100001215		9,777,650			9,777,650
RCBC TIG AS INVESTMENT MANAGER OF TA 100001246		4,888,825			4,888,825
RCBC TIG AS INVESTMENT MANAGER OF TA 51540101512		1,955,530			1,955,530
RCBC TIG AS INVESTMENT MANAGER OF TA 51540077409		4,888,825			4,888,825
RCBC TIG AS INVESTMENT MANAGER OF TA 900000360		3,911,060			3,911,060
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239875		977,765			977,765
RCBC TIG AS INVESTMENT MANAGER OF TA 51540090804		977,765			977,765
RCBC TIG AS INVESTMENT MANAGER OF TA 51540143150		7,822,120			7,822,120
RCBC TIG AS INVESTMENT MANAGER OF TA 51540099569		65,510,254			65,510,254
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239158		977,765			977,765
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239311		977,765			977,765
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239883		3,422,177			3,422,177
RCBC TIG AS INVESTMENT MANAGER OF TA 51540026324		1,466,647			1,466,647
RCBC TIG AS INVESTMENT MANAGER OF TA 51540142200		782,212			782,212
RCBC TIG AS INVESTMENT MANAGER OF TA 51540138505		879,988			879,988
RCBC TIG AS INVESTMENT MANAGER OF TA 51540144599		782,212			782,212
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239891		782,212			782,212
RCBC TIG AS INVESTMENT MANAGER OF TA 51540126345		2,444,412			2,444,412
RCBC TIG AS INVESTMENT MANAGER OF TA 51540099097		977,765			977,765
RCBC TIG AS INVESTMENT MANAGER OF TA 51540141492		1,173,318			1,173,318
RCBC TIG AS INVESTMENT MANAGER OF TA 100000102		977,765			977,765

RCBC TIG AS INVESTMENT MANAGER OF TA 900000042		4,986,601			4,986,601	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540230606		10,168,756			10,168,756	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239980		5,084,378			5,084,378	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540101482		2,444,412			2,444,412	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540125616		1,466,647			1,466,647	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239999		3,031,071			3,031,071	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540098996		4,888,825			4,888,825	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540143932		4,888,825			4,888,825	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540233060		4,888,825			4,888,825	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540134145		9,777,650			9,777,650	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540139072		977,765			977,765	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540228415		2,053,306			2,053,306	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540098376		13,297,604			13,297,604	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540143428		977,765			977,765	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540127139		3,911,060			3,911,060	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540139447		977,765			977,765	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540094400		977,765			977,765	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540154195		1,955,530			1,955,530	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540045280		9,973,203			9,973,203	
RCBC TIG AS INVESTMENT MANAGER OF TA 968986		19,555,300			19,555,300	
RCBC TIG AS INVESTMENT MANAGER OF TA 968862		19,555,300			19,555,300	
RCBC TIG AS INVESTMENT MANAGER OF TA 100000893		1,173,318			1,173,318	
RCBC TIG AS INVESTMENT MANAGER OF TA 100001103		1,955,530			1,955,530	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540034718		977,765			977,765	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540090456		977,765			977,765	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540147369		2,444,412			2,444,412	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540138815		1,466,647			1,466,647	
RCBC TIG AS INVESTMENT MANAGER OF TA 900000423		488,882			488,882	
RCBC TIG AS INVESTMENT MANAGER OF TA 100000083		9,190,991			9,190,991	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540240016		1,955,530			1,955,530	
RCBC TIG AS INVESTMENT MANAGER OF TA 51512139765		1,955,530			1,955,530	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540047623		977,765			977,765	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540226951		488,882			488,882	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540093999		977,765			977,765	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540232994		977,765			977,765	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540125691		488,882			488,882	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540101830		488,882			488,882	
RCBC TIG AS INVESTMENT MANAGER OF TA 100000422		2,151,083			2,151,083	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540102454		5,866,590			5,866,590	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239964		977,765			977,765	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239972		1,368,871			1,368,871	
RCBC TIG AS INVESTMENT MANAGER OF TA 100000201		2,933,295			2,933,295	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540235020		6,355,472			6,355,472	
RCBC TIG AS INVESTMENT MANAGER OF TA 100000995		9,777,650			9,777,650	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540150475		1,955,530			1,955,530	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540147490		1,955,530			1,955,530	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540145218		4,888,825			4,888,825	
RCBC TIG AS INVESTMENT MANAGER OF TA 5154095148		4,986,601			4,986,601	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540137916		5,866,590			5,866,590	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540135719		9,777,650			9,777,650	
RCBC TIG AS INVESTMENT MANAGER OF TA 5154040661		2,933,295			2,933,295	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239921		5,084,378			5,084,378	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540150270		2,933,295			2,933,295	
RCBC TIG AS INVESTMENT MANAGER OF TA 100001187		1,955,530			1,955,530	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239956		1,955,530			1,955,530	
RCBC TIG AS INVESTMENT MANAGER OF TA 5154070382		4,888,825			4,888,825	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540099488		1,955,530			1,955,530	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540100737		977,765			977,765	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540138122		1,955,530			1,955,530	

RCBC TIG AS INVESTMENT MANAGER OF TA 51540126736		1,955,530			1,955,530
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239905		1,955,530			1,955,530
RCBC TIG AS INVESTMENT MANAGER OF TA 51512026545		977,765			977,765
RCBC TIG AS INVESTMENT MANAGER OF TA 51540088869		586,659			586,659
RCBC TIG AS INVESTMENT MANAGER OF TA 51540007508		488,882			488,882
RCBC TIG AS INVESTMENT MANAGER OF TA 100001300		1,662,200			1,662,200
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2335		4,399,942			4,399,942
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2353		1,466,647			1,466,647
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2395		1,466,647			1,466,647
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2345		48,888,249			48,888,249
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2280		488,882			488,882
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2372		977,765			977,765
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2304		19,555,300			19,555,300
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008241		15,644,240			15,644,240
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008243		3,911,060			3,911,060
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030320008357		6,844,355			6,844,355
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530092		1,075,541			1,075,541
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530087		879,988			879,988
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180000262		2,444,412			2,444,412
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180000961		1,075,541			1,075,541
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530199		1,075,541			1,075,541
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030310000226		1,466,647			1,466,647
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008464		1,955,530			1,955,530
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008091		1,075,541			1,075,541
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008454		1,466,647			1,466,647
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008148		1,955,530			1,955,530
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180000405		1,368,871			1,368,871
ROBINSONS BANK TRUST AND INVESTMENTS GROUP TA NUMBER 030004000004		1,759,977			1,759,977
CITYSTATE SAVINGS BANK TRUST IMA093200000802		977,765			977,765
CITYSTATE SAVINGS BANK TRUST IMA093220000035		977,765			977,765
CITYSTATE SAVINGS BANK TRUST TA093120000021		977,765			977,765
CITYSTATE SAVINGS BANK TRUST TA093120000045		1,466,647			1,466,647
CITYSTATE SAVINGS BANK TRUST TA093120000113		1,466,647			1,466,647
CITYSTATE SAVINGS BANK TRUST TA093120000168		977,765			977,765
CITYSTATE SAVINGS BANK TRUST TA093120000333		488,882			488,882
UCPB TBG AS IM FOR 18 009547		12,808,721			12,808,721
UCPB TBG AS IM FOR 21 010976		4,302,166			4,302,166
UCPB TBG AS IM FOR 19 010011		8,506,555			8,506,555
UCPB TBG AS IM FOR 12 5132		879,988			879,988
UCPB TBG AS TRUSTEE FOR 05 0161		879,988			879,988
CONGREGATION OF THE MOST HOLY REDEEMER		21,510,830			21,510,830
SOCIAL SECURITY SYSTEM		164,264,517			164,264,517
ROBINSONS BANK TRUST AND INVESTMENTS GROUP TA NUMBER 030005000005		53,777,074			53,777,074
CITYSTATE SAVINGS BANK TRUST TA093120000205		977,765			977,765
CITYSTATE SAVINGS BANK TRUST TA093120000296		977,765			977,765
CITYSTATE SAVINGS BANK TRUST TA093120000319		488,882			488,882
CITYSTATE SAVINGS BANK TRUST TA093120000340		488,882			488,882
CITYSTATE SAVINGS BANK TRUST TA093120000302		488,882			488,882
PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 9202		50,723,923			50,723,923

PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 9286		1,435,583		1,435,583
PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 9112		5,742,331		5,742,331
PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 8536		957,055		957,055
PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 9255		1,435,583		1,435,583
PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 9256		957,055		957,055
PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 9268		5,742,331		5,742,331
PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 9018		957,055		957,055
PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 8166		957,055		957,055
PBCOM TRUST GROUP AS INVESTMENT MANAGER FOR IMA 9285		1,914,110		1,914,110
PBCOM TRUST GROUP AS TRUSTEE FOR PMT 500011		957,055		957,055
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2215		957,055		957,055
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2279		957,055		957,055
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2280		478,528		478,528
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2281		1,914,110		1,914,110
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2323		5,933,742		5,933,742
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2334		1,435,583		1,435,583
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2353		478,528		478,528
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2395		6,699,386		6,699,386
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2401		1,052,761		1,052,761
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2406		1,052,761		1,052,761
PCCI TIG AS INVESTMENT MANAGER FOR IMA 2407		1,052,761		1,052,761
RCBC TIG AS INVESTMENT MANAGER OF TA 900000360		957,055		957,055
RCBC TIG AS INVESTMENT MANAGER OF TA 100000972		14,355,827		14,355,827
RCBC TIG AS INVESTMENT MANAGER OF TA 900000051		4,785,276		4,785,276
RCBC TIG AS INVESTMENT MANAGER OF TA 900000052		9,570,551		9,570,551
RCBC TIG AS INVESTMENT MANAGER OF TA 51540149833		2,105,521		2,105,521
RCBC TIG AS INVESTMENT MANAGER OF TA 51540155310		957,055		957,055
RCBC TIG AS INVESTMENT MANAGER OF TA 51540138203		5,742,331		5,742,331
RCBC TIG AS INVESTMENT MANAGER OF TA 51540090804		2,871,165		2,871,165
RCBC TIG AS INVESTMENT MANAGER OF TA 51540229934		1,052,761		1,052,761
RCBC TIG AS INVESTMENT MANAGER OF TA 51540126345		9,570,551		9,570,551
RCBC TIG AS INVESTMENT MANAGER OF TA 900000356		7,847,852		7,847,852
RCBC TIG AS INVESTMENT MANAGER OF TA 51540241519		1,435,583		1,435,583
RCBC TIG AS INVESTMENT MANAGER OF TA 51540241519		1,435,583		1,435,583
RCBC TIG AS INVESTMENT MANAGER OF TA 51540241519		1,435,583		1,435,583
RCBC TIG AS INVESTMENT MANAGER OF TA 100000102		2,392,638		2,392,638
RCBC TIG AS INVESTMENT MANAGER OF TA 51540102276		7,177,914		7,177,914
RCBC TIG AS INVESTMENT MANAGER OF TA 51540139285		2,105,521		2,105,521
RCBC TIG AS INVESTMENT MANAGER OF TA 51540100230		1,914,110		1,914,110
RCBC TIG AS INVESTMENT MANAGER OF TA 51540138203		5,550,920		5,550,920
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239042		9,570,551		9,570,551
RCBC TIG AS INVESTMENT MANAGER OF TA 51540052007		4,785,276		4,785,276
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239591		957,055		957,055
RCBC TIG AS INVESTMENT MANAGER OF TA 51540239719		1,914,110		1,914,110
RCBC TIG AS INVESTMENT MANAGER OF TA 51540098333		9,570,551		9,570,551
RCBC TIG AS INVESTMENT MANAGER OF TA 100000882		957,055		957,055
RCBC TIG AS INVESTMENT MANAGER OF TA 51540085703		4,785,276		4,785,276
RCBC TIG AS INVESTMENT MANAGER OF TA 100001237		478,528		478,528
RCBC TIG AS INVESTMENT MANAGER OF TA 100000920		478,528		478,528
RCBC TIG AS INVESTMENT MANAGER OF TA 900000423		478,528		478,528
RCBC TIG AS INVESTMENT MANAGER OF TA 51540101830		478,528		478,528
RCBC TIG AS INVESTMENT MANAGER OF TA 51540138815		1,435,583		1,435,583
RCBC TIG AS INVESTMENT MANAGER OF TA 51540100370		478,528		478,528
RCBC TIG AS INVESTMENT MANAGER OF TA 51540236582		957,055		957,055
RCBC TIG AS INVESTMENT MANAGER OF TA 51540040661		957,055		957,055
RCBC TIG AS INVESTMENT MANAGER OF TA 51540143592		1,914,110		1,914,110
RCBC TIG AS INVESTMENT MANAGER OF TA 51540228040		1,914,110		1,914,110
RCBC TIG AS INVESTMENT MANAGER OF TA 100000967		20,098,158		20,098,158
RCBC TIG AS INVESTMENT MANAGER OF TA 900000101		2,871,165		2,871,165

RCBC TIG AS INVESTMENT MANAGER OF TA 100000708		957,055			957,055	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540241888		4,785,276			4,785,276	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540026138		9,570,551			9,570,551	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540026138		9,570,551			9,570,551	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540101156		14,355,827			14,355,827	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540100656		478,528			478,528	
RCBC TIG AS INVESTMENT MANAGER OF TA 51540237538		478,528			478,528	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008241		3,828,221			3,828,221	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530092		3,158,282			3,158,282	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530091		2,201,227			2,201,227	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530087		669,939			669,939	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030310000226		957,055			957,055	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008305		622,086			622,086	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008428		478,528			478,528	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008426		478,528			478,528	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008427		478,528			478,528	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180007931		1,914,110			1,914,110	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008391		957,055			957,055	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008464		957,055			957,055	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180007932		478,528			478,528	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530265		1,052,761			1,052,761	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530269		1,914,110			1,914,110	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008243		2,296,932			2,296,932	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180000961		478,528			478,528	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008493		861,350			861,350	

ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180000405	1,914,110	1,914,110
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530270	3,253,987	3,253,987
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008412	3,636,810	3,636,810
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008454	478,528	478,528
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008411	1,914,110	1,914,110
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008389	1,914,110	1,914,110
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030320008358	478,528	478,528
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008302	622,086	622,086
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530271	1,914,110	1,914,110
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530272	2,871,165	2,871,165
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530161	3,349,693	3,349,693
ROBINSONS BANK TRUST AND INVESTMENTS GROUP TA NUMBER 030004000004	1,914,110	1,914,110
STERLING BANK OF ASIA TRUST GROUP AS INV MGR OF TA NO 280 000884	1,914,110	1,914,110
STERLING BANK OF ASIA TRUST GROUP AS INV MGR OF TA NO 280 001563	1,914,110	1,914,110
STERLING BANK OF ASIA TRUST GROUP AS INV MGR OF TA NO 280 001524	478,528	478,528
STERLING BANK OF ASIA TRUST GROUP AS INV MGR OF TA NO 280 000783	2,584,049	2,584,049
STERLING BANK OF ASIA TRUST GROUP AS INV MGR OF TA NO 280 001221	1,435,583	1,435,583
STERLING BANK OF ASIA TRUST GROUP AS INV MGR OF TA NO 280 000901	9,570,551	9,570,551
STERLING BANK OF ASIA TRUST GROUP AS INV MGR OF TA NO 280 000957	9,857,668	9,857,668
STERLING BANK OF ASIA TRUST GROUP AS INV MGR OF TA NO 280 002024	957,055	957,055
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310024191	7,656,441	7,656,441
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310026534	7,656,441	7,656,441
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310028956	7,656,441	7,656,441
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310028834	3,828,221	3,828,221
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310024212	3,828,221	3,828,221
PBB TIC AS TRUSTEE FAO TA NO 001172000027	3,828,221	3,828,221
PBB TIC AS TRUSTEE FAO TA NO 001172022713	861,350	861,350
PBB TIC AS TRUSTEE FAO DIAMOND FUND	478,528	478,528
THE CORPORATE PARTNERSHIP FOR MANAGEMENT IN BUSINESS INC	16,269,937	16,269,937
MULTINATIONAL INVESTMENT BANCORPORATION	26,797,544	26,797,544
SBJ MARIKINA SHOE EXCHANGE CORP	11,484,662	11,484,662
SHOECAT INC	11,484,662	11,484,662
QUIAMBAO CECILIA CRISTINA GRAFILO OR QUIAMBAO MIKAELA GRAFILO OR TAN JOMARI JESUS GRAFILO	4,785,276	4,785,276
TAN MARIMIL GRAFILO OR QUIAMBAO CARLO ISAIAH GRAFILO	4,785,276	4,785,276
BILLONES JOSEPHINE MANINGO OR BILLONES ANAMAE MANINGO	2,871,165	2,871,165
SAMANIEGO AMELIA RIVERA OR SAMANIEGO CELSO LOMBO	2,871,165	2,871,165
CHAN HUAN KIAM LEE OR CHAN NENITA ALVARADO	2,871,165	2,871,165
BANK OF MAKATI A SAVINGS BANK INC	71,779,136	71,779,136
ROBINSONS BANK TRUST AND INVESTMENTS GROUP TA NUMBER 030005000005	3,636,810	3,636,810
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030320530262	5,742,331	5,742,331
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001320026989	4,402,454	4,402,454
STERLING BANK OF ASIA TRUST GROUP AS TRUSTEE OF TA NO 120 000638 STERLING BANK	9,570,551	9,570,551



OF ASIA RETIREMENT PLAN						
EC's Subsidiaries						
<i>angani Energy Corporation</i>						
Thirteen and a half year peso denominated debt floating rate debt - SEC 1			921,393,502	4,525,256,512	5,446,650,014	SRC Rule 10.1.3
Ten and a half year peso denominated floating rate debt - SEC 2			780,797,921	8,464,917,756	9,245,715,677	SRC Rule 10.1.3
	1,570,535,03	1,943,104,063	1,713,027,825	18,874,181,664	24,100,848,582	

Total of non-QIB is Php 92,264,927 for 8 lenders

\* Pending submission of renewal requirements

### ANNEX III: SUBSIDIARIES OF THE REGISTRANT

#### SUBSIDIARIES OF THE REGISTRANT

Alsons Consolidated Resources, Inc. had the following consolidated subsidiaries as of December 31, 2021:

<u>Name</u>	<u>Jurisdiction</u>
Alsons Land Corporation	Philippines
Conal Holdings Corp.	Philippines
Alsons Thermal Energy Coro.	Philippines
Alsons Renewable Energy Corp.	Philippines

Subsidiaries	Nature of business	Percentage of Ownership			
		2021		2020	
		Direct	Indirect	Direct	Indirect
Conal Holdings Corporation (CHC)	Investment holding	100.00	—	100.00	—
Alsing Power Holdings, Inc. (APHI)	Investment holding	20.00	80.00	20.00	80.00
Western Mindanao Power Corporation (WMPC)	Power generation	—	55.00	—	55.00
Southern Philippines Power Corporation (SPPC)	Power generation	—	55.00	—	55.00
Alto Power Management Corporation (APMC)	Management services	—	60.00	—	60.00
APMC International Limited (AIL)	Management services	—	100.00	—	100.00
Mapalad Power Corporation (MPC)	Power generation	—	100.00	—	100.00
Alsons Renewable Energy Corporation (AREC)	Investment holding	80.00	—	80.00	—
Siguil Hydro Power Corporation (Siguil)	Power generation	—	80.00	—	80.00
Kalaong Power Corporation (Kalaong)	Power generation	—	80.00	—	80.00
Sindangan Zambo-River Power Corp. (Sindangan)	Power generation	—	80.00	—	—
Bago Hydro Resources Corporation	Power generation	—	80.00	—	—
Alsons Thermal Energy Corporation (ATEC)	Power generation	50.00*	—	50.00*	—
Sarangani Energy Corporation (Sarangani)	Power generation	—	37.50	—	37.50
ACES Technical Services Corporation (ACES)	Management services	—	50.00	—	50.00
San Ramon Power, Inc. (SRPI)	Power generation	—	50.00	—	50.00
Alsons Power International Limited (APIL)	Power generation	100.00	—	100.00	—
Alsons Land Corporation (ALC)	Real estate	99.55	—	99.55	—
MADE (Markets Developers), Inc.	Distribution	80.44	—	80.44	—
Kamanga Agro-Industrial Ecozone Development Corporation (KAED)	Real estate	100.00	—	100.00	—
Alsons Power Supply Corporation (APSC)	Customer Service	100.00	—	100.00	—