ALSONS CONSOLIDATED RESOURCES, INC.
ALSONS BUILDING, 2286 DON CHINO ROCES AVENUE
MAKATI CITY 1231, PHILIPPINES
+632 982 3000

ACR is offering the CPs in the aggregate face value of up to ₱2,500,000,000.00 to be issued in tranches. The First Tranche of the CP Program, with an aggregate face value of up to ₱ 1,500,000,000.00 (the "CPs" or the "Offer") shall be issued on **October 26, 2018** (the "Issue Date"). The succeeding tranche/s of the CP Program are proposed to be issued under a shelf registration within three (3) years from the date of the effectivity of the RS.

The First Tranche will have the following tenors: 90 days, 180 days, and 360 days for Series A, B and C, respectively. Series A, B and C of the First Tranche will carry Discount Rates of 4.86%, 5.54% and 6.38%, respectively, calculated on a true-discount basis. (See "Terms and Description of the CPs – Discount Rate").

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

Offer Price Computation [1]

	Series A	**Series B**	**Series C**
Tenor (in Days)	90	180	360
Discount Rate	4.86%	5.54%	6.38%
Cost Breakdown			
Face Value	5,000,000.00	5,000,000.00	500,000.00
Discount	(60,020.75)	(134,766.96)	(29,986.84)
Tax on Discount	12,004.15	26,953.39	5,997.37
Cost	4,951,983.40	4,892,186.44	476,010.53
Offer Price	99.039668%	97.843729%	95.202106%

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 series under Rule 8.1.2 of the Implementing Rules and Regulations of the Securities Regulation Code. Such shelf 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

[1] *This is a sample computation only*

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 approximately **Php1,383,735,546.11**. Such proceeds will be used by the Company to settle its short-term obligations and partially fund various hydroelectric power project developments. See *"Use of Proceeds"* on page40. The Sole Issue Manager, Arranger and Underwriter will receive 0.50% per annum of the 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 net 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.

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 91.

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.

Multinational Investment Bancorporation, the Sole Issue Manager, Arranger and Underwriter, warrants that it has, to the best of its ability, exercised the level of due diligence required under existing regulations in ascertaining that all material information contained in this Prospectus are true and correct, and that to

the best of its knowledge, no material information was omitted, which was necessary in order to make the statements contained in this Prospectus not misleading.
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 Sole Issue Manager, Arranger and Underwriter 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 relating to Foreign Exchange Rate Fluctuations
- Risk relating to the changes in market interest rates
- Risk relating to the Company's liquidity
- Risk relating to counterparty's creditworthiness
- Risks relating to the cost and completion of projects
- Risk relating to the possible malfunctions and failures in operations
- Risk relating to insufficient funds to finance projects
- Risk relating to the delay or failure in the operations of the Power plants
- Risk relating to the successful implementation of business plans and strategies
- Risk relating to the reputation of Directors and Officers of the Company
- Risk relating to foreign ownership limitations
- Risk relating to regulatory compliance
- Risk relating to market competition
- Risk relating to the implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) law
- Risk relating to the listing of the CPs in the PDEx
- Risk relating to the collateralization of assets for loans obtained
- Risk relating to involvement in certain regulatory matters which may result in contingent liabilities
- Risk relating to acts of terrorism
- Risk relating to the mismatch between the short-term nature of the CPs and the long-term payback period of the hydro power plants that will be funded by the proceeds
- Risk relating to the factors considered by PhilRatings in its credit rating report

General Risks

- Risk relating to political or social instability
- Risk relating to a possible slowdown in the Philippine economy
- Risk relating to natural catastrophes and calamities

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 change 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 23 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 Sole Issue Manager, Arranger and Underwriter or Selling Agents 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 Sole Issue Manager, Arranger and Underwriter 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 Sole Issue Manager, Arranger and Underwriter.

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/Underwriter and the Selling Agents, 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 +632 982 3000. Any inquiry regarding this Prospectus should be forwarded to the Company or to Multinational Investment Bancorporation.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED THEREIN IS TRUE AND CURRENT.

ALSONS CONSOLIDATED RESOURCES, INC.

By:

TIRSO G. SANTILLAN, JR.
Executive Vice President

ROBERT F. YENKO
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this SEP 26 2018 th day of ________ 2018 in CITY OF MAKATI, METRO MANILA, Philippines, affiants exhibiting to me their respective N17-72-000977 / N01-16-031117, issued respectively on 02-12-2018 / 10-12-2016 in LTO, Q.C.

Doc. No 346;
Page No 71;
Book No IV;
Series of 2018.

ANGEL M. ESGUERRA, III
NOTARY PUBLIC
ROLL NO. 34787
MAKATI CITY, PHILIPPINES

ANGEL M. ESGUERRA, III
Commission No. M-184
Notary Public for Makati City
Until December 31, 2019
Roll No. 34787; 06-01-1987
Lifetime IBP No. 00259; 06-01-1995; Pasay Chapter
PTR No. 6614781; 01-04-2018; Makati City
Alsons Bldg., 2286 Chino Roces Extension, Makati City

TABLE OF CONTENTS

DEFINITION OF TERMS

ACES............................	Aces Technical Services Corporation
ACR..............................	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
Company....................	Alsons Consolidated Resources, Inc.
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"
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 Php2,500,000,000 shelf 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
Government..................	The Government of the Republic of the Philippines
GRT................................	Gross receipts tax
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 Sole Issue Manager, Arranger and Underwriter. 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.
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
NEA.................................	National Electrification Administration
NPC.................................	National Power Corporation
Non-QIB	Not a Qualified Institutional Buyer
O & M..............................	Operation and Maintenance
Offer...............................	Up to Php 1,500,000,000 Commercial Papers
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)
₱ or Php or P.....................	Philippine Pesos, the lawful currency of the Republic of the Philippines
PDEx..................................	Philippine Dealing & Exchange Corp.
PDST-R2............................	PDS benchmark reference rates as reported in the website of the PDS Group (http://www.pds.com.ph/)
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
QIB.....................................	Qualified Institutional Buyer
Sarangani..........................	Sarangani Energy Corporation
SEC......................................	The Philippine Securities and Exchange Commission
Siguil.................................	Siguil Hydro Power Corporation
Subsequent Issuance........	Issuances subsequent to the Initial Issuance
Sole Issue Manager and Arranger..................	Multinational Investment Bancorporation
SPPC................................	Southern Philippines Power Corporation
SRC..................................	Republic Act No. 8799, otherwise known as "The Securities Regulation Code"
SRPI................................	San Ramon Power, Inc.
TDF	Term Deposit Facility. The TDF is a key liquidity absorption facility, commonly used by Central Banks for liquidity management. Due to the BSP's inability to issue its own debt instruments, the TDF will be tasked

	to withdraw a large part of the structural liquidity from the financial system to bring market rates closer to the BSP policy rate.
TTC..................................	Toyota Tsusho Corporation
Underwriter and Issue Manager	Multinational Investment Bancorporation
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 23 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 four operating power generation subsidiaries, namely, Western Mindanao Power Corporation ("WMPC"), Southern Philippines Power Corporation ("SPPC"), Mapalad Power Corporation ("MPC"), and Sarangani Energy Corporation ("Sarangani"), all of which are located in Mindanao. ACR, through its subsidiaries, is also conducting feasibility studies on renewable energy projects. The 105 MW Phase 1 of Sarangani's 210 MW coal-fired power project started commercial operations last April 29, 2016. Sarangani's Phase 2 began construction in 2017 and is scheduled to be completed in 2019. The 105MW Coal-Fired Power Plant of San Ramon Power, Inc., in Zamboanga City, is currently under development. ACR also has a majority-owned subsidiary, Alto Power Management Corporation, which handles the operations and maintenance of power plant projects outside of the country.

The Company is also engaged in property development through its subsidiaries, Alsons Land Corporation and Kamanga Agro-Industrial Economic Development Corporation.

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 page53.

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 competiveness 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 relating to Foreign Exchange Rate Fluctuations
- Risk relating to the changes in market interest rates
- Risk relating to the Company's liquidity
- Risk relating to counterparty's creditworthiness
- Risks relating to the cost and completion of projects
- Risk relating to the possible malfunctions and failures in operations
- Risk relating to insufficient funds to finance projects
- Risk relating to the delay or failure in the operations of the Power plants
- Risk relating to the successful implementation of business plans and strategies
- Risk relating to the reputation of Directors and Officers of the Company
- Risk relating to foreign ownership limitations
- Risk relating to regulatory compliance
- Risk relating to market competition
- Risk relating to the implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) law
- Risk relating to the listing of the CPs in the PDEx
- Risk relating to the collateralization of assets for loans obtained
- Risk relating to involvement in certain regulatory matters which may result in contingent liabilities
- Risk relating to acts of terrorism
- Risk relating to the mismatch between the short-term nature of the CPs and the long-term payback period of the hydro power plants that will be funded by the proceeds
- Risk relating to the factors considered by PhilRatings in its credit rating report

General Risks

- Risk relating to political or social instability
- Risk relating to a possible slowdown in the Philippine economy
- Risk relating to natural catastrophes and calamities

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 change 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 23 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 +632 982 3000.

SUMMARY FINANCIAL INFORMATION

The selected financial information set forth in the following table has been derived from the Company's audited consolidated financial statements for fiscal years ended December 31, 2017, 2016, and 2015 and the unaudited interim condensed consolidated financial statements as at March 31, 2018. 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

INCOME STATEMENT DATA (in Php millions)				
Consolidated Income Statement	**Mar 2018**	**2017**	**2016**	**2015**
Revenues	1,678	6,519	7,107	5,022
Cost and Expenses	1,521	5,145	5,215	3,506
Other Income/ (Charges)	2	(1,092)	(978)	(384)
Income/ (Loss) Before Tax and Other Items	**156**	**281**	**913**	**1,131**
Provision for (Benefit From) Income Tax	53	178	277	440
Net Income	**103**	**103**	**636**	**691**

Consolidated Financial Position

CONSOLIDATED FINANCIAL POSITION DATA (in Php millions)				
	Mar 2018	**2017**	**2016**	**2015**
ASSETS				
Current Assets	7,991	9,257	6,084	7,903
Noncurrent Assets	29,970	28,980	24,726	22,263
Total Assets	***37,961***	***38,237***	***30,810***	***30,166***
LIABILITIES AND EQUITY				
Current Liabilities	5,620	5,590	2,910	2,025
Noncurrent Liabilities	18,408	18,817	17,188	17,541
Total Liabilities	***24,029***	***24,407***	***20,098***	***19,566***
Total Equity	***13,933***	***13,830***	***10,712***	***10,600***
Total Liabilities and Equity	***37,961***	***38,237***	***30,810***	***30,166***

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.
Instrument	:	Negotiable Commercial Papers registered with the SEC
Issue Size	:	Up to ₱ 1,500,000,000.00 to be issued in one lump sum or multiple issuances at the determination of the Issuer in consultation with the Sole Issue Manager, Arranger and Underwriter.
Sole Issue Manager, and Arranger, and Underwriter	:	Multinational Investment Bancorporation
Use of Proceeds	:	Payment of Short-Term Obligations and Partial Funding of various hydroelectric power project developments
Issue or Offer Price	:	Discount to face value of the CPs
Initial Issuance	:	The initial issuance of the First Tranche
Issue Date	:	In one or more dates to be set by the Issuer in consultation with the Sole Issue Manager, and Arranger and Underwriter on a "when and as needed" basis. The target issue date for the Initial Issuance of the First Tranche is 4th quarter 2018. 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.

Tenor/Term of the Initial Issuance	:	Up to three hundred sixty (360) days; provided portions of the issuance of the CPs may, as determined by the Issuer in consultation with the Sole Issue Manager, Arranger and Underwriter, have the following tenor/term. The day count convention is Actual/360. Series A: 90 days Series B: 180 days Series C: 360 days
Tenor for Subsequent Issuance/s	:	A minimum of ninety (90) days
Denomination on Initial Issuance	:	For Series A and B: Minimum of Pesos: Five Million (P5,000,000) face value and increments of Pesos: One Hundred Thousand (P100,000) For Series C: Minimum of Pesos: Five Hundred Thousand (P500,000) face value and increments of Pesos: One Hundred Thousand (P100,000)
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)
Discount Rate for Initial Issuance	:	The sum of the Base Rate and the Credit Spread determined prior to the Issue Date (the "Rate Setting Date") The following are the discount rates for the Initial Issuance based on the benchmark rate plus a credit spread Series A: 4.86% Series B: 5.54% Series C: 6.38%
Discount Rate of Subsequent Issuance/s	:	The discount rate of the subsequent issuance/s shall be set by the Issuer in consultation with the Issue Manager and Arranger
Base Rate	:	The base rate is the higher of a) the three-day average PDST-R2 Reference Rate of the corresponding tenor; or b) the rate of the closest tenor of the Term Deposit Facility of the BSP The PDST-R2 Reference for each series is as follows: Series A: PDST-R2 3Mos Series B: PDST-R2 6Mos Series C: PDST-R2 12Mos

Credit Spread	:	The Credit Spread for the Initial Issuance of each series is as follows: Series A: up to 200 bps Series B: up to 200 bps Series C: up to 200 bps
Discount Rate Computation	:	The Interest/Discount Rate will be calculated on a true-discount basis
Manner of Purchase	:	The CPs will be available for sale from the Sole Underwriter and Selling Agents, if any, subject to minimum purchase amount and denomination.
Acceptance / Rejection of the Application	:	The Issuer and the Sole Issue Manager, Arranger and Underwriter reserve the right to accept or reject any application for CPs. In case of over-subscription, the Issuer and the Sole Issue Manager, Arranger and Underwriter 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 Sole Underwriter and/or Selling Agents
Principal Repayment	:	The principal amount of the CPs will be repaid in full at the Principal Repayment Date.
Principal Repayment Date	:	The date of maturity of a CP as stated in the CP certificate, at which the Issuer shall effect payment in full of the CP. If such Principal Repayment is due on a day that is not a Banking Day, the Principal Repayment Date shall be made on the immediately succeeding Banking 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.
Taxation on the Discount	:	Generally, the Discount 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 the

		following: (i) certified true copy of the tax exemption certificate issued by the Bureau of Internal Revenue; (ii) a duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status, undertaking to immediately notify the Issuer of any suspension or revocation of the tax exemption certificates and agreeing to indemnify and hold the Issuer free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities. The Issuer reserves the right to withhold the required tax on the discount of a CP Holder otherwise representing itself to be a tax-exempt institution in the event that such CP Holder fails to comply with or submit the foregoing documentary requirements.
Documentary Stamps on Original Issuance	:	The cost of the documentary stamps on the original issuance of the CPs shall be for the account of the Issuer.
Registrar and Paying Agent	:	PDTC
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.
Liabilities	:	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.
Credit Rating	:	In its credit rating report dated May 2018, Philratings assigned an issuer credit rating of PRS A plus (corp.) for Alsons Consolidated Resources, Inc. based on the following considerations: - Positive growth prospects for Mindanao which will bring an increasing demand for power - Ability to establish joint ventures with strong partners for particular projects - Expansion plans which will further enhance over all operations *Other Factors considered:* - Volatile profitability and declining coverage ratios in the last three years

		- Mindanao currently has an oversupply of energy resulting in challenges in contracting capacities compared to previous years for its diesel plants; and - ACR had a debt restructuring in 2010 and 2014, and currently has no available bank lines, as reported. All restructured debt, however, have already been fully settled in 2015. In addition, most of its obligations are secured. The assigned rating is based on the financial statements of the Company as of December 2017, and is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as they are outstanding.
Facility Agent	:	AB Capital and Investment Corporation – Trust Department The Facility Agent has no direct relations with the Issuer.
Security	:	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.
Cross Default	:	The Company shall be considered to be in default in case 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 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)".

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. 4. Other terms and conditions as may be agreed upon among the Issuer, the Sole Issue Manager, Arranger and Underwriter.

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 invesment 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 relating to 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. Purchases of spare parts, and insurance policies of MPC, SPPC and WMPC, and the fuel supply agreement, operations and maintenance agreement, the equipment supply contracts, and insurance policies of Sarangani, are denominated in U.S. Dollars.

   Risk Mitigation:

   The Company keeps a portion of its short-term investments in foreign currency to serve as a hedge in foreign exchange fluctuations.

2. **Risk relating to the changes in market interest rates / Interest Rate risks**

   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.

   Risk Mitigation:

   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. **Risk relating to the Company's liquidity / 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.

4. Risk relating to counterparty's creditworthiness / Credit risks

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or a customer contract, leading to non-collection of earned revenues and financial losses. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Risk Mitigation:

In the Group's real estate business, transfer of the property is executed only upon full payment of the purchase price. There is also a provision in the sales contract which allows forfeiture of the

installment/deposits made by the customer in favor of the Group in case of default. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments.

In the Group's power generation business, it is the policy of the Group to ensure that all terms specified in the ECA and PSAs with its customers, including the credit terms of the billings, are complied with.

The power companies' receivables are largely from the distribution utilities, each of whom have provided security in the form of escrowed cash equivalent to, or standby irrevocable letters of credit worth at least, one month's Energy fees.

Trade receivables include SPPC's long-outstanding receivables from NPC. These receivables pertain to the portion of accounts that was disputed by NPC and was decided upon by the Energy Regulation Commission (ERC) on June 3, 2013 in favor of SPPC. On July 23, 2013, NPC elevated the case to the Court of Appeals (CA). On August 17, 2015, CA denied NPC's motion for reconsideration and decided in favor of SPPC. On September 18, 2015, NPC elevated the case with the Supreme Court (SC). On July 4, 2016, SC rendered a decision holding NPC liable to pay SPPC for the additional 5 MW from 2005 to 2010 which affirmed ERC's requirement for both parties to reconcile settlement amount. On November 23, 2016, SC issued its decision to deny the motion for reconsideration submitted by NPC and to render the case with finality.

As at March 22, 2018, SPPC and NPC are still in negotiation for the settlement of the long-outstanding receivables.

The risk of non-collection of the receivables is very minimal, if any, and is now just a matter of collection from the government. This is recorded under the receivables, and will not be converted into cash unless collected.

For the Company's customers, eight (8) of the distribution utilities being serviced have a rating of AAA from the National Electrification Administration, while one (1) has a rating of AA.

Based on NEA's official website, the electric cooperatives are rated based on two criteria namely the Key Performance Standards ("KPS") (80%) and Electric Cooperatives Classification (20%). The KPS covers the electric cooperative's financial, institutional, technical and reportorial performance while the EC Classification covers financially-driven standards and parameters including accounts payables to the National Grid Corporation of the Philippines (NGCP). Based on the two criteria, the corresponding ratings were assigned to the scores garnered by the cooperatives, as follows: 95-100 = AAA; 90-94 = AA; 85-89 = A; 75-84 = B; 50-74 = C; and 49 and below = D.[2]

Presented below is a summary of the NEA ratings:

Customer	**Location**	**NEA Rating**
ANECO	Agusan del Norte	AAA
ASELCO	Agusan del Sur	AAA
CEPALCO	Cagayan De Oro	N/A
CLPC	Cotabato	N/A
COTELCO	Cotabato	AAA
DANECO	Davao del Norte	C
DASURECO	Davao del Sur	AAA
DLPC	Davao City	N/A
ILPI	Iligan City	N/A
MORESCO 2	Misamis Oriental	AAA
SOCOTECO 1	South Cotabato	AAA
SOCOTECO 2	South Cotabato	AAA
ZAMCELCO	Zamboanga City	C
ZAMSURECO 1	Zamboanga del Sur	AAA
ZANECO	Zamboanga del Norte	AA

CEPALCO, ILPI, DLPC and CLPC do not have NEA ratings as they are privately-owned.

DANECO and ZAMCELCO has a rating of C from NEA. The credit risk for these, and all the other power plants, is mitigated by a standard provision in the PSAs that each customer provides security in the form of escrowed cash equivalent to, or standby irrevocable letters of credit worth at least, one month's Energy fees. This mitigates the credit risk which the Company is exposed to.

5. Risks relating to the cost and completion of projects

Possibility of cost overrun may happen due to change orders. In addition, the Company may encounter slippage in the project schedule. 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. Currently, only Sarangani Phase 2 is under construction, while the other power plants are fully operational.

[2] http://www.nea.gov.ph/news/302-nea-rates-54-power-coops-aaa

Risk Mitigation:
The Company is confident that project schedule slippage would be minimized during the construction of the second phase of Sarangani Energy Corporation since the agreed subcontractors are reputable local companies with good track record. Also, experiences in the Phase 1 of Sarangani, including deficiencies in project management and scheduling, were thoroughly discussed and will be addressed by the Phase 2 contractor.

Since possibility of cost overrun may happen due to change in orders, the project team should ensure adherence to provisions and scope of work specified in the EPC Contract. Thorough review of terms of reference should 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, they can easily detect and resolve construction issues, thus minimizing delays.

6. Risk relating to the possible malfunctions and failures in operations

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

Effects and Risk Mitigation:

- Fire and Explosion :
  ACR's power plant 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 can cause 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, Sarangani Phase 2 construction is currently ongoing and is adjacent to the operating Plant (Phase 1). Since 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 were 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 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 this lessens the risk.

  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 analysers 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 EPC contractor and the boiler supplier have addressed the issue, and a long term solution/design was installed. This will allow 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 has its own protection system. During scheduled outages, inspection of steam turbine (ST) blades will be done.

  Delays in the operations could also happen when there are mechanical failures and 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 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 problems 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 also conducts 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 which include the Distributed Control System (DCS) and Programmable Logic Controller (PLC) system. This failure could also disrupt the normal operations of the Company, and ACR mitigates this risk by ensuring that adequate spares for any part of the DCS are available and 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 and calibration program for all the instruments and control valves.

Presented below are the insurance providers of the power plants:

Diesel Power Plants

Type	WMPC	SPPC	MPC
Industrial All Risk	1. Charter Ping An Insurance 2. UCPB General Insurance 3. New India Assurance Co., LTD	1. Charter Ping An Insurance 2. FPG Insurance 3. Asia Insurance 4. Pioneer Insurance 5. New India Assurance 6. UCPB General Insurance	1. Charter Ping An Insurance 2. Asia Insurance 3. UCPB General Insurance
Public Liability	1. QBE Seaboard Insurance Phils., Inc.	1. QBE Seaboard Insurance Phils., Inc.	1. QBE Seaboard Insurance Phils., Inc.
Fuel Stocks	1. Charter Ping An Insurance 2. New India Assurance Co., Ltd	1. Charter Ping An Insurance 2. New India Assurance Co., Ltd	1. Charter Ping An Insurance 2. New India Assurance Co., Ltd
Sabotage and Terrorism	1. Charter Ping An Insurance	1. Charter Ping An Insurance	1. Charter Ping An Insurance

Coal Power Plants

Type	Provider
a.) Sarangani Phase 1	
i. Political Violence and BI	Charter Ping-An Insurance Corporation
ii. Comprehensive General Liability	Charter Ping-An Insurance Corporation
iii. Industrial All Risk	Malayan Insurance Co. Inc., UCPB General Insurance Co., Inc. and Charter Ping-An Insurance Corporation
iv. Terminal Operators Liability	Charter Ping-An Insurance Corporation
v. Marine Open Policy	Charter Ping-An Insurance Corporation
vi. Fire	Charter Ping-An Insurance Corporation
b.) Sarangani Phase 2	
i. Construction/Erection All Risk with Delayed Start-up (DSU)	Malayan Insurance Co. Inc., UCPB General Insurance Co., Inc. and Charter Ping-An Insurance Corporation
ii. Marine Cargo Insurance with DSU	UCPB Gen
iii. Sabotage and Terrorism (Political Violence) with DSU	Charter Ping An
iv. Construction Comprehensive General Liability	Charter Ping An

7. Risk relating to insufficient funds to finance projects

Negative or low revenue and net income and the inability to collect revenues in a timely manner may affect the Company's ability to finance its ongoing projects.

Risk Mitigation:
This is mitigated by the Company's efforts to generate and collect revenues more efficiently. The Company also ensures that their operational risks are minimized to keep their production steady.

In addition, ACR's shareholders have enough funds and bank lines to fund possible shortages to finance the projects.

8. Risk relating to the delay or failure in the operations of the Power plants

Any delays and 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 delay and failure in operations, and therefore, minimizes exposure to such risk.

9. Risk relating to the 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 stategies may result in a delay in the operations of the Company.

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.

10. Risk relating to the reputation 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.

11. Risk relating to 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. ACR's current foreign ownership is at 1.21%, a relatively small percentage compared to the 40% limit.

Risk Mitigation:

ACR's foreign ownership is currently at 1.21%. The Company is constantly monitoring the ownership of ACR shares, and it has no prospects of increasing foreign ownership.

12. Risk relating to regulatory compliance

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. 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. Notable is 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.

13. Risk relating to market competition

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.

14. Risk relating to the implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) law

On December 19, 2017, Republic Act No. 10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law and took effect on January 1, 2018, making the new tax law enacted as at balance sheet date. Although the TRAIN changes existing law and includes several provisions that will generally affect business on a prospective basis, management assessed that the same will not have any significant impact on the financial statement balances as at balance sheet date.

ACR				
	Prior to TRAIN	With the TRAIN		Impact to ACR
Documentary Stamp	4.90%	7.30%		2.30%
The impact of DST would be an additional cost of 2.3% on new loan availments.				
MPC & WMPC & SPPC				
Excise tax on Fuel & Oil	Prior to TRAIN	2018	2019	2020
Diesel/ Bunker fuel	0.00%	2.50%	4.50%	6.00%
Lubricating Oil	4.50%	8.00%	9.00%	10.00%
Gasoline	4.35%	7.00%	9.00%	10.00%
As for the diesel companies, impact of TRAIN law resulted to an increase in fuel cost. The excise tax is part of the pass-on cost to the customers. Therefore, there should be no material impact to the Company.				
Sarangani Energy Corp.				
Excise tax on Coal		2018	2019	2020
Effects on actual fuel cost Additional cost per Kwh		0.04%	0.07%	0.11%
The excise tax is part of the pass-on cost to the customers. Therefore, there should be no material impact to the Company. DST on Project loan drawdown has no effect as DST was already paid during registration of OLSA.				

15. Risk relating to the listing of the CPs to the PDEx

To ensure the liquidity and transparency in the pricing of the CPs, the security will be listed in the PDEx. However, 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 lack of liquidity and transparency in pricing is a major concern for investors. Hence, this is mitigated by the fact that there is an assigned market maker for the commercial papers.