



ACUÑA, FRANCISCO AND MENDOZA LAW

November 13, 2023

MARKETS AND SECURITIES REGULATION DEPARTMENT
Securities and Exchange Commission
The SEC Headquarters, 7907 Makati Avenue
Salcedo Village, Bel-Air, Makati City

Attention: **VICENTE GRACIANO P. FELIZMENIO, JR.**
Director



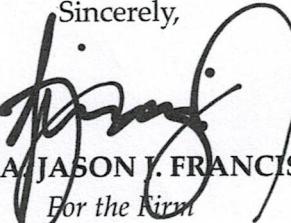
Dear Dir. Felizmenio,

In response to your letter dated October 11, 2023, we would like to inform you that **ALSONS CONSOLIDATED RESOURCES, INC.** is submitting the Final Offer Circular, along with all necessary supporting documents, for the third tranche issuance of Commercial Papers under the Three Billion Pesos (PHP 3,000,000,000.00) Commercial Paper Program.

The interest rate has been duly finalized, and we look forward to your issuance of the Permit to Sell upon your review of the submitted documents.

Thank you for your continued cooperation, and please feel free to reach out if you require any further information or clarification.

Sincerely,


JOSE MA. JASON J. FRANCISCO
For the Firm

Offer Circular dated November 10, 2023

Alsons Consolidated Resources, Inc. (“ACR”)
Issuance of up to Php1,149,000,000.00 Series X and Series Y
Commercial Papers as the Third Tranche of ACR’s
Php3,000,000,000.00 Commercial Paper Program

This document constitutes the Offer Circular relating to the issue of Commercial Papers (or “CP”) described herein. Unless otherwise defined herein, capitalized terms used herein shall have the definitions set forth in the Facility Agency Agreement dated December 13, 2022, by and between ACR (or the “Company”) and AB Capital and Investment Corporation.

This Offer Circular comprises the final terms of the Commercial Papers and the Summary of Consolidated Financial Information. The Offer Circular should be read in conjunction with the Final Prospectus dated December 13, 2022, subject to relevant updates as stated below. Full information on the Issuer and the offer of the Series X and Series Y Commercial Papers is only available on the basis of the combination of this Offer Circular and the Final Prospectus. The Registration Statement, together with the Offer Circular, can be accessed through the Company's website at <https://www.acr.com.ph/>.

I. Previous Issuance of ACR CP

First Tranche

On December 15, 2022, the Securities and Exchange Commission (“SEC”) issued its Certificate of Permit to Offer Securities for Sale for ACR’s Php 1.135 billion First Tranche of Commercial Papers out of its total Php 3.0 billion CP Program, under SEC MSRD Order No. 90, Series of 2022. Out of the total aggregate principal amount of the First Tranche, Commercial Papers amounting to Php 620 million was issued and listed on the Philippine Dealing & Exchange Corp. (“PDEX”) on December 23, 2022.

The Php 620 million worth of CP issuance is broken down into two series:

Commercial Papers	Tenor	Amount (in PhP)	Discount Rate
Series T Due June 23, 2023	182 Days	149,000,000.00	6.3328% p.a.
Series U Due December 22, 2023	364 Days	471,000,000.00	7.1265% p.a.

Second Tranche

On May 30, 2023, ACR received its Certificate of Permit to Offer Securities for Sale from the SEC for its Second Tranche of Commercial Papers amounting to Php 1.380 billion. The entire amount of the Second Tranche was issued and listed on the PDEX on June 16, 2023.

The Php 1.380 billion worth of CP issuance is broken down into two series:

Commercial Papers	Tenor	Amount (in PhP)	Discount Rate
Series V Due December 15, 2023	182 Days	516,700,000.00	7.3593% p.a.
Series W Due June 14, 2024	364 Days	863,300,000.00	7.9242% p.a.

The total CPs issued under both Tranches amounted to Php 2.0 billion.

II. Current Offer of ACR CP

For Series X and Y, the Company is offering up to Php850.0 million as the Third Tranche's base offer ("Base Offer"), with an oversubscription of up to Php299.0 million ("Oversubscription Option"), for a total of Php1.149 billion worth of Commercial Papers. Additional details on the issuance are as follows:

- Php 149.0 million of the Base Offer represents the reissuance of the 182-day Series T Commercial Papers which matured on June 23, 2023. Hence, the issuance of Php 149.0 million out of the total Base Offer will be limited only to the Series-X (182 days) Commercial Papers.
- The remaining Php 701.0 million of the Base Offer, and the Php 299.0 Oversubscription Option represent the total amount from the CP Program which remains unissued. The total of Php 1.0 billion will be offered both as Series X and Y.
- The Company expects to issue Php 330.1 million worth of Series X Commercial Papers and Php 818.9 million worth of Series Y Commercial Papers.

Upon full issuance of the Php 1.149 billion Third Tranche, a total of Php 3.0 billion out of its Php 3.0 billion CP program would have already been issued.

As a result, ACR may only re-issue the following CPs after the Third Tranche, subject to the receipt of Permit to Sell from the SEC:

- Php 516.70 million worth of CPs, which was issued only for 182 days as Series-V, may still be re-issued for another 182 days.
- Any amount to be issued as Series X (182 days), with the exception of the Php149.0 million arising from the re-issuance of Series T CPs, may still be re-issued for another 182 days. Based on the target Series X amount of Php 330.1 million, Php 181.1 million may still be re-issued for another 182 days.

Target Series X (182 days) amount:	Php 330.1 MM
Less: Re-issued amount (from Series T CPs)	(Php 149.0 MM)
= Amount that can still be re-issued for 182 days	Php 181.1 MM

The summary of the previous and current issuances are as follows:

Commercial Papers	Tenor	Amount (in PhP)	Discount Rate
Series T Due June 23, 2023	182 Days	149,000,000.00	6.3328% p.a.
Series U Due December 22, 2023	364 Days	471,000,000.00	7.1265% p.a.
Series V Due December 15, 2023	182 Days	516,700,000.00	7.3593% p.a.
Series W Due June 14, 2024	364 Days	863,300,000.00	7.9242% p.a.
Series X Due May 29, 2024	182 Days	330,100,000.00	7.9054% p.a.
Series Y Due November 27, 2024	364 Days	818,900,000.00	8.6107% p.a.

III. Terms of the Offer

The final terms of the Commercial Papers must be read in conjunction with the Terms and Conditions. In case of any inconsistencies between the Terms and Conditions and this Offer Circular, this Offer Circular shall prevail.

1. Issuer	:	Alsons Consolidated Resources, Inc.
2. CP Tranche & Series	:	Tranche: Third Tranche Series: CP Series X – 182 days CP Series Y – 364 days
3. Aggregate Principal Amount	:	Base Offer of up to Php850.0 million and an Oversubscription Option of up to Php299.0 million. In the event of an oversubscription, the Issue Manager, Lead Underwriter and Bookrunner, in consultation with the Issuer, reserves the right, but not the obligation, to increase the Offer Size by an additional Php299,000,000. For this issuance, presented below are the expected allocation for each Series: Series X – Php 330.10MM Series Y – Php 818.90MM
4. Discount Rate	:	The following are the final discount rates: Series X: 7.9054% Series Y: 8.6107%
5. Issue Price	:	Discount to face value
6. Interest Computation	:	The Discount Rate will be calculated on a true discount basis
7. Indicative Timetable: (a) Interest Rate Setting Date (b) Target Receipt of Permit to Sell (c) Target Offer Period (d) Target Issue Date	:	November 8, 2023 November 14, 2023 November 15 to 22, 2023 November 29, 2023
8. Net Proceeds	:	Approximately Php 1,059,073,431.12 (Assuming full subscription of the Base Offer and Oversubscription Option) <i>(Please see Section IV for the detailed</i>

		<i>computation)</i>
9. Use of Proceeds	:	To refinance maturing CP issuances amounting to Php 987,700,000.00. The remaining amount will be used to settle short-term loans obligations.
10. Form and Denomination	:	<p>The CPs shall be issued scripless form and will be maintained in electronic form with the Registrar to be appointed for the purpose.</p> <p>For primary issuance, Minimum of Pesos: Five Hundred Thousand (Php 500,000.00) face value and increments of Pesos: One Hundred Thousand (Php 100,000.00)</p> <p>For secondary trading, the minimum denomination is One Hundred Thousand Pesos (Php 100,000.00) face value and in multiples of Ten Thousand Pesos (Php 10,000.00) thereafter.</p>
11. (a) Maturity Date	:	Series X: 182 days from Issue Date Series Y: 364 days from Issue Date
(b) Maturity Value	:	100% face value
12. Early Redemption Option and Redemption Price	:	N/A The CPs will be paid in full (100% of the Face Value) on Maturity Date and are not subject to any rollover provision.
13. Listing	:	The Issuer intends to list Series X and Y CPs on the Philippine Dealing & Exchange Corp. (“PDEEx”) on Issue Date
14. Method of Distribution	:	Public offer
15. Issue Manager, Lead Underwriter and Bookrunner	:	RCBC Capital Corporation (“RCBC Capital”) Underwriter Fee: 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 fee is consistent with the mandate letter signed by the Issuer and the Underwriter.
16. Financial Advisor	:	MIB Capital Corporation Financial Advisory Fee: Php 120,000 + VAT for every reissuance from the CP Program that would require a Permit to Sell Certification from the SEC.

17. Facility Agent	:	AB Capital and Investment Corporation – Trust Department
18. Registrar and Paying Agent	:	Philippine Depository & Trust Corp.
19. Counsel to the Issuer	:	In-house
20. Counsel to the Underwriter and Transaction Counsel	:	Acuna Francisco & Mendoza Law
22. Issuer Rating	:	<p>The Issuer has a rating of PRS Aa minus corp. as assigned by Philratings on March 17, 2023.</p> <p>The rating reflects the following key considerations: (i) the commencement of the Wholesale Electricity Spot Market (WESM) in Mindanao and the upcoming completion of the Mindanao-Visayas Interconnection Project (MVIP) augur well for the region; (ii) the Company's ability to establish joint ventures with strong partners for particular projects; (iii) its planned expansion projects which will further diversify its generation mix; (iv) challenges encountered in securing bilateral contracts for its diesel power plants; (v) its subdued profitability in 2021 due mainly to increasing costs, albeit signs of recovery are already seen in the first nine months of 2022 (9M2022); and (vi) its ample liquidity, supported by positive operating cash flows .</p>
23. Loan Covenants	:	<p>On November 23, 2020, ACR entered into a facility agreement with various noteholders with aggregate principal amount of Php 6,000 million divided into two (2) tranches: (a) Tranche A with principal amount of Php 5,215 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 Php 785 million, subject to fixed interest rate of 6% and payable semi-annually based on graduated rates of 0.5% of the principal in the first year, a total of 22.5% for years 2 to 6, and 77% on year 7, which is the year of the maturity date. Proceeds were used to prepay ACR's fixed rate corporate notes facility, partial financing of its investments in renewable energy projects, and for general corporate purposes. ACR had drawn the entire loan facility amounting to Php 6,000 million in 2020.</p> <p>ACR shall maintain certain financial ratios such as (a) debt-to-equity ratio of not more than 3.0x on the first and 2nd years, 2.75x on the 3rd year, 2.5x</p>

	<p>on the 4th year and 2.33x on the 5th year and until maturity, and (b) debt service coverage ratio of not less than 1.1x at all times during the duration of the notes facility. As of the date of this Offer Circular, ACR is in compliance with its loan covenants.</p> <p>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 of June 30, 2023 and December 31, 2022, the remaining balance of debt reserve account amounted to Php 398 million and Php 404 million, respectively. Interest income earned from debt reserve account amounted to Php 5 million, Php 5 million and Php 4 million in 2022, 2021 and 2020, respectively.</p>
24. Default	<p>: There are no expected events that will trigger any direct or contingent financial obligations that are material to the Company, including any default or acceleration of an obligation.</p> <p>: The CPs will be paid in full on the respective Maturity Dates and are not subject to any rollover provision. Non-payment of the CPs on maturity date will constitute an event of default which may also trigger cross-default provisions in the Issuer's other financial obligation.</p>
25. Governing Law	: Philippine law

IV. Gross and Net Proceeds Computation and Use of Proceeds

Presented in the table below are the expenses and fees that are expected to be deducted from the gross proceeds of the issuance, computed separately for Series X, Series Y, and combined.

Based on the results of the book-building made to Qualified Institutional Buyers, the Underwriter expects that the Oversubscription Option will be exercised, and that the total issue size would amount to Php 1,149,000,000.00, with the following breakdown:

Series X: Php 330,100,000.00
 Series Y: Php 818,900,000.00

Net Proceeds Computation

Net Proceeds Computation			
	Series X	Series Y	Combined
Face Value	330,100,000	818,900,000	1,149,000,000
Interest Discount (and WHT)	-12,685,834	-65,586,311	-78,272,145
Gross Proceeds:	317,414,166	753,313,689	1,070,727,855
Less: Underwriting Fees:	-658,391	-3,266,626	-3,925,017
Less: PDTC Fees:	-100,000	-100,000	-200,000
Less PDEx Listing Application:	-25,000	-25,000	-50,000
Less: Documentary Stamp Tax	-1,234,484	-6,124,923	-7,359,407
Less: Financial Advisory Fee	-60,000	-60,000	-120,000
Net Proceeds	315,336,291	743,737,140	1,059,073,431

Notes:

- (a) Series X – Php 330,100,000.00 worth of Commercial Papers
- (b) Series Y – Php 818,900,000.00 worth of Commercial Papers
- (c) Underwriting Fee – based on the 0.4% fee per annum
- (d) PDTC Fees – estimated amount
- (e) PDEx Listing Application Fees – Fixed fee
- (f) Documentary Stamp Tax – computed based on the usual DST formula
- (g) Facility Agent Fee and Financial Advisory Fees are based on expected fees for the issuance.
- (h) No issue management fee will be charged by the Issue Manager

Use of Proceeds

The Company plans to use the proceeds to refinance its maturing commercial papers with details below:

Use of Proceeds	Tenor	Date	Amount	Use of Proceeds*
Refinance ACR CP Series U	364 Days	12/22/2023	471,000,000	To refinance maturing CPs and settle short-term loan obligations
Refinance ACR CP Series V	182 Days	12/15/2023	516,700,000	
Total Maturing Commercial Papers			987,700,000	

*This column pertains to the Use of Proceeds for the issuance of ACR CP Series U and V

The total amount that will be used to refinance ACR's maturing commercial papers is Php987.70 million. The remainder will be used to settle short-term obligations listed in the table below.

Funder	Value Date	Maturity Date*	Rate	Tenor (in days)	Maturity Value (in Php)
Philippine Commercial Capital Trust and Investment Group	09/07/2023	12/06/2023	7	90	56,784,000
Philippine Commercial Capital Trust and Investment Group	09/07/2023	12/06/2023	7	90	5,070,000
Sterling Bank of Asia – Trust Group	09/19/2023	12/18/2023	7	90	5,070,000
Sterling Bank of Asia – Trust Group	09/19/2023	12/18/2023	7	90	4,449,431 **
Total					71,373,431

**If the CPs are not issued before these maturity dates, the following short-terms obligations will be rolled over for a few days.*

***partial amount*

The above-mentioned short-term obligations were used by the Company to fund the projects of Siguil Hydro Power Corporation (“Sigail” or “SHPC”) and Sindangan Zambo-River Power Corporation (“Siayan”), through its subsidiary, Alsons Renewable Energy Corporation (“AREC”). ACR owns 80.1% of AREC, and the remaining 19.9% interest is owned by ACIL Corporation. A 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 funds 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 as advances to Siayan and Siguil projects for development costs starting 2020 and 2019. Disbursement of funds was done on an “as needed” basis, which until now is being provided to these projects whenever needed, and until bank financing is obtained by these respective projects. As of today, the total amount infused to the projects is Php 2.55 billion for Siguil and Php 136.7 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 interest in both Siguil Hydro Power Corporation and Sindangan Zambo-River Power Corporation. Siguil is the first renewable energy project of ACR, 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 5.0 billion. The construction phase of this project is in full swing, and the Company expects commercial operation to begin in the fourth quarter of 2023. At present, the project is now 95% complete.

Siayan is a combined 8.81MW hydro power project and 29MWp 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 3.0 billion.

Siayan is still under-development, and its construction is expected to commence in the first half of 2024. Siayan is expected to begin its commercial operations in 2026. The lower project cost of Siayan is due to its design and shorter conveyance system.

The CP allocation below represents the Company's best estimate of the use of proceeds at this time. While the CP proceeds have not been deployed, 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 net proceeds are less than the expected amount, the Company shall prioritize the settling of its maturing CPs since the short-term obligations can be rolled over. If the net proceeds are greater than the expected amount, the Company intends to invest the excess funds in short-term marketable securities.

Summary of Use of Proceeds:

Purpose	Amount (in Php)	Percentage
Refinance ACR's Maturing CPs	987,700,000	93.26%
Settle Short-term obligations	71,373,431	6.74%
Total	1,059,073,431	100.00%

ACR's primary source of income is the dividends declared by its operating subsidiaries. ACR and its subsidiaries follow a dividend policy where it can annually declare not less than 20.0% of its previous year's unappropriated retained earnings.

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 fee.

The foregoing discussion represents the 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 an 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 PDEEx 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 4th quarter of 2023.

V. Updates to the Final Prospectus

Developments pertaining to the Company's material contracts are summarized, as follows:

Conal Holdings Corporation (CHC) and other Subsidiaries of the Company

Western Mindanao Power Corporation ("WMPC") has an existing 50MW Power Sales Agreement ("PSA") with Zamboanga City Electric Cooperative Inc. ("ZAMCELCO") which is currently under dispute resolution following the non-payment by the latter of invoices beginning 26 January 2023.

In addition, Mapalad Power Corporation ("MPC") on 31 May 2023 received an *Order* from the Energy Regulatory Commission ("ERC") directing MPC and Cagayan Electric Power and Light Company ("CEPALCO") to cease implementing their 30MW PSA effective after a grace period of thirty (30) days pursuant to the ruling of the Supreme Court in the case entitled *Alyansa Para sa Bagong Pilipinas, Inc. vs. Energy Regulatory Commission, et al.* The 30-day grace period/extension, as clarified by the ERC through an advisory, means that the 30MW PSA is effective until June 30, 2023. While MPC and CEPALCO have complied with the ERC *Order*, both parties have availed themselves of remedies to challenge the same.

As part of the Company's initiatives to address these, WMPC and MPC both participated in the competitive selection process. The invitation to bid was published on 31 January 2023, for the supply of ancillary services to the National Grid Power Corporation of the Philippines ("NGPC"). NGCP subsequently awarded the Ancillary Services Procurement Agreement ("ASPA") to WMPC and MPC on 18 April 2023, both on a firm basis. The awarded ancillary services contracted capacity to WMPC consist of 30MW for dispatchable reserve, 15MVAR/20MW for reactive power support, and for black start service for the plant's certified capacity of 100MW. For MPC, it was awarded to provide ancillary services with contracted capacity of 40MW for dispatchable reserve.

On 22 August 2023, MPC received a copy of a *Notice of Resolution* dated 15 August 2023, issued by the ERC, granting provisional authority to NGCP and MPC for the implementation of the MPC ASPA. The implementation of the MPC ASPA is deferred until ERC reasonably resolves the manifestation and motion for clarification to be filed by MPC, regarding the ERC-approved rate. The terms and conditions of the WMPC ASPA are still subject to formal confirmation by the ERC.

Below is the updated summary of the PSAs of the power plants:

Power Plant/Asset	Off-taker	Location	Contracted Capacity	No. of Years	Start Date	End Date
WMPC	Zamboanga City Electric Cooperative Inc. (ZAMCELCO)	Zamboanga	50MW	10	December 13, 2015	December 12, 2025
	Cagayan Electric Power and Light Company (CEPALCO)*	Cagayan	1MW	10	December 13, 2015	December 12, 2025

Power Plant/Asset	Off-taker	Location	Contracted Capacity	No. of Years	Start Date	End Date
	National Grid Corporation of the Philippines (NGCP) – Non-firm Ancillary Services Procurement Agreement (ASPA)	GRID	up to 100MW (Dispatchable Reserve) 18 to 20MVAR/ 90MW (Reactive Power Support) Plant's available capacity (Black Start Service)	5	April 26, 2019	April 25, 2024
	NGCP Firm ASPA	GRID	30MW (Dispatchable Reserve); 15MVAR/20 MW (Reactive Power Support) 100MW plant's certified net capacity (Black Start Service)	5	TBC***	TBC***
SEC 1	South Cotabato Electric Cooperative II (SOCOTECO 2)	General Santos	70MW	25	April 29, 2016	April 28, 2041
	Agusan del Norte Electric Cooperative (ANEKO)	Agusan del Norte	10MW	25	April 29, 2016	April 28, 2041
	Agusan del Sur Electric Cooperative (ASELCO)	Agusan del Sur	10MW	25	April 29, 2016	April 28, 2041
	Davao Del Norte Electric Cooperative, Inc. (DANEKO)	Davao del Norte	15MW	25	October 10, 2019	October 9, 2044

Power Plant/Asset	Off-taker	Location	Contracted Capacity	No. of Years	Start Date	End Date
SEC 2	Cagayan Electric Power and Light Company, Inc. (CEPALCO)	Cagayan De Oro	20MW	25	October 10, 2019	October 9, 2044
	Cotabato Electric Cooperative Inc (COTELCO)	Cotabato City	10MW	25	October 10, 2019	October 9, 2044
	Davao del Sur Electric Cooperative (DASURECO)	Davao del Sur	15MW	25	October 10, 2019	October 9, 2044
	Iligan Light and Power Inc. (ILPI)	Iligan City	15MW	25	April 29, 2016	April 28, 2041
	South Cotabato I Electric Cooperative (SOCOTECO I)	South Cotabato	10MW	25	October 10, 2019	October 9, 2044
	Zamboanga del Sur I Electric Cooperative Inc (ZAMSURECO I)	Zamboanga del Sur	5MW	25	October 10, 2019	October 9, 2044
	Zamboanga del Norte Electric Cooperative Inc. (ZANECO)	Zamboanga del Norte	5MW	25	October 10, 2019	October 9, 2044
SRPI	Zamboanga City Electric Cooperative Inc. (ZAMCELCO)	Zamboanga City	85MW	25	n/a	n/a
MPC*	NGCP Firm ASPA*	GRID*	40MW*	5*	TBC**	TBC**

* provisional

** to be confirmed

*** for ERC's approval

VI. Amendment to the Plan of Distribution

The First Tranche of the CP Program was offered to the public by SB Capital Investment Corporation (“SB Capital”), with the following terms:

First Tranche: Php 620 million worth of CP

Series	Face Value (in PhP)	Tenor	Discount Rate
Series T	149,000,000	182 days	6.3328% p.a.
Series U	471,000,000	364 days	7.1265% p.a.

The second tranche of the CP Program was offered to the public by RCBC Capital Corporation (“RCBC Capital” or the “Issue Manager, Lead Underwriter and Bookrunner”) with the following terms:

Series	Amount (in PhP)	Tenor	Discount Rate
Series V	516,700,000.00	182 Days	7.3593% p.a.
Series W	863,300,000.00	364 Days	7.9242% p.a.

For the Third Tranche of the Company’s Php 3,000,000,000 Commercial Paper Program, RCBC Capital has agreed to distribute and sell at the Issue Price the Series X and Series Y Commercial Papers on a firm basis up to the amount of the Base Offer, pursuant to an Underwriting Agreement with the Company dated November 8, 2023 (the “Underwriting Agreement”).

The estimated underwriting fees amounting to Three Million Nine Hundred Twenty-Five Thousand Sixteen Pesos and Ninety-Nine Centavos (Php 3,925,016.99) to be paid by the Company to the Issue Manager, Lead Underwriter and Bookrunner in relation to the Series X and Series Y Commercial Papers Offer shall be equivalent to 0.40% of the gross proceeds of the Series X and Series Y Commercial Papers Offer. This estimate assumes that the issuance will be fully subscribed at the terms provided under Section III of this Offer Circular.

RCBC Capital acting as Issue Manager, Lead Underwriter and Bookrunner for the Series X and Y Commercial Papers is duly licensed by the SEC to engage in the underwriting or distribution of securities to the public including the Commercial Papers. The Issue Manager, Lead Underwriter and Bookrunner may, from time to time, engage in transactions with and perform services in the ordinary course of its business for the Company or any of its subsidiaries.

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

The Issue Manager, Lead Underwriter and Bookrunner has no contract or other arrangement with the Company by which it may return to the Company any unsold portion of the Series X and Y Commercial Papers.

For the purpose of complying with the commitments under the Underwriting Agreement, the Issue Manager, Lead Underwriter and Bookrunner may, under such terms and conditions not inconsistent with the provisions of the Underwriting Agreement, appoint selling agents for the sale and distribution to the public of the Offer CPs; provided, that the Issue Manager, Lead Underwriter and Bookrunner shall remain solely responsible to the Company in respect of their obligations under the Underwriting Agreement entered into by them with the Company, and

except as otherwise provided in the Underwriting Agreement, the Company shall not be bound by any of the terms and conditions of any agreements entered into by the Issue Manager, Lead Underwriter and Bookrunner with the selling agents.

The Issue Manager, Lead Underwriter and Bookrunner has exercised reasonable due diligence required by applicable laws, rules, and regulations in ascertaining that all material representations contained in the Offer Circular dated September 9, 2023 in conjunction with the Final Prospectus, are true and correct in all material respects and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading in any material respect.

Financial Advisor

MIB CAPITAL CORPORATION (formerly Multinational Investment Bancorporation) was established in March 1972 and presently provides financial advisory services such as capital raising and loan syndication/structuring, as well as fair market valuation of shares and companies.

MIB Capital is a pioneering and innovative financial institution:

- Conceived to develop and institutionalize the concept of Total Banking which makes available a wide array of financial, investment, advisory and related services to the broadest spectrum of selected clients;
- Structured as a Corporate Partnership where its officer-partners pledge their personal assets to the institution to manifest their total commitment against conflicts of interest involving their professional acts; and
- Organized under the philosophy of Self-Reliance, requiring dependence only on internal resources and productivity for the institution's growth and perpetuity.

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. Lastly, MIB Capital will perform such other services as may be mutually agreed between the Company and the Financial Advisor.

Issue Manager, Lead Underwriter and Bookrunner

RCBC Capital is a licensed investment house providing a complete range of capital raising and financial advisory services. Established in 1974, RCBC Capital has over 49 years of experience in the underwriting of equity, quasi-equity and debt securities, as well as in managing and arranging the syndication of loans, and in financial advisory. RCBC Capital is a wholly owned subsidiary of the Rizal Commercial Banking Corporation and a part of YGC, one of the country's largest fully integrated financial services conglomerates.

As the Issue Manager for the Offer, RCBC 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 review of the prospectus and other required documents. In addition, RCBC 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 RCBC Capital.

In addition to its appointment as Issue Manager, RCBC Capital is acting as the Lead Underwriter and Bookrunner for the Series X and Y Commercial Papers. RCBC Capital as Lead Underwriter and Bookrunner will undertake to distribute and sell the Series X and Y Commercial Papers on a firm basis as discussed in the preceding paragraphs. The Lead Underwriter and Bookrunner will handle the (i) bookbuilding process which includes marketing of the CPs to potential investors, (ii) allocation of the CPs to its investors, and (iii) receiving of the application form and other required documents for submission to the Registrar and Paying Agent, Philippine Depository and Trust Corp.

Facility Agent

AB CAPITAL AND INVESTMENT CORPORATION (through its Trust and Investments Division) was appointed as the Facility Agent for ACR's Commercial Paper program. As the Facility Agent, its main functions are as follows:

- Coordinate with the Issuer, Underwriter, and Registrar and Paying Agent for the purpose of performing its responsibilities set forth in the Facility Agency Agreement;
- Monitor and/or confirm, as applicable, compliance by the Underwriter and Registrar and Paying Agent, with their respective functions and responsibilities;
- Report promptly and regularly to the CP Holders any breach of representations and warranties by the Issuer, and any occurrence of an Event of Default as defined in the terms and condition of the Offer and disclosed in the Prospectus, including, without limit, any default by the Issuer of its obligations of which the Facility Agent may have written notice from the Issuer and that the CP Holders or their duly authorized representatives may obtain a report regarding the CPs at the principal office of the Facility Agent upon presentation of sufficient and acceptable identification;
- Act on behalf of the CP Holders in calling for and/or attending meetings of the CP Holders
- Receive and safely keep the duly executed original of the Master Note; and
- Provide a copy of the Facility Agency Agreement for inspection at its specified office by the CP Holders upon their request

VIII. Summary of Consolidated Financial Condition

The selected financial information set forth in the following table has been derived from the Company's latest interim financial statements as of June 30, 2023. This should be read in conjunction with the Company's consolidated financial statements including the notes thereto, the auditors' reports, and other financial information included in the Prospectus dated December 13, 2022.

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.

Consolidated Financial Statements

<i>In Philippine Pesos (Php)</i>		Six Months Ended June 30	
		2023	2022
Income Statement Data:		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenues.....		6,928,053,176	5,405,706,215
Expenses.....		5,594,301,673	4,616,969,025
Income Before Tax.....		1,333,751,503	788,737,190
Net Income.....		1,174,347,631	689,001,401
		As of June 30, 2023 (Unaudited)	As of December 31, 2022 (Audited)
Balance Sheet Data:			
Current Assets.....		11,507,571,709	11,263,643,223
Noncurrent Assets.....		35,974,941,230	36,532,844,569
Total Assets.....		47,482,512,939	47,796,487,792
Current Liabilities.....		10,611,380,969	9,788,665,837
Noncurrent Liabilities.....		17,927,763,811	19,098,571,428
Total Liabilities.....		28,539,144,780	28,887,237,265
Stockholders' Equity.....		18,943,368,159	18,909,250,527
Book Value per share.....		2.02	1.97

Key Performance Indicators (KPI)

The KPIs of ACR are as follows:

Financial KPI	Definition	Quarter Ended June 30	
		2023	2022
Profitability			
EBITDA Margin	EBITDA/ Net Sales	39%	42%
Return on Equity	Net Income/ Stockholders' Equity	6%	4%
Efficiency			
Operating Expense	Operating Expenses / Gross	13%	26%

Ratio	Operating Income		
Interest Rate Coverage Ratio	Earnings Before Interest, Taxes and Depreciation / Interest Expense	3.37 : 1	2.91 : 1
Asset-to-equity Ratio	Total Assets/ Total Equity	2.51:1	2.59:1
Debt to Equity Ratio	Total Liabilities/ Total Equity	1.51 : 1	1.59 : 1
Current Ratio	Current Assets / Current Liabilities	1.08 : 1	1.16 : 1

Profitability

Earnings before interest, taxes, depreciation, and amortization (EBITDA) margin of the Company decreased during the six months of 2023 to 39% from the same period last year at 42% due to higher revenues. The Company's operating power plants continue to provide the Group's steady earnings. Return on Equity (ROE) increased to 6% from 4% in the previous year.

Efficiency

ACR's power facilities operate and continue to provide power to our customers in various parts of Mindanao. The whole-sale electricity spot market is already operating in Mindanao and the Company's power plants participated in this process. 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, continue to be the main revenue driver of the Company. 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).

On the other hand, the Company is currently evaluating possible options on how to utilize the available assets of Southern Philippines Power Corp. (SPPC) who has 55MW diesel capacity.

The Company is likewise in the advance development of the Ubay Power Corporation for its in-island back-up power plant located in Barangay Imelda Ubay, Bohol. EDC won the Joint CSP for the One Bohol (BOHECO I, BOHECO II, Bohol Light) for new power provider last 2021. The CSP required the winning bidder to provide an in-island back-up power plant of the same capacity to help the island during events whenever the submarine cable between Bohol and Leyte is not operational. The company participated in the 1BP DU JCSP as the in-island backup power plant of EDC in order to comply with the 100% dependable capacity requirement.

The Siguil Hydro Power Plant in Maasim Sarangani is on its advance stage of contraction and the plant is expected to be in commercial operations in the fourth quarter of 2023.

With the cost mitigating measures implemented during the period, operating expense ratio decreased to 13% from 26% 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 Php 3.48 billion from last year's Php 1.67 billion. The increase was due to collection of trade receivables during the first three months of 2023.

The net debt to equity ratio decreased to 2.35:1 from 2.68:1 in the previous year and current ratio of 1.08:1 from last year's 1.16:1.

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

Horizontal Analysis	<u>June 30, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>	Variance
ASSETS	-	-	-
Current Assets	-	-	-
Cash and cash equivalents	2,873,570,289	2,796,280,747	3%
Short-term cash investments	122,053,432	123,724,552	-1%
Trade and other receivables	5,724,028,382	5,986,468,079	-4%
Inventories - at cost	1,170,072,195	1,037,141,653	13%
Real estate inventories	622,840,466	622,840,466	0%
Prepaid expenses and other current assets	995,006,945	697,187,726	43%
Total Current Assets	11,507,571,709	11,263,643,223	
Noncurrent Assets			
Noncurrent portion of installment receivables	3,157,245	3,323,416	-5%
Contract asset	1,728,859,964	1,684,163,954	3%
Investments in real estate	412,088,640	410,914,921	0%
Investments in associates	2,323,892,611	2,305,803,186	1%
Advances to contractors	483,959,907	456,601,567	6%
Property, plant and equipment	27,462,423,472	27,741,914,110	-1%
Equity instruments designated at fair value through other comprehensive income (FVTOCI)	2,355,339,743	2,355,339,743	0%
Goodwill	527,187,320	527,187,320	0%
Net retirement assets	20,249,786	22,385,884	-10%
Deferred income tax assets - net	45,648,937	23,985,449	90%
Other noncurrent assets	612,133,605	1,001,225,019	-39%
Total Noncurrent Assets	35,974,941,230	36,532,844,569	
TOTAL ASSETS	47,482,512,939	47,796,487,792	
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	3,331,065,287	2,580,667,584	29%
Loans payable	2,956,915,398	3,194,099,417	-7%
Short-term notes payable	1,735,368,789	1,576,622,383	10%
Income tax payable	103,168,129	69,658,316	48%
Current portion of long-term debt	2,484,863,366	2,367,618,137	5%
Total Current Liabilities	10,611,380,969	9,788,665,837	
Noncurrent Liabilities			
Long-term debt - net of current portion	16,401,704,130	17,687,397,843	-7%
Deferred income tax liabilities - net	735,857,206	633,199,351	16%
Net retirement benefits liabilities	75,333,812	69,819,334	8%
Lease liability	13,361,696	18,036,134	-26%

Deferred credit	295,026,290	295,092,290	0%
Decommissioning liability	406,480,677	395,026,476	3%
Total Noncurrent Liabilities	17,927,763,811	19,098,571,428	
Total Liabilities	28,539,144,780	28,887,237,265	
Equity			
Capital stock	6,346,500,000	6,346,500,000	0%
Other equity reserves	2,560,906,702	2,560,906,702	0%
Retained earnings:			
Unappropriated	2,734,502,081	2,518,585,684	
Appropriated	1,100,000,000	1,100,000,000	
Attributable to equity holders of the parent	12,741,908,783	12,525,992,386	-
Non-controlling interests	6,201,459,376	6,383,258,141	-
Total Equity	18,943,368,159	18,909,250,527	-
TOTAL LIABILITIES AND EQUITY	47,482,512,939	47,796,487,792	-

Horizontal Analysis	Six Months Ended June 30		Variance
	2023	2022	
REVENUE			
Revenue from contract with customers	6,920,026,986	5,399,638,793	28%
Rental income and others	8,026,190	6,067,422	32%
	6,928,053,176	5,405,706,215	28%
INCOME (EXPENSES)			
Cost of goods and services	-4,566,230,204	-3,460,393,074	32%
General and administrative expenses	-280,694,241	-402,949,551	-30%
Finance income (charges)- net	-753,911,162	-780,953,416	-3%
Other income – net	6,533,934	27327016	-76%
	-5,594,301,673	-4,616,969,025	21%
INCOME BEFORE INCOME TAX	1,333,751,503	788,737,190	69%
PROVISION FOR (BENEFIT FROM) INCOME TAX			
Current	160,900,009	102,657,414	57%
Deferred	-1,496,137	-2,921,625	-49%
	159,403,872	99,735,789	60%
NET INCOME	1,174,347,631	689,001,401	70%

Vertical Analysis	<u>June 30, 2023</u> <u>(Unaudited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
ASSETS	-	-
Current Assets	-	-
Cash and cash equivalents	6%	6%
Short-tenn cash investments	0%	0%
Trade and other receivables	12%	13%
Inventories - at cost	2%	2%
Real estate inventories	1%	1%
Prepaid expenses and other current assets	2%	1%
Total Current Assets	24%	24%
Noncurrent Assets	0%	0%
Noncurrent portion of installment receivables	0%	0%
Contract asset	4%	4%
Investments in real estate	1%	1%
Investments in associates	5%	5%
Advances to contractors	1%	1%
Property, plant and equipment	58%	58%
Equity instruments designated at fair value through other comprehensive income (FVTOCI)	5%	5%
Goodwill	1%	1%
Net retirement assets	0%	0%
Deferred income tax assets - net	0%	0%
Other noncurrent assets	1%	2%
Total Noncurrent Assets	76%	76%
TOTAL ASSETS	100%	100%
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	7%	5%
Loans payable	6%	7%
Short-tenn notes payable	4%	3%
Income tax payable	0%	0%
Current portion of long-tenn debt	5%	5%
Total Current Liabilities	22%	20%
Noncurrent Liabilities	0%	0%
Long-tenn debt - net of current portion	35%	37%
Deferred income tax liabilities - net	2%	1%
Net retirement benefits liabilities	0%	0%
Lease liability	0%	0%
Deferred credit	1%	1%
Decommissioning liability	1%	1%
Total Noncurrent Liabilities	38%	40%
Total Liabilities	60%	60%
Equity	0%	0%
Capital stock	13%	13%
Other equity reserves	5%	5%

Retained earnings:	0%	0%
Unappropriated	6%	5%
Appropriated	2%	2%
Attributable to equity holders of the parent	27%	26%
Non-controlling interests	13%	13%
Total Equity	40%	40%
TOTAL LIABILITIES AND EQUITY	100%	100%

Vertical Analysis	Six Months Ended June 30	
	2023	2022
REVENUE		
Revenue from contract with customers	99.9%	99.9%
Rental income and others	0.1%	0.1%
	100%	100%
INCOME (EXPENSES)		
Cost of goods and services	65.9%	64.0%
General and administrative expenses	4.1%	7.5%
Finance income (charges)- net	10.9%	14.4%
Other income – net	0.1%	0.5%
	80.7%	85.4%
INCOME BEFORE INCOME TAX	19.3%	14.6%
PROVISION FOR (BENEFIT FROM) INCOME TAX	0.0%	0.0%
Current	2.3%	1.9%
Deferred	0.0%	-0.1%
	2.3%	1.8%
NET INCOME	17.0%	12.7%

Results of Operations

The first half of 2023 showed a steady flow of revenues at Php 6,928 million from last year's Php 5,406 million. The demand for power in Mindanao has recovered as the effect of the COVID-19 pandemic continued to ease. In addition, the Whole Sale Electricity Spot Market (WESM) is already operating in Mindanao and the Company's operating power plant's available capacity participated in the spot market.

Cost of Goods Sold and Services increased significantly from Php 3,460 million to Php 4,566 million this year due mainly to the high cost of fuel and increased demand. Gross Profit Margin remained stable at 34% delivering a steady gross profit of Php 2,362 million for the first half of the year and higher than the Php 1,946 million for the same period in 2022.

General and administrative expenses decreased to Php 281 million from Php 403 million last year due mainly to lower marketing expenses, tax settlements and transportation costs.

Net finance charges for the first half of this year were at Php 754 million compared to last year's Php 781 million. The decline is due mainly to the lower interest as a result of continuing amortization of maturing debts.

Due to the above variances, the net income improved to Php 1,174 million from last year's Php 689 million resulting to higher net income attributable to the Parent of Php 346 million from last year's Php 181 million. Earnings per share were Php 0.055 during this period higher than last year's Php 0.029.

REVIEW OF FINANCIAL POSITION

ACR and its subsidiaries continue to post strong balance sheets with total assets of Php 47,483 million, a slight decrease from Php 47,796 million at the end of 2022.

Current assets increased by 2% from Php 11,264 million to Php 11,508 million brought about by higher cash and cash equivalents, inventories, prepaid expenses and other current assets during the period.

Noncurrent assets decreased slightly to Php 35,975 million from last year's Php 36,533 million. The increase in the project cost incurred on Siguil Hydro project was offset by the depreciation expense of the operating power plant during the period.

Total liabilities amounted to Php 28,539 million and is slightly lower than the Php 28,887 million reported at the end of 2022. The slight decline was due to the reclassification of maturing loan amortization of Sarangani Energy.

Material changes in Consolidated Balance Sheet Accounts by 5% or More (June 30, 2023 vs. December 31, 2022)

1. Spare parts and supplies, 13% increase

The increase is due mainly to the coal purchases for the first half of the year

2. Prepaid expenses and other current assets, 43% increase

The increase was due to the higher prepayments brought about by the renewal of the insurance coverage of the Company's power plants.

3. Advances to contractors, 6% increase

The increase was due to the additional advances made to the contractor of Siguil Hydro project during the period.

4. Net retirement assets, 10% decrease

The decrease was due to the settlement of retirement expense during the period.

5. Deferred income tax assets, 90% increase

The increase in temporary differences which will result to future year's tax payments caused the increase in deferred tax assets during the period.

6. Other non-current assets, 39% decrease

The decrease was due the reclassification of debt reserved account to cash as a result of successful opening of letters of credit of a subsidiary.

7. Accounts Payable and Accrued Expenses, 29% increase

The increase was due to the unpaid dividends declared by Sarangani Energy that remain unpaid during the period, as well as the timing of payment of payables.

8. Loans Payable, 7% decrease

The decrease in loans payable was due to the settlement of maturing loans during the period.

9. Short-term notes payable, 10% increase

The increase was due to additional short-term borrowings during the period which were used for the development of several hydro projects in our pipeline. The settlement of these short-term notes will be done when Siguil reimburses the advances made by ACR which we expect to happen towards the end of the year.

10. Income tax payable, 48% increase

The timing of payments of income tax payable led to the increase in this account during the period. The income tax due for the taxable year ended December 31, 2022 was settled in April 2023.

11. Long-term debt, 7% decrease

The decrease was due to the reclassification of current portion of long-term debt to current portion that are due in the next 12 months.

12. Deferred income tax liabilities, 16% increase

The increase in temporary differences which will result to future year's tax payments caused the increase in deferred income tax liabilities during the period.

13. Lease liabilities, 26% decrease

The decrease was due payments made during the period.

14. Net retirement benefit liabilities, 8% increase

The increase was due to remeasurement of past service liability of entitled employees during the covered period.

Noted By:



Carina U. Matutina

Controller

Alsons Consolidated Resources, Inc.