

This Preliminary Prospectus and the information contained herein are subject to completion or amendment without notice. The Bonds may not be sold nor may an offer to buy be accepted prior to the time that the Prospectus is issued in final form. Under no circumstances shall this Preliminary Prospectus constitute an offer to sell or the solicitation of an offer to buy any Bonds nor shall there be any offer, solicitation or sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.



A BROWN COMPANY, INC.

(a company incorporated under the laws of the Republic of the Philippines)

**Shelf Registration in the Philippines of
Fixed Rate Bonds in the aggregate principal amount of up to
₱12,000,000,000.00**

**To be offered within a period of five (5) years
at an Issue Price of 100% of Face Value**

**To be listed and traded on the
Philippine Dealing & Exchange Corp.**

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

This Preliminary Prospectus is dated April 30, 2026

A BROWN COMPANY, INC.
Xavier Estates Masterson Avenue
Upper Balulang, Cagayan de Oro City, 9000
Telephone number (02) 8631 8890 / (02) 8633-3135
<https://www.abrown.ph>

This Prospectus (the “**Prospectus**” and, as the context may require, the term includes the relevant Offer Supplement) relates to the shelf registration and offer and sale in the Philippines within the Shelf Period, as defined below (each an “**Offer**”), of Philippine Peso-denominated fixed rate bonds with an aggregate principal amount of up to Twelve Billion Pesos (₱12,000,000,000.00) (the “**Bonds**”) by A Brown Company, Inc. (“**ABCI**”, the “**Company**” or the “**Issuer**”), a corporation duly organized and existing under the laws of the Philippines. The Bonds will be issued at face value (the “**Issue Price**”) and listed and traded through the Philippine Dealing & Exchange Corp. (“**PDEX**”).

The Bonds shall be offered and sold in tranches within a period of five (5) years from the effective date of the Registration Statement, subject to applicable regulations (the “**Shelf Period**”). The offer and sale of the Bonds, including the terms and conditions for each tranche, shall be at the sole discretion of the Company. The specific terms of the Bonds for each tranche will be determined by the Company considering its requirements and the prevailing market conditions and shall be provided in a supplement to be circulated at the time of the offer of the relevant tranche (the “**Offer Supplement**”).

For each Offer of the Bonds, the Issuer shall distribute an Offer Supplement containing the terms of the Offer and the Bonds to be issued in respect of such Offer, along with this Prospectus (as the same may be updated at the time of the relevant Offer). The relevant Offer Supplement will contain the final terms for an Offer of the Bonds and must be read in conjunction with this Prospectus and other Bond Agreements (as defined in the relevant Offer Supplement). Full information on the Issuer and such offer of the Bonds is only available through this Prospectus, the relevant Offer Supplement, and the other Bond Agreements. All information contained in this Prospectus is deemed incorporated by reference in an Offer Supplement. In the event of any inconsistency between this Prospectus and the Offer Supplement, the more recent and more specific information provided between the two shall prevail. The Bonds will be issued in one or more series for each tranche of the Offer.

The use of proceeds for each tranche of the Bonds will be set out in the relevant Offer Supplement.

The Bonds are being offered for subscription solely in the Philippines.

The initial tranche of the Bonds shall consist of up to Three Billion Pesos (₱3,000,000,000.00) fixed rate bonds with an oversubscription option of up to Two Billion (₱2,000,000,000.00) fixed rate bonds (the “**Initial Tranche**”). Please refer to the Offer Supplement dated April 30, 2026.

On April 28, 2026, the Board of Directors of the Company (the “**Board of Directors**”) authorized the sale and offer of the Bonds under such terms and conditions as the management of ABCI may deem advantageous to it. On April 30, 2026 the Company filed an application with the Securities and Exchange Commission (“**SEC**”) to register the Bonds under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799) (“**SRC**”). The SEC is expected to issue an order rendering the Registration Statement effective, and a corresponding permit to offer securities for sale covering the initial tranche of the Bonds. Any subsequent offering under the relevant rules requires the issuance of a permit to offer the relevant Bonds, which permit shall be issued provided that the Issuer is able to comply with all the requirements under the SRC and the implementing rules and regulations of the SRC and of the SEC, and the submission by the Company of relevant updates and amendments to the Registration Statement. As a listed company, ABCI regularly disseminates such updates and information in its disclosures to the SEC and The Philippine Stock Exchange, Inc. (“**PSE**”). After the Company’s securities are listed on the PDEX, it shall likewise make the same disclosures to PDEX.

The Company will apply for the listing of the Bonds in the PDEX. However, there is no assurance that such a listing will be achieved either before or after the relevant issue date of the Bonds being offered at a particular time or whether such a listing will materially affect the liquidity of the Bonds on the secondary market. Such listing will be subject to the Company’s execution of a listing agreement with PDEX that may require the Company to make certain disclosures, undertakings, and payments on an ongoing basis.

It is expected that the Bonds will be delivered in book-entry form against payment thereof to the Philippine Depository & Trust Corp. (“**PDTC**”), which will be appointed as the registrar of the Bonds. It is intended that upon issuance, the Bonds shall be issued in scripless form, with PDTC maintaining the scripless Registry of Bondholders.

The Issuer will likewise appoint, in respect of each tranche of the Bonds, a financial institution having the necessary license who will discharge the obligations of a Trustee under the Trust Agreement to be executed between the Issuer and such Trustee.

The Bonds will be offered to the public through underwriters that may be engaged by the Company for each tranche of the Bonds (the “**Underwriters**”). The Underwriters may appoint other underwriters (such as sub-underwriters) and selling agents to assist in the sale and distribution of the Bonds to the public.

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

The Bonds will be registered and offered exclusively in the Philippines. The distribution of this Prospectus, the relevant Offer Supplement, and the offer and sale of the Bonds may, in certain jurisdictions, be restricted by law. This Prospectus and the relevant Offer Supplement does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of the Company in any jurisdiction, to or from any person whom it is unlawful to make such offer in such jurisdiction. The Company and the Underwriters require persons into whose possession this Prospectus or the relevant Offer Supplement comes to inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally, and to observe all such restrictions. Each investor in the Bonds must comply with all laws applicable to it and must obtain the necessary consent, approvals or permission for its purchase or subsequent offer and sale of the Bonds under the laws and regulations in force in any jurisdiction to which it is subject. None of the Company, the Underwriters, any participating underwriter, co-manager, and selling agent will have any responsibility therefor.

The price of securities, such as the Bonds, 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. An investment in the Bonds described in this Prospectus involves a certain degree of risk. A prospective purchaser of the Bonds should carefully consider several risk factors relating to the Company’s business and operations, risks relating to the Philippines, and risks relating to the Bonds, as set out in the section “*Risk Factors*” found on page [•] of this Prospectus, in addition to the other information contained in this Prospectus, in deciding whether to invest in the Bonds. The risk disclosure discussion does not purport to disclose all the risks and other significant aspects of investing in the Bonds. A person contemplating an investment in the Bonds 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.

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

The Underwriters have exercised the required due diligence in ascertaining that all material representations contained in this Prospectus and the relevant Offer Supplement, and any amendment or supplement thereto, are true and correct and that no material information was omitted, which was

necessary in order to make the statements contained in said documents not misleading in any material respect.

No representation or warranty, express or implied, is made or given, or is to be made or to be given, by the Underwriters, the Trustee or the Registrar and Paying Agent or their respective affiliates or legal advisers as to the accuracy, completeness or sufficiency of the information contained in this Prospectus and the relevant Offer Supplement, and nothing contained in this Prospectus and the relevant Offer Supplement is, or shall be relied upon as, a promise, representation or warranty by the Underwriters, the Trustee, the Registrar and Paying Agent or their respective affiliates or legal advisers.

Market data and certain industry forecasts used throughout this Prospectus and, as applicable, the relevant Offer Supplement, were obtained from internal surveys, market research, publicly available information, and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts, and market research, while believed to be reliable, have not been independently verified. The Company does not make any representation, undertaking or other assurance as to the accuracy or completeness of such information or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to the Offer. Any reliance placed on any projections or forecasts is a matter of commercial judgment. Certain agreements are referred to in this Prospectus and the relevant Offer Supplement in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

This Prospectus and the relevant Offer Supplement is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Underwriters, the Trustee, the Registrar and Paying Agent or their respective affiliates or legal advisers that any recipient of this Prospectus or the relevant Offer Supplement should purchase the Bonds. Each person contemplating an investment in the Bonds should make his own investigation and analysis of the creditworthiness of ABCI and his own determination of the suitability of any such investment.

No dealer, salesman or any other person or group of persons has been authorized by the Company and the Underwriters to give any information or to make any representation concerning the Bonds other than as contained in this Prospectus. If given or made, any such information or representation must not be relied upon as having been authorized by the Company or any of the Underwriters.

Unless otherwise indicated, all information in the Prospectus and the relevant Offer Supplement is as of the date hereof. Neither the delivery of this Prospectus or the relevant Offer Supplement nor any sale made pursuant to this Prospectus and the relevant Offer Supplement shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date. Any reproduction or distribution of this Prospectus and the relevant Offer Supplement, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer is prohibited.

The Company owns land as identified in the section on "*Description of Property*" on page [●]. In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. For further discussion, please refer to section on "*Regulations*" on page [●].

PRESENTATION OF FINANCIAL INFORMATION

The Company's financial statements are reported in Philippine Pesos and are prepared based on its accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("**PFRS**") issued by the Financial Reporting Standards Council of the Philippines.

The financial information included in this Prospectus has been derived from the Company's financial statements. Unless otherwise indicated, financial information relating to the Company in this Prospectus is stated in accordance with PFRS.

Figures in this Prospectus and the relevant Offer Supplement have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

The Company's fiscal year begins on January 1 and ends on December 31 of each year. SyCip Gorres Velayo & Co ("**SGV**") has audited the Issuer's financial statements as of and for the years ended December 31, 2023, 2024 and 2025 in accordance with Philippine Standards on Auditing ("**PSA**").

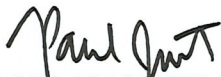
For more information, please refer to its audited financial statements as of and for the years ended December 31, 2023, 2024 and 2025 as included in this Prospectus.

This Prospectus includes presentation of certain financial measures such as EBITDA. EBITDA is not a measure of performance under PFRS, and investors should not consider EBIT or EBITDA in isolation or as alternatives to net income as an indicator of the Company's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA calculation methods, the Company's presentation of this measure may not be comparable to similarly titled measures used by other companies.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE THEREBY, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO THE NOTICE OF ITS ACCEPTANCE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PRELIMINARY PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR BE CONSIDERED A SOLICITATION OF AN OFFER TO BUY.

A BROWN COMPANY, INC.

By:




PAUL FRANCIS B. JUAT
President

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) SS.

SUBSCRIBED AND SWORN to before me this APR 30 2026 in MAKATI CITY,
affiant exhibiting to me his PO 991991 B expiring on MARCH 10, 2029 as
competent evidence of identity.

Doc No.: 422 ;
Page No.: 86 ;
Book No.: 11 ;
Series of 2026.



JOHN CHRISTOPHER O. TAN
Appointment No. M-581
Notary Public for Makati City
Until December 31, 2026
Liberty Center-Picazo Law
104 H.V. Dela Costa Street, Makati City
Roll of Attorney's No. 94654
PTR No. 10766618/Makati City/01-02-2026
IBP No. 536196/Makati/12-23-2025
Admitted to the bar in 2025

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FORWARD-LOOKING STATEMENTS

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

- known and unknown risks;
- uncertainties and other factors which may cause actual results, performance or achievements of ABCI to be materially different from any future results; and
- performance or achievements expressed or implied by forward-looking statements.

The words “believe”, “expect”, “anticipate”, “estimate”, “project”, “may”, “plan”, “intend”, “will”, “shall”, “should”, “would” and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Prospectus are forward-looking statements. Statements in this Prospectus as to the opinions, beliefs and intentions of the Issuer are the opinions, beliefs and intentions of the management of ABCI as to such matters at the date of this Prospectus, although the Issuer can give no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Prospectus discloses, under the section “*Risk Factors*” and elsewhere, important factors that could cause actual results to differ materially from the expectation of the Issuer. All subsequent written and oral forward-looking statements attributable to either the Issuer or persons acting on behalf of the Issuer are expressly qualified in their entirety by cautionary statements. Such forward-looking statements are based on assumptions regarding the present and future business strategies and the environment in which ABCI will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- the ability of ABCI to successfully implement its strategies;
- the ability of ABCI to anticipate and respond to consumer trends;
- changes in availability of raw materials used in the production processes of ABCI and its subsidiaries (the “**ABCI Group**”);
- the ability of the ABCI Group to successfully manage its growth;
- the condition and changes in the Philippines, Asian or global economies;
- any future political instability in the Philippines, Asia or other regions;
- changes in interest rates, inflation rates and the value of the Peso against the U.S. Dollar and other currencies;
- changes in government regulations, including tax laws, or licensing requirements in the Philippines; and
- competition in the power and utilities, real estate and agribusiness industries in the Philippines.

Additional factors that could cause actual results, performance or achievements of ABCI to differ materially include, but are not limited to, those disclosed under “*Risk Factors*” and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. ABCI and the Underwriters expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the expectations of ABCI with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based. In light of these risks, uncertainties and assumptions associated with forward-looking statements, investors should be aware that the forward-looking events

and circumstances discussed in this Prospectus might not occur in the way ABCI expects, or at all. ABCI's actual results could differ substantially from those anticipated in ABCI forward-looking statements. Investors should not place undue reliance on any forward-looking information.

DEFINITION OF TERMS

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

ABCEI	:	ABC Energy, Inc. (formerly Palm Thermal Consolidated Holdings Corp.)
ABERDI	:	A Brown Energy and Resources Development, Inc.
ABWCI	:	AB Bulk Water Company, Inc.
Accudata	:	Accudata Analytical Labs Corporation
Applicable Interest Rate	:	Shall have the meaning ascribed to it in the relevant Offer Supplement
Applicable Law	:	Any statute, law, regulation, ordinance, rule, judgment, order, decree, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority
Application to Purchase	:	The application form accomplished and submitted by an Applicant for the purchase of a specified amount of the Bonds, together with all the other requirements set forth in such application form.
ASELCO	:	Agusan del Sur Electric Cooperative Inc.
ATWC	:	Alternergy Tanay Wind Corporation
AWPC	:	Alabat Wind Power Corporation
BAC	:	Bonsai Agri Corporation
BIR	:	Bureau of Internal Revenue of the Philippines
BCL	:	Blaze Capital Limited
Board of Directors or Board	:	Board of Directors of ABCI
BOI	:	Board of Investments
BOMT	:	Build-Operate-Maintain and Transfer
Bond Agreements	:	Collectively, the Underwriting Agreement, the Trust Agreement and the Registry and Paying Agency Agreement
BOT	:	Build-Operate and Transfer
Bonds	:	Fixed rate bonds with an aggregate principal amount of up to Twelve Billion Pesos (₱12,000,000,000.00) to be issued by the Company during the Shelf Period.
BSP	:	Bangko Sentral ng Pilipinas
BUSECO	:	Bukidnon Second Electric Cooperative Inc.
BVI	:	British Virgin Island

Clean Air Act	:	The Philippine Clean Air Act of 1999
Clean Water Act	:	The Philippine Clean Water Act of 2004
CMEPA	:	Capital Markets Efficiency Promotion Act
COC	:	Certificate of Compliance
Company, Issuer or ABCI	:	A Brown Company, Inc.
COWD	:	Cagayan de Oro Water District
CPO	:	Crude Palm Oil
CPR	:	Certificate of Product Registration issued by the FDA
CREATE	:	Corporate Recovery and Tax Incentives for Enterprises Act
DA	:	Department of Agriculture of the Philippines
DAR	:	Department of Agrarian Reform of the Philippines
DENR	:	Department of Environment and Natural Resources of the Philippines
DHSUD	:	Department of Human Settlements and Urban Development of the Philippines
DOE	:	Department of Energy of the Philippines
DOLE	:	Department of Labor and Employment of the Philippines
DOH	:	Department of Health of the Philippines, including the FDA
DTI	:	Department of Trade and Industry of the Philippines
E-Beam	:	Electron Beam
EBITDA	:	Earnings before interest, taxes, depreciation and amortizations computed as the sum of Income before income tax, Depreciation, and Interest expense.
ECC	:	Environmental Compliance Certificate
EIS	:	Environmental Impact Statement
Eligible Investors	:	Philippine and non-Philippine citizens residing in the Philippines or corporations or judicial entities organized and existing under Philippine law.
EMB	:	Environmental Management Bureau
EMF	:	Environmental Monitoring Fund
EMP	:	Environmental Management Plan

EOPT	:	Ease of Paying Taxes Act
EPIRA	:	Electric Power Industry Reform Act of 2001
EPNS	:	Energy Projects of National Significance
ERC	:	Energy Regulatory Commission of the Philippines
ESS	:	Energy Storage System
EWRP	:	East-West Rail Project
EWRTC	:	East West Rail Transit Corporation
FDA	:	The Food and Drug Administration of the Philippines
FDDC Act	:	The Philippine Foods, Drugs and Devices, and Cosmetics Act, as amended by the Food and Drug Administration Act of 2009
FFB	:	Fresh fruit bunches
FPP		Floating Power Plant
Government	:	the Government of the Republic of the Philippines
Grid Code	:	The Philippine Grid Code
Group	:	At any time, the Company and its subsidiaries at such time.
HLPC	:	Hydro Link Projects Corp.
HUDCC	:	Housing and Urban Development Coordinating Council of the Philippines
Initial Tranche	:	The initial tranche of the Bonds consisting of up to ₱3,000,000,000.00 fixed rate bonds with an oversubscription option of up to ₱2,000,000,000.00 fixed rate bonds.
IPP	:	Independent Power Producer
IPPA	:	Independent Power Producer Administrator
IRR	:	Implementing Rules and Regulations
ISI	:	Irradiation Solutions, Inc.
Joint Lead Underwriters and Joint Bookrunners		PNB Capital and Investment Corporation and Land Bank of the Philippines
LGU	:	Local Government Unit
LTO	:	License to Operate
MCPI	:	Masinloc Consolidated Power, Inc.
MLD	:	Million liters per day

MFPC	:	Manolo Fortich Power Corporation
MW	:	Mega-watt
MWh	:	Mega-watt hour
NC	:	Nakeen Corporation
NCR	:	National Capital Region of the Philippines
NEA	:	National Electrification Administration
NEDA	:	National Economic Development Authority of the Philippines
NGCP	:	National Grid Corporation of the Philippines
NPC	:	National Power Corporation of the Philippines
NRC	:	Northmin Renewables Corp.
NTP	:	Notice to Proceed
Offer Bonds	:	Shall have the meaning ascribed to it in the relevant Offer Supplement
OCSP	:	Open and Competitive Selection Process
Offer Supplement	:	The document which sets out the terms and conditions for each tranche of the Bonds
PBI	:	Peakpower Bukidnon Inc.
PCC	:	Philippine Competition Commission of the Philippines
PCPC	:	Palm Concepcion Power Corporation
PDTC	:	The Philippine Depository & Trust Corp.
PDEX	:	The Philippine Dealing & Exchange Corp.
PEI	:	Peakpower Energy, Inc.
Peso or ₱ or PHP	:	Philippine Peso, the lawful currency of the Republic of the Philippines
PFF Act	:	Philippine Food Fortification Act of 2000
PFRS	:	Philippine Financial Reporting Standards
Philippines	:	Republic of the Philippines
PIFITA	:	Passive Income and Financial Intermediary Taxation Act
PNR	:	Philippine National Railways

PPTA	:	Power Purchase and Transfer Agreement
PRC	:	Product Recall Committee
Price Act	:	Republic Act No. 7851, otherwise known as the Price Act
PRO	:	Product Recall Order
Prospectus	:	The prospectus dated April 30, 2026 and any amendments, supplements and addenda thereto for the offer and sale to the public of the Bonds within the Shelf Period. As the context may require, the term includes the Offer Supplement.
PSA	:	Philippines Standards on Auditing
PSALM	:	Power Sector Assets and Liabilities Management Corporation
PSE	:	The Philippine Stock Exchange, Inc.
PSFI	:	Peakpower San Francisco, Inc.
PSI	:	Peakpower SOCCSARGEN, Inc.
RBD	:	Refined, Bleached and Deodorized
RCOA	:	Retail Competition and Open Access
Registration Statement	:	The registration statement filed with the SEC in connection with the offer and sale to the public of the Bonds
RESCs	:	Renewable Energy Service Contracts
RES License	:	Retail Electricity Supplier License
Revised Corporation Code	:	Republic Act No. 11032, otherwise known as the Revised Corporation Code of the Philippines
Revised Omnibus Guidelines	:	DOE Department Circular No. DC2024-06-0018 entitled "Revised Omnibus Guidelines Governing the Award and Administration of Renewable Energy Contracts and the Registration of Renewable Energy Developers"
Sanitation Code	:	Code on Sanitation of the Philippines
SEC	:	Securities and Exchange Commission of the Philippines
SGAC	:	Surigao Greens Agri Corp.
SHDI	:	Simple Homes Development, Inc.
Shelf Period	:	A period of five (5) years from the date of effectivity of the Registration Statement for the Bonds, during which the Bonds may be offered and sold to the public
Shelf Registration	:	The shelf registration of the Bonds in accordance with the provisions of the SRC

SOCOTECO II	:	South Cotabato II Electric Cooperative Inc.
SRC	:	Republic Act No. 8799 or the Securities Regulation Code of the Philippines, as amended from time to time, and including the rules and regulations issued thereunder
SSS	:	Social Security System of the Philippines
S&P	:	Standard & Poor Ratings Group
Tax Code	:	The Philippine National Internal Revenue Code of 1997, as amended
TPA	:	Third-Party Access
TRAIN	:	Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion
Transition Development Plan	:	The program for managing the transmission system through efficient planning for the expansion, upgrading, rehabilitation, repair and maintenance, to be formulated by DOE and implemented by the TRANSCO pursuant to the EPIRA
Underwriters	:	Underwriters that may be engaged by the Company for each tranche of the Offer
Underwriting Agreement	:	The Underwriting Agreement that the Company will enter into with Underwriters for each tranche of the Offer, and its annexes and attachments, as may be modified, supplemented or amended from time to time.
VAT	:	Value-added tax
VEC	:	Vires Energy Corporation
WESM	:	Philippine Wholesale Electricity Spot Market

EXECUTIVE SUMMARY

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

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

Brief Background on the Company

A Brown Company, Inc. was incorporated and registered with the Securities and Exchange Commission (SEC) on December 21, 1966. The Company is primarily engaged in real estate development, which accounts for 84.66% of its total revenues in 2025. ABCI’s real estate projects are located in Cagayan de Oro City and Initao in Misamis Oriental, Bukidnon, Butuan City in Agusan del Norte, and Tanay, Rizal.

Real estate is the core businesses of ABCI. Its flagship development is Xavier Estates in Cagayan de Oro City, a master-planned residential township. The Company’s real estate projects are generally developed as mixed-use, nature-oriented, integrated, and master-planned communities. In recent years, the Company has expanded its real estate projects to cover economic and socialized housing developments to serve a broad market segment.

The Company’s shares of stock are listed and are currently traded on the Main Board of the Philippine Stock Exchange (“PSE”) under the ticker symbol “BRN”.

In addition to real estate, the company has diversified business interests in agribusiness and public utilities, and strategic investments in the power generation sector. These businesses provide complementary revenue streams and support the Company’s long-term growth and income stability.

Strengths and Strategies

Strengths

The principal strengths of ABCI include the following:

- Established real estate player with a solid track record and captured niche market in Mindanao for high-end customers
- Large Landbank in Marketable Locations
- Diversified interests across stable growth and high impact industries contributing steady stream of dividends
- Positioned to benefit from healthy recovery outlook on the Philippines real estate industry
- Stable financial performance and resilient profitability track record
- Visionary leadership with extensive experience in real estate, energy, and project development

For a full discussion on the Company’s competitive strengths, see page [•] of this Prospectus.

Strategies of ABCI

The principal strategies of ABCI include the following:

- Target the full spectrum of the real estate market from high end to economic and socialized housing segments
- Maintain focus on healthy, environment-friendly and low-density community concepts
- Continue land banking to support pipeline projects
- Increase the sales network by additional accreditation of partner realties.
- Expand its power generation portfolio through development of greenfield power projects.

- Further diversification in strategic and high impact industries

For a full discussion on the Company's strategies, see page [•] of this Prospectus.

Risks of Investing

Prospective investors should also consider the following risks of investing in the Bonds:

- Macroeconomic risks, including the current and immediate political and economic factors in the Philippines and the experience of the country with natural catastrophes, as a principal risk for investing in general;
- Risks relating to ABCI, its subsidiaries and their business and operations; and
- The absence of a liquid secondary market and volatility of the Bonds and other risks relating to the Offer.

For a more detailed discussion, see "Risk Factors" on page [•].

Use of Proceeds

The intended use of proceeds for each offer of the Bonds being offered shall be set out in the relevant Offer Supplement under "Use of Proceeds".

Offer Supplement

For each tranche of the Offer, the Company shall distribute a supplement (the "Offer Supplement") which shall be disclosed to the public through the filing with the SEC and the PDEX, and made available for download from the website of ABCI, specifically in <https://www.abrown.ph>

The Company will provide a copy of the Prospectus together with the Offer Supplement for each tranche.

The Offer Supplement shall contain the following information:

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

Plan of Distribution

ABCI plans to issue the Bonds to institutional and retail investors through a public offering to be conducted through the Underwriters (for a more detailed discussion, see the relevant Offer Supplement).

Timetable

The indicative timetable of the Shelf Registration is expected to be as follows:

Particulars	Dates
Filing of the Initial Registration Statement with the SEC	[April 30, 2026]
Receipt of SEC Pre-Effective Approval	[June 18, 2026]
Shelf Registration Period	Five years from effective date of the Registration Statement

After the Registration Statement of the Company for the Bonds becomes effective, the Company will secure a permit to sell from the SEC for each tranche of the Offer.

TERMS OF THE OFFER

A discussion containing the “Summary of the Offer” shall be set out in the relevant Offer Supplement. However, any such summary 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 and such Offer Supplement, including, but not limited to, the discussion on the “Description of the Offer Bonds” and “Plan of Distribution,” and agreements executed in connection with a particular offer of Bonds as a whole. Such overview may not contain all of the information that prospective investors should consider before deciding to invest in the Bonds. Accordingly, any decision by a prospective investor to invest in the Bonds should be based on a consideration of this Prospectus, the relevant Offer Supplement, and agreements executed in connection with a particular offer of Bonds as a whole.

DESCRIPTION OF THE OFFER BONDS

The detailed terms and conditions of a particular tranche of the Bonds shall be set out in the relevant Offer Supplement under "Description of the Offer Bonds".

SUMMARY OF FINANCIAL INFORMATION

The summary historical consolidated statement of financial position data as of December 31, 2025 and 2024 and summary historical consolidated statement of comprehensive income for the years ended December 31, 2025, 2024 and 2023, set forth below have been derived from, and should be read in conjunction with, the audited consolidated financial statements and, including the notes thereto, included in Appendix A of this Prospectus. SyCip Gorres Velayo & Co., a member firm of Ernst & Young Global Limited, has audited the consolidated financial statements in accordance with Philippine Standards on Auditing.

The Group's investments in associates in the Power and Utilities segment are accounted for using the equity method. Under the equity method, the investments in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statements of comprehensive income outside operating profit as Other Income ('Equity in net earnings of associates')

For the years ended December 31, 2025, 2024, and 2023

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31		
	2025	2024	2023
ASSETS			
Current Assets			
Cash	P1,122,083,245	P677,964,213	P118,082,483
Receivables	1,728,484,686	955,284,846	366,814,874
Contract assets	423,316,466	131,239,842	494,203,019
Receivables from related parties	-	50,894,936	50,894,936
Real estate inventories	5,204,729,275	4,057,995,302	3,571,105,773
Other inventories	43,423,215	48,750,406	116,293,063
Other current assets	1,439,832,601	1,272,275,513	693,028,502
Total Current Assets	P9,961,869,488	7,194,405,058	5,410,422,650
Noncurrent Assets			
Contract assets - net of current portion	1,515,250,459	1,542,267,524	1,375,188,278
Equity instruments at fair value through other comprehensive income (EIFVOCI)	585,443,479	428,856,522	362,386,957
Investments in associates	434,508,380	1,839,745,991	1,821,756,979
Investment properties	681,242,683	631,838,036	455,941,317
Property, plant and equipment	1,570,606,390	1,715,743,159	1,472,098,680
Deferred tax assets - net	978,688	-	-
Other noncurrent assets	1,329,222,567	735,687,707	811,706,849
Total Noncurrent Assets	6,116,273,958	6,894,129,939	6,299,079,060
TOTAL ASSETS	P16,078,143,446	P14,088,534,997	P11,709,501,710
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	P2,384,670,480	P1,315,637,677	P1,160,270,667
Short-term debt	799,948,000	972,187,000	745,414,000
Current portion of long-term debt	662,323,879	602,633,723	480,838,826
Contract liabilities	409,573,844	481,762,306	319,515,433

	December 31		
	2025	2024	2023
Income tax payable	3,846,645	-	-
Total Current Liabilities	4, 260,362,848	3,372,213,706	2,706,038,926
Noncurrent Liabilities			
Long-term debt - net of current portion	2,076,868,331	1,741,220,033	1,397,737,070
Retirement benefit obligation	93,946,421	84,475,120	76,982,380
Deferred tax liabilities - net	537,702,743	490,298,012	455,771,239
Lease liability - net of current portion	6,974,790	-	-
Total Noncurrent Liabilities	2,715,492,285	2,315,993,165	1,931,490,689
Total Liabilities	6,975,855,133	5,688,206,871	4,637,526,615

(Forward)

	December 31		
	2025	2024	2023
Equity Attributable to Equity Holders of the Parent			
Company			
Capital stock			
Common stock	P2,477,668,925	P2,477,668,925	P2,477,668,925
Preferred stock	27,637,650	27,637,650	13,264,900
Additional paid-in capital	3,331,502,966	3,331,502,966	1,931,178,758
Retained earnings	3,285,492,345	2,694,454,515	2,834,608,536
Fair value reserve of EIFVOCI	151,372,686	(5,214,271)	(71,683,836)
Remeasurement loss on retirement benefit obligation - net of tax	(19,742,738)		
		(20,218,050)	(21,570,632)
Remeasurement loss on defined benefit plan of an associate	-	(2,165,918)	(1,221,512)
Cumulative translation adjustment	(10,131,649)	(8,155,192)	4,878,649
Treasury shares - common	(140,255,859)	(94,932,275)	(94,932,275)
	9,103,544,326	8,400,578,350	7,072,191,513
Noncontrolling interest	(277,325)	(250,224)	(219,418)
Total Equity	9,103,267,001	8,400,328,126	7,071,972,095
TOTAL LIABILITIES AND EQUITY	P16,079,122,134	P14,088,534,997	P11,709,501,710

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
REVENUE			
Real estate sales	P1,601,018,375	P1,527,959,172	P1,454,785,129
Sale of agricultural goods	259,251,928	250,550,825	142,563,285
Water service	30,711,129	29,462,585	27,433,584
	1,890,981,432	1,807,927,582	1,624,782,999
COSTS OF SALES AND SERVICE			
Cost of real estate sales	709,256,270	681,546,593	559,113,808
Cost of agricultural goods sold	221,667,519	242,092,717	122,358,936
Cost of water service revenue	16,543,116	12,045,256	16,660,359
	947,466,905	935,684,566	698,133,103
GROSS PROFIT	943,514,527	872,288,016	926,649,896
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES	581,953,562	497,573,983	513,907,600

	Years Ended December 31		
	2025	2024	2023
OTHER INCOME (EXPENSES)			
Gain on sale of investment in an associate	1,842,653,585	—	—
Impairment loss	(854,737,252)	(45,928,044)	(26,733,469)
Capital gains tax on sale of investment	(348,344,999)	—	—
Equity in net earnings of associates	240,584,503	140,933,418	339,947,514
Provision for expected credit loss	(202,966,770)	—	(828,304)
Interest expense	(197,190,942)	(127,661,586)	(67,121,886)
Other income	85,445,046	108,256,466	41,808,568
INCOME BEFORE INCOME TAX	927,004,136	450,314,287	699,814,719
PROVISION FOR INCOME TAX			
Current	37,262,076	18,219,312	6,250,555
Deferred	23,029,642	97,986,385	147,087,524
	60,291,718	116,205,697	153,338,079
NET INCOME	₱866,712,418	₱334,108,590	₱546,476,640

(Forward)

	Years Ended December 31		
	2025	2024	2023
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item that will be reclassified to profit or loss in subsequent periods:</i>			
Cumulative translation adjustment	₱(1,976,457)	₱(13,033,841)	(1,674,818)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Net change in fair value of EIFVOCI	156,586,957	66,469,565	61,356,522
Remeasurement gain (loss) on defined benefit plan - net of tax effect	475,312	1,352,582	(112,236)
Equity in other comprehensive income (loss) of an associate	673,408	(944,406)	(1,081,972)
	155,759,220	53,843,900	58,487,496
TOTAL COMPREHENSIVE INCOME	₱1,022,471,638	₱387,952,490	₱604,964,136
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company	₱866,739,519	₱334,139,396	₱546,514,853
Noncontrolling interest	(27,101)	(30,806)	(38,213)
	₱866,712,418	₱334,108,590	₱546,476,640
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	₱1,022,498,739	₱387,983,296	₱605,002,349
Noncontrolling interest	(27,101)	(30,806)	(38,213)
	₱1,022,471,638	₱387,952,490	₱604,964,136
Basic/Diluted Earnings per Share	₱0.28	₱0.06	₱0.20

See accompanying Notes to Consolidated Financial Statements.

NON-PFRS FINANCIAL MEASURES

The following table shows EBITDA as derived from the Group's net income for the period:

	Year ended 31 December		
	2025	2024	2023
	(in millions of Peso P)		
	(Audited)		
Net income attributable to equity holders of the parent	866.73	334.13	546.51
Non-controlling interests	-0.02	-0.03	-.03
Provision for income tax	60.29	116.20	153.33
Income before income tax	927.00	450.31	699.81
Add (Deduct):			
Depreciation and amortization	139.34	62.68	71.64
Interest expenses	197.19	127.66	67.12
EBITDA⁽¹⁾	1,263.54	640.66	838.58

Notes:

(1) *EBITDA is not a uniformly or legally defined financial measure. It generally represents earnings before interest, taxes, depreciation and amortization. The Group presents EBITDA because it believes it to be an important supplemental measure of its performance and liquidity and believes it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in its industry.*

The EBITDA figures are not, however, readily comparable to other companies' EBITDA figures, as they are calculated differently and must be read in conjunction with the related additional explanations. EBITDA has limitations as an analytical tool and potential investors should not consider it in isolation or as a substitute for analysis of its results as reported under PFRS. Some of the limitations concerning EBITDA are:

- *EBITDA does not reflect the Group's cash expenditures or future requirements for capital expenditures or contractual commitments;*
- *EBITDA does not reflect changes in, or cash requirements for, the Group's working capital needs;*
- *EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on the Group's debt;*
- *Although depreciation and amortisation are non-cash charges, the assets being depreciated or amortised will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and*
- *Other companies in the industry may calculate EBITDA differently than the Group does, limiting its usefulness as a comparative measure.*

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of its business. The Group compensates for these limitations by relying primarily on its PFRS results and using EBITDA only supplementally.

RISK FACTORS

General Risk Warning

An investment in the Bonds involves a number of risks. The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance and there may be a large difference between the buying price and the selling price of the Bonds. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on the business, financial condition, and results of operations and cause the market price of the Bonds to decline. All or part of an investment in the Bonds could be lost. Investors deal in a range of investments each of which may carry a different level of risk.

The means by which we intend to address the risk factors discussed herein are principally presented under “The Company” beginning on page [●], “Management’s Discussion and Analysis of Results of Operations and Financial Condition” beginning on page [●], and “Management” on page [●] of this Prospectus.

The risk factors discussed in this section are of equal importance and are separated into categories for ease of reference only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to our business, results of operations, financial condition, and prospects

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 Bonds and ABCI from the SEC, PDEX, and PSE.

Professional Advice

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

Risk Factors

This Prospectus contains forward-looking statements that involve risks and uncertainties. ABCI adopts what it considers conservative financial and operational controls and policies to manage its business risks. The actual results may differ significantly from the results discussed in the forward-looking statements. See section “Forward-Looking Statements” of this Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of ABCI, 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 Bonds. The business, financial condition and results of operations of the Company could be materially and adversely affected by any of these risk factors.

RISKS RELATING TO THE GROUP

ABCI’s businesses are affected by regulations in the Philippines

The businesses and operations of the ABCI Group are subject to a number of national and local laws, rules, and regulations governing several different industries in the Philippines. The political and

regulatory landscape is continually evolving, and the ABCI Group is required to continuously assess and ensure it is up to date with the demands of regulatory compliance. These laws and regulations require the Company to obtain and maintain several approvals, licenses, and permits from various entities such as the DHSUD, the DENR, the Energy Regulatory Commission (the “**ERC**”), and the Philippine Food and Drug Administration (“**FDA**”), among others. Additionally, the Company may need to apply for more approvals, licenses, and permits and renew such approvals, licenses, and permits that may expire from time to time. In addition, there is no assurance that the Company will not be subject to new licensing requirements in the future or that it will be able to obtain and/or maintain such approvals, licenses or permits in a timely manner, or at all, or that it will not become subject to any regulatory action on account of not having obtained or renewed such approvals, licenses, and permits.

For example, the real estate industry is highly regulated. The development of subdivision and other residential projects is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. In addition, projects that are to be located on agricultural land must get clearance from the DAR so that the land can be re-classified as non-agricultural land and, in certain cases, tenants occupying agricultural land may have to be relocated at the Company’s expense.

The power and utilities investments of the Group is also subject to extensive regulation, including the EPIRA. The enactment and implementation of any such bills or amendments to the EPIRA or other changes to Philippine laws and regulations relevant to the power industry, could have a material adverse effect on the business, financial condition, and results of operations of the Group, or on the rules and regulations governing the power industry, which could materially reduce sales and profitability.

There can be no assurance that future laws, regulations and/or standards will not have a material adverse effect on the Company. In particular, the enactment and implementation of any such bills or amendments to the National Internal Revenue Code of 1997, as amended (the “**Philippine Tax Code**”), or other changes to Philippine laws and regulations relevant to the power and utilities investments, the real estate business, and the agri-business, could increase the Company’s costs and have a material adverse effect on the business, financial condition, and results of operations of ABCI.

On January 29, 2021, Republic Act No. 11521 was enacted which introduced amendments to the Anti-Money Laundering Act of 2001 (“**AMLA**”). Among the amendments is the inclusion of real estate developers as Covered Persons subject to verification and reporting requirements under the AMLA. Compliance with these requirements may entail additional cost and delay in the marketing and sales of our real estate business.

Compliance with and renewal of licenses, permits and other authorizations

The ABCI Group is required to maintain licenses, permits, and other authorizations for the operations of its businesses, including business permits and permits concerning, for example, health and safety, and environmental standards. These licenses, permits, and other authorizations contain various requirements that must be complied with to keep the same valid. If the Group fails to meet the terms and conditions of any of our licenses, permits or other authorizations necessary for operations, these operations may be suspended or terminated.

While the Company believes, to the best of its knowledge, that it has, at all relevant times, materially complied with all applicable laws, rules and regulations and has an established compliance culture to ensure that all requirements, permits, and approvals are obtained in a timely manner, there is no assurance that changes in laws, rules or regulations or the interpretation thereof by relevant government agencies, will not result in the Company having to incur substantial additional costs or capital expenditures.

The measures implemented by ABCI to comply with laws and regulations may also be deemed insufficient by Governmental Authorities. If the Company fails to comply or is deemed to be non-compliant with any applicable laws or regulations, the Group may be subject to penalties, which could disrupt its operations and have a material adverse effect on its business and results of operations. Potential liabilities for such non-compliance with the legal requirements or violations of prescribed standards and limits under these laws include administrative, civil, and criminal proceedings by

Governmental Authorities, as well as civil proceedings by environmental groups and other individuals, that could limit or affect its operations such as orders for the suspension and/or revocation of permits or licenses or suspension and/or closure of operations. There can be no assurance that the Company will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings, the costs of which could be material. In the event that the Company becomes involved in any future litigation or other proceedings or is subject to any adverse rulings or decisions, such events may materially and adversely affect its business, financial condition, and results of operations.

There can be no assurance that the Group will continue to be able to renew the necessary licenses, permits, and other authorizations as necessary or that such licenses, permits, and other authorizations will not be revoked. If the Company is unable to obtain or renew them or are only able to do so on unfavourable terms, this could have an adverse effect on the Company's business, financial condition, and results of operations.

Exposure to safety, health and environmental costs and liabilities

The businesses of the Group span several industries and are subject to a variety of laws, rules and regulations that impose limitations, prohibitions, and standards with respect to health and safety, as well as the use, discharge, emission, treatment, release, disposal, and management of regulated materials and waste, and hazardous substances. Safety, health and environmental laws and regulations in the Philippines have become increasingly stringent and it is possible that these laws and regulations will become significantly stricter in the future. The adoption of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require additional capital expenditures or the incurrence of additional operating expenses in order to comply with such laws and to maintain current operations as well as any costs related to fines and penalties.

Furthermore, if the measures implemented by the Group to comply with these laws and regulations are not deemed sufficient by Governmental Authorities, compliance costs may significantly exceed estimates. If the Group fails to meet safety, health, and environmental requirements, it may be subject to administrative, civil, and criminal proceedings by Governmental Authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties, as well as orders that could limit or halt its operations. There is no assurance that the Group will not become involved in future 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, the costs of which could be material. Environmental compliance and remediation costs at sites on which its facilities are located and related litigation and other proceedings could materially and adversely affect the cash flow, results of operations, and financial condition of ABCI.

Increases and changes in applicable taxes, taxation laws and tax incentives

The businesses and operations of ABCI are subject to various taxes, including value-added tax ("VAT"), excise taxes, duties and tariffs in the Philippines and in other countries where it conducts its businesses. An increase in prices due to additional taxes may affect demand for its products in the Philippines.

For example, the second package of the tax reform program, also known as the Corporate Recovery and Tax Incentives for Enterprises ("**CREATE**"), was passed by both the House of Representatives and Senate of the Philippines on February 3, 2021, and signed into law by the President of the Philippines on March 26, 2021 as Republic Act No. 11534 ("**CREATE Law**"). The CREATE Law took effect on April 11, 2021, 15 days after its publication in a newspaper of general circulation last March 27, 2021. In approving the CREATE Law, the President of the Philippines vetoed certain provisions including, among others, provisions relating to tax incentive entitlement of domestic market enterprises with an investment capital of ₱500 million and domestic market enterprises engaged in activities that are classified as "critical" to a special corporate income tax. The CREATE Law lowers the corporate income tax and provides for rationalization of fiscal incentives that may be granted by investment promotion agencies (such as the Authority of the Freeport Area of Bataan) to qualified registered business enterprises. Under the CREATE Law, the corporate income tax rate for domestic corporations and resident foreign corporations shall be reduced to 25% effective July 1, 2020 and effective on January 1, 2021 for non-resident foreign corporations; domestic corporations, resident foreign corporations no

longer have an option to be taxed at 15% on gross income; and the rate of the minimum corporate income tax (“**MCIT**”) is lowered to 1% from July 1, 2020 to June 30, 2023.

In addition, on May 29, 2025, Republic Act No. 12214, otherwise known as the Capital Markets Efficiency Promotion Act or “**CMEPA**”, was signed into law. Under the CMEPA, passive income of a domestic corporation are taxed as follows: (a) a final tax of twenty percent (20%) is imposed upon the amount of interest, yield, or other monetary benefit earned or received from any currency bank deposit, deposit substitute, trust fund, or other similar arrangements; (b) income derived by a depository bank under the expanded foreign currency deposit system from foreign currency transactions with non-residents, offshore banking units in the Philippines, local commercial banks including branches of foreign banks that may be authorized by the BSP to transact business with foreign currency deposit system units and other depository banks under the expanded foreign currency deposit system shall be exempt from all taxes, except net income from such transactions as may be specified by the Secretary of the Department of Finance, upon recommendation by the Monetary Board to be subject to the regular income tax payable by banks: provided, however, that interest income from foreign currency loans granted by such depository banks under said expanded system to residents other than offshore banking units in the Philippines or other depository banks under the expanded system shall be subject to a final tax at the rate of ten percent (10%); (c) a final tax at the rate of fifteen percent (15%) is imposed upon the net capital gains realized during the taxable year from the sale, exchange, or other modes of disposition of shares of stock of a domestic or foreign corporation that are not traded in a local or foreign stock exchange; and (d) a final tax of twenty percent (20%) is imposed on royalties earned as passive income.

Increases in tax, changes in the applicable tax regime or other taxes and incentives to which the Group is subject, or the imposition of new taxes on its operations or products, including those which may result from ongoing tax reforms by the Government may, (i) if passed on to the consumers by way of upward price adjustments, reduce sales, (ii) if prices remain unchanged, reduce margins, or (iii) if additional taxes are not fully passed on to the consumers, have both of the foregoing effects. Thus, as with other Philippine companies engaged in similar businesses, these increases and changes may materially and adversely affect the Company’s business, financial condition, and results of operations.

Availability of financing

As of December 31, 2025, the noncurrent liabilities of the Group included long-term debt (net of current portion) of ₱2,077 million while current liabilities of the Company included accounts and other payables of ₱2,385 million, short-term debt of ₱800 million, current portion of long-term debt of ₱662 million, and contract liabilities of ₱409 million.

ABCI may not be able to obtain financing or capital on terms acceptable to it or at all which could adversely impact the execution of its expansion plans and the Group may not be able to fulfil its debt obligations. The Group may need to obtain external debt and equity financing, through public or private financing. The continued access to debt and equity financing as sources of funding for new projects and for refinancing maturing debt is subject to many factors, including: (i) Philippine regulations limiting bank exposure to a single borrower or related group of borrowers; (ii) the compliance with existing debt covenants; (iii) the ability of the Group to service new debt; and (iv) market perceptions of the Company and its businesses. Political instability, an economic downturn, social unrest, or changes in the Philippine regulatory environment could also increase the cost of borrowing or restrict its ability to obtain debt financing.

Loss of key personnel

Any loss of key personnel, inability to replace such personnel, and failure to train and retain replacement personnel could materially and adversely affect the ability of the Group to provide products and services to its customers. Continued resignation of trained personnel could also result in the Group incurring additional expenses in hiring and training replacement personnel in a competitive job market, and it may take time for these new personnel to reach the level of technical skill and expertise of the personnel being replaced.

ABCI has relied and will continue to rely significantly on the continued individual and collective contributions of its senior management team. If any key personnel are unable or unwilling to continue

in their present positions, the Group may not be able to replace them easily, and its business may be significantly disrupted. Any of the foregoing could have a material adverse effect on the businesses of the Group.

Uninsured losses

The Group may not be fully insured against, and insurance may not be available for, unexpected losses caused by natural disasters, breakdowns, or other events that could affect its businesses. Any unexpected losses caused by such events against which it is not fully insured could have a material adverse effect on its businesses, financial condition, and results of operations. It could suffer a decline in production, receive adverse publicity, and be forced to invest significant resources in addressing such losses. Such events could materially and adversely affect its financial condition and results of operations. The Company maintains insurance policies for its businesses in accordance with prevailing industry standards and practice and believes that its insurance coverage is in accordance with its business exposure. The Group's insurance coverage includes, but not limited to the following: Fire/Lightning, Earthquake Fire & Earthquake Shock, Typhoon, and other natural disasters; and Robbery/Hold-up, Riot/Strike/Malicious Damage, Spontaneous Combustion, Landslide & Subsidence.

Related Party Transactions

The Company, certain subsidiaries and their shareholders, and associates in the normal course of business, enter into transactions with one another. To safeguard the interests of the Company as well as the minority shareholders and other stakeholders, all related party transactions must be done on an arm's length basis. Transactions with related parties are made at normal market prices and terms. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates. While all past related party transactions have been conducted at arm's length on commercially reasonable terms, these related party transactions may involve conflicts of interest, which, although not contrary to law, may be detrimental to the Company. The failure of the Company's related parties to act on fair and equitable terms may adversely affect the Company's business and results of operation.

In compliance with SEC Memorandum Circular No. 10, series of 2019, the Company adopted a Policy on Material Related Party Transactions which was unanimously approved by the Board of Directors on 25 October 2019 (the "**Material RPT Policy**"). In addition, material related party transactions that amount to 10% or higher of the Company's total assets shall be subject to the review of the Related Party Transaction Committee and the approval by at least 2/3 of the Board of Directors, with at least a majority of independent directors voting to approve the transaction.

On January 23, 2013, the BIR issued Revenue Regulation No. 2-2013 on Transfer Pricing Guidelines (the "**Transfer Pricing Guidelines**") which adheres to the arm's length methodologies set out under the Organization for Economic Cooperation and Development Transfer Pricing Guidelines. The Transfer Pricing Guidelines are applicable to cross-border and domestic transactions between related parties and associated enterprises. The BIR Transfer Pricing Guidelines define related parties as two or more enterprises where one enterprise participates directly or indirectly in the management, control or capital of the other; or if the same persons participate directly or indirectly in the management, control or capital of the enterprises. The arm's length principle requires the transaction with a related party to be made under comparable conditions and circumstances as a transaction with an independent party such that if two related parties derive profits at levels above or below comparable market levels solely by reason of the special relationship between them, the profits will be deemed as non-arm's length. In such a case, the BIR can make the necessary adjustments to the taxable profits of the related parties so as to reflect the true value that would otherwise be derived on an arm's length basis. In compliance with the BIR Revenue Regulation Nos. 19-2020 and 34-2020, we ensure the timely submission of the BIR Form No. 1709 as an attachment to our annual income tax return. There is no assurance that the BIR will view our transactions with our related parties as arm's length on the basis of the Transfer Pricing Guidelines. There can be no assurance that our related party transactions, if questioned, will not have an adverse effect on our business or results of operations.

On-going and possible future legal/administrative proceedings

The Company may, from time to time, be involved in disputes with various parties in the operations of its businesses, including those relating to commercial or contractual matters, and may be subject to investigations by regulatory and administrative bodies. Management believes, that none of its pending cases will materially affect the Company's financial position and results of operation.

In addition, the Company and its subsidiaries may also have disagreements with regulatory bodies in the course of operations, which may subject the Company to administrative proceedings and decisions that may result in penalties or other liabilities. Any of these outcomes could materially and adversely affect the Company's business, financial condition, and results of operations.

RISKS RELATING TO ABCI'S REAL ESTATE BUSINESS

The real estate business is a highly competitive industry

The Company is primarily engaged in the business of horizontal real estate development that range from high-end and middle-income residential developments to economic and socialized housing segments. ABCI targets the full spectrum of the real estate market and responds to the demands of the market and will sustain the niche for the middle-middle, upper-middle and premium markets.

In the event the Company's competitors are able to secure better locations or develop, market and sell more attractive properties than the Company, or if the Company is unable to properly gauge the market for its properties, then the Company's results of operations and prospects may be negatively impacted.

Some competitors may also have substantially greater financial and other resources, which may allow them to undertake more aggressive marketing and to react more quickly and effectively to changes in the markets.

The Company believes that with its strong local presence and familiarity and the customers' recognition of the value appreciation potentials of its projects, it will be able to compete in the price segments it operates in.

The Company may not be able to acquire new or additional land for new projects

ABCI is subject to significant competition in connection with the acquisition of land for residential real estate projects in Cagayan de Oro City and Initao in Misamis Oriental, Cainta, Rizal; Valencia City, Bukidnon; and Butuan City, Agusan del Norte. The Company competes with its competitors to secure suitable sites for development.

The Company's future growth and development are dependent, in part, on their ability to acquire or enter into agreements to develop additional tracts of land suitable for the types of residential real estate projects they have developed over the years. As the Company and its competitors attempt to locate sites for development, ABCI may experience difficulty locating parcels of land of suitable size in locations and at prices acceptable to them, particularly parcels of land located in areas surrounding urban areas throughout the Philippines. The Company may also have difficulty in attracting land owners to enter into joint venture agreements with them that will provide the Company with reasonable returns. In addition, pending negotiations with third parties to acquire additional land for the Company's projects may not be successful that may hamper its land banking activities and future inventory. In the event the Company is unable to acquire suitable land at acceptable prices, or at all, or to enter into agreements with joint venture partners to develop suitable land with reasonable returns, or at all, the Company's growth prospects could be limited and its business, financial condition and results of operations could be adversely affected.

Nevertheless, the Company believes it has an extensive landbank in Northern Mindanao, Bukidnon, Caraga Region and Rizal of 898 hectares and intends to acquire additional raw land for future developments.

The real estate industry in the Philippines is capital intensive

The real estate industry in the Philippines is capital intensive, and market players are required to incur significant capital expenditures to complete existing projects and commence construction on new developments. To illustrate, in 2025, 2024, and 2023, the Company spent ₱1,689 million, ₱1,291 million, and ₱849 million, respectively, for development and construction costs in relation to the development of land and construction of housing units.

The Company has funded a significant portion of its capital expenditure requirements through a combination of internally generated funds from its revenues and investments, through its capital raising activities by tapping into the capital markets, and through bank financing. There can be no assurance that the Company will be able to continue funding its capital expenditure requirements internally, or that it will be able to externally obtain sufficient funds at acceptable rates to fund its capital expenditure budgets. Failure to obtain the requisite funds could delay or prevent the completion of the Company's on-going projects or any new projects, and such delay or failure to complete could materially and adversely affect the Company's business, financial condition and results of operations.

Substantial sales cancellations may have a material adverse effect on the Company

The Company is subject to Republic Act No. 6552 or the Realty Installment Buyer Act (the "**Maceda Law**"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units. Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without a right of refund. See "*Regulatory and Environmental Matters.*"

There can be no assurance that the Company will not suffer from substantial sales cancellations and that such cancellations will not have a material adverse effect on its financial condition and results of operations.

The following table summarizes the Company's historical default rate for the last five (5) years:

Year	Default Rate
2025	11%
2024	9%
2023	3%
2022	3%
2021	6%

In case of default, the Company can immediately repossess the property on the 8th month from date of default and then resell the property on the same month. Sales cancellations does not have a major impact on the Company's operations as The Company is able to resell the property upon repossession.

The Company may not be able to successfully manage its land bank

The Company has an extensive landbank in Northern Mindanao, Bukidnon, Caraga Region and Tanay, Rizal of more than 898 hectares and intends to acquire additional raw land for future developments. The Company must continue with land acquisitions to replenish inventory for future land developments. As consumer demand for residential real estate decreases the risks for the land acquisition increases. The market value of land, subdivision lots and housing inventories can also fluctuate significantly as a result of changing market conditions.

In the event of any significant change in economic, political, security or market conditions, the Company may have to sell its products at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of housing and land development projects. This would require the Company to continue to carry the cost of acquired but undeveloped land on its statement of financial position, as well as reduce the amount of property

available for sale. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

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

The Philippines has adopted a system of land titling and registration that is intended to conclusively confirm land ownership and to be binding on all persons (including the Government). However, it is not uncommon for third parties to claim ownership of land that has already been registered and over which a title has been issued. There have also been cases in the Philippines in which third parties have produced false or forged title certificates over land.

In the event a significant number of similar third-party claims are brought against the Company in the future or any such claims involves land that is material to the Company's housing and land development projects, the Company's management may be required to devote significant time and incur significant costs in defending the Company against such claims. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Company's housing and land development projects. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operations, as well as on its business reputation.

The Company may not be able to complete its projects within budget or on time

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may harm the Company's reputation as a property developer or lead to cost overruns or loss of or delay in recognizing revenues and lower margins. This may also result in sales and resulting profits from a particular development not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year.

Other factors that could adversely affect the time and the costs involved in completing the development and construction of the Company's projects include:

- pandemics, natural catastrophes and adverse weather conditions;
- changes in market conditions, economic downturns, unemployment rate, and decreases in business and consumer sentiment in general;
- delays in obtaining government approvals and permits;
- delays in completion of its prior projects, which would create shortages of contractors and skilled labor;
- imposition of lockdowns by the Government, changes in laws or in Government priorities;
- timing of commencement of the projects;
- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials and equipment;
- labor disputes with contractors and subcontractors;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites; and
- other unforeseen problems or circumstances.

If a property project is not completed on time, the purchasers of pre-sold units within the project may also be entitled to compensation for late delivery. If the delay extends beyond a certain period, the purchasers may be entitled to terminate their presale agreements and claim damages. There can be no assurance that the Company will not experience any significant delays in completion or delivery of its projects in the future or that it will not be subject to any liabilities for any such delays.

The Company relies on banks and the HDMF for end-buyers financing

Buyers of the Company's housing units secure financing from HDMF or from domestic banks. Documentation, loan application, and loan approval may take longer than expected and the Company's customers may not be able to timely secure financing for their purchase which may delay revenue and income recognition for the Company.

The Company offers an in-house financing program of up to seven (7) years to allow buyers to acquire the housing unit pending the loan approval by the HDMF or the bank. The Company's in-house financing has adopted risk assessments and methodology in line with criteria of the HDMF among others, to ensure creditworthiness of its buyers.

Liquidity Risk

The Company is exposed to liquidity risk with respect to its buyers who avail of the Company's in-house financing pending loan approval by the HDMF or domestic banks. Under such arrangements, the Company effectively extends short-term financing to buyers while awaiting the take-out of the loan by HDMF or the relevant bank.

Any delays in loan processing, failure of buyers to secure loan approval, or tightening of credit standards by HDMF or domestic banks may extend the period during which the Company's funds remain tied up in receivables.

In the event a significant number of buyers are unable to obtain financing or if loan take-outs are delayed, the Company may experience slower conversion of receivables into cash, which could affect its ability to generate funds for its development and operational expenses.

Although the Company seeks to mitigate this risk by adopting risk assessments and methodology in line with HDMF's criteria to ensure credit worthiness of buyers, there can be no assurance that such measures will fully mitigate liquidity constraints arising from delays or failures in securing end-buyer financing.

The Philippines' housing market is highly regulated

In November 2025, a bill has been introduced and is currently pending before the House of Representatives which seeks to prohibit the conversion of irrigated and irrigable agricultural lands and amend certain provisions of the Local Government Code to impose stricter conditions before land conversion can be undertaken. If enacted into law, such restrictions on land conversion may limit the supply of land available for residential or mixed-use development. As a result, the implementation of the Company's projects may be delayed, and the acquisition cost of land suitable for development may increase. The increase in land acquisition costs or delays in securing developable land may adversely affect the Company's project timelines and development costs.

Meanwhile, Presidential Decree No. 957, as amended, ("**P.D. 957**") and B.P. 220 are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. P.D. 957 and B.P. 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. Pursuant to Republic Act No. 11201, the HUDCC and the HLURB were consolidated to create the DHSUD. Simultaneously, the HLURB was reconstituted into the HSAC. The functions of the HUDCC and the planning and regulatory functions of HLURB were transferred to and consolidated in the DHSUD, while the HSAC shall assume and continue to perform the adjudication functions of HLURB. DHSUD is the administrative agency of the Government which, together with LGUs, enforces these decrees and has jurisdiction to regulate the real estate trade and business. Regulations applicable to the Company's operations include standards regarding:

- the suitability of the site;
- road access;
- necessary community facilities;
- open spaces;
- water supply;
- sewage disposal systems;
- electricity supply;
- lot sizes;
- the length of the housing blocks; and
- house construction.

All subdivision development plans are required to be filed with and approved by the local government unit with jurisdiction over the area where the project is located. Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities and donation of roadways to and other easements in favor of the relevant government agencies. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company, its subsidiaries or associates or partners will be able to obtain governmental approvals for its projects or that when given, such approvals will be in accordance with the Company's planned timing for the relevant project and will not be later revoked. Any non-receipt or delay in receipt of approvals could affect the Company's ability to complete projects on time or at all.

In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing and condominium units. Project permits and any license to sell may be suspended, cancelled or revoked by the DHSUD based on its own findings or upon complaint from an interested party and there can be no assurance that the Group will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled or suspended. Any of the foregoing circumstances or events could affect the Company's ability to complete projects on time, within budget or at all, and could have a material adverse effect on its financial condition and results of operations.

The Company is in constant consultation with relevant government agencies and other approving bodies to ensure that all requirements, permits, and approvals are anticipated and obtained in a timely manner. We believe we have an established compliance culture and have processes in place to manage adherence to laws and regulations.

Environmental laws applicable to the Company's projects could have a material adverse effect on its business, financial condition or results of operations

In general, developers of real estate projects are required to submit project descriptions to regional offices of the DENR. For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed EIA may be required and the developer will be required to obtain an ECC to certify that the project will not have an unacceptable environmental impact. There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of an ECC occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties. The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations.

The loss of certain tax exemptions and incentives will increase the Company's tax liability

The Company benefits from provisions under Philippine law and regulations which exempt from the 12% VAT sales of real property utilized for socialized housing as defined by Republic Act No. 7279 and sale of residential lots and other residential dwellings with a gross selling price of ₱3.6 million or less.

There is no assurance relevant laws or regulations will not be amended or modified to remove the foregoing VAT exemption. If VAT exemptions are removed, the Company's selling prices for certain subdivision lots and housing and condominium units may increase, which increase could adversely affect the Company's sales. Because taxes such as VAT are expected to have indirect effects on the Company's results of operations by affecting general levels of spending in the Philippines and the prices of subdivision lots and houses, any adverse change in the Government's VAT-exemption policy could have an adverse effect on the Company's results of operations.

Construction defects and other building-related claims

Philippine law provides that property developers, such as the Company, warrant the structural integrity of houses that were designed or built by them for a period of fifteen (15) years from the date of completion of the house. The Company may also be held responsible for hidden (*i.e.*, latent or non-observable) defects in a house sold by it when such hidden defects render the house unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house to the buyer. In addition, the Building Code, which governs, among others, the design and construction of buildings, sets certain requirements and standards that must be complied with by the Company. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

There can be no assurance that the Company will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Company's insurance and not subject to effective indemnification agreements with the Company's contractors. Neither can there be any assurance that the contractors hired by the Company will be able to either correct any such defects or indemnify the Company for costs incurred by the Company to correct such defects. In the event a substantial number of claims arising from structural or construction defects arise, this could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

To ensure that the construction of houses is built to specification, the Company's quality control and monitoring group inspects the houses and provides immediate feedback to the Construction group to address. The independence of the Quality Control team with the Sales and Marketing team was set-up to rectify defects and complaints reported.

The Certificate of Acceptance Form is signed by customers before move-in to ensure that they are satisfied with the quality of the houses.

Reliance on overseas Filipino Workers and expatriate Filipinos.

A significant portion of the demand for the Company's residential real estate projects is from overseas Filipino workers ("**OFWs**") and expatriate Filipinos, which exposes the Company to risks relating to the performance of the economies as well as heightened geopolitical tensions of the countries where these potential customers are based. The Company relies on OFWs and expatriate Filipinos to generate a significant portion of the demand for their residential projects. Approximately 23% and 24% of the Company's real estate sales in 2025 and 2024, respectively, are attributed to sales to OFWs. A number of factors could lead to, among other effects, reduced remittances from OFWs, a reduction in the number of OFWs or a reduction in the purchasing power of expatriate Filipinos. These include a downturn in the economic performance of the countries and regions where a significant number of potential customers are located, such as the Middle East, Singapore, Japan, Italy and the United Kingdom, a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines, the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions, such as the Middle East, and restrictions imposed by other countries on the entry or the continued employment of foreign workers. Any of these events could adversely affect demand for the Company's residential real estate projects from OFWs and expatriate Filipinos, which could have a material adverse effect on the Company's business, financial condition and results of operations.

RISKS RELATING TO POWER AND UTILITIES BUSINESS

Divestment and Investment in Power Business

To accelerate the Company's green energy initiatives, it has undertaken strategic transactions involving the divestment of its interest in PCPC and the acquisition, through its subsidiary ABC Energy Inc. ("**ABCEI**"), of a 40% equity interest in Alternergy Tanay Wind Corporation ("**ATWC**") and Alabat Wind Power Corporation ("**AWPC**"), which are developing wind power projects. The investment in AWPC and

ATWC has been approved by the Philippine Competition Commission (“**PCC**”) on 5 March 2026, as evidenced by a PCC certification issued on 9 March 2026.

In 2025, 2024, and 2023, the Company received dividends from PCPC and PEI amounting to ₱236 million, ₱122 million, and ₱255.7 million, respectively. The Company’s divestment of its interest in PCPC reduces its exposure to this existing operating power generation asset. Accordingly, future returns from the power generation sector will largely depend in part on the successful development and operation of the wind power projects being undertaken by ATWC and AWPC. Any delay in the project implementation, cost overruns, operational challenges, or adverse regulatory or market developments affecting the renewable energy sector may adversely affect the financial performance of these projects and the Company’s expected returns.

If the investments in ATWC and AWPC fail to perform as anticipated, or if the expected benefits from the divestment of PCPC are not realized, the Company’s financial condition, results of operations, and prospects may be adversely affected.

Non-controlling Interest in Associates

The Company has a non-controlling interest in Peakpower Energy, Inc. (“**PEI**”) of 20% and its investments in ATWC and AWPC of 40% in each company also represent minority equity interests. As a result, the Company may have limited ability to influence the management, operations, and strategic decisions of these entities. The performance of PEI, ATWC and AWPC will depend on various factors, including the timely development, construction, and commissioning of their wind power projects, the availability of project financing, the ability to secure and maintain regulatory approvals and permits, the completion of grid interconnection facilities, and prevailing market and regulatory conditions affecting the power generation industry.

ABCI will have no direct involvement in the operations of ATWC and AWPC and its participation in these companies is limited to its representation in the board of directors of these companies and as a minority shareholder.

Project risks inherent in the development of greenfield power projects and expansion projects

The development of greenfield power projects and expansion of existing power plants involve substantial risks that could give rise to delays, cost overruns, or unsatisfactory construction or development in the projects. Such risks include the inability to secure adequate financing, inability to negotiate acceptable offtake agreements, and unforeseen engineering and environmental problems, among others. Any such delays, cost overruns, unsatisfactory construction or development could have a material adverse effect on the business, financial condition, results of operation as well as future growth prospects of ATWC and AWPC.

Project risks could emanate from various sources such as poor project planning, execution and contractor/ subcontractor issues. If not addressed in a timely manner, these issues may negatively impact the project which would ultimately affect PEI, ATWC, or AWPC’s financial condition and results of operations, such as revenue loss resulting from delay in commercial operations. Further, any delay in the receipt of the relevant permits will also delay the completion of a project. Any of these project risks could have a material adverse effect on the business, financial condition, results of operations, and future growth prospects of these companies.

Operating and other risks leading to network failures, equipment breakdowns, planned or unplanned outages.

Power generation is vulnerable to human error in operation, equipment failure, catastrophic events, natural disasters, sabotage, terrorist attacks or other events which can cause service interruptions, network failures, breakdowns or unplanned outages. There is no assurance that accidents will not occur with the ATWC, AWPC, and PEI power plants or that the preventative measures taken will be fully effective in all cases, particularly in relation to external events that are not within its control.

AWTC, AWPC, and PEI's income and cash flows will be adversely affected by any disruption of operations of its plants due to any of the foregoing risks. Any unplanned plant shutdowns for an extended period of time will have a material adverse effect on the ability of these companies to sell power and their results of operations could suffer.

Insurance coverage for generation plants

The power plants of AWTC, AWPC, and PEI secure the necessary insurance for their respective power plants, the terms of which are reviewed regularly and cover industrial all risks, business interruption, marine cargo insurance, sabotage and terrorism, physical material loss or damage caused by natural disasters, breakdowns or other events that could affect the facilities and processes used by its businesses.

In addition, there is no assurance that AWTC, AWPC, and PEI will be able to renew these policies on similar or otherwise acceptable terms, or at all, or that they will not experience a material increase in the premiums payable under their insurance policies. If AWTC, AWPC, or PEI's plants were to incur a serious uninsured loss, a loss that significantly exceeded the limits of its insurance policies or any unexpected losses against which these subsidiaries are not fully insured, this could have a material adverse effect on their businesses, financial condition, and results of operations.

Dependence on the existence of transmission infrastructure

The transmission infrastructure in the Philippines continues to experience constraints on the amount of electricity that can be delivered from power plants to customers, including congestion within regional grids and limitations in available transmission capacity. Historically, there was limited interconnectivity between the Luzon–Visayas grids and no direct interconnection with the Mindanao grid, which further constrained the optimal transfer of electricity across the country.

In January 2024, the Mindanao–Visayas interconnection project began full commercial operations. This project significantly strengthens the transmission backbone by physically interconnecting the Luzon, Visayas, and Mindanao grids for the first time, enabling power sharing across regions and supporting improved grid stability and reliability.

Notwithstanding this development, transmission constraints may still arise due to bottlenecks within each grid, limited interconnection transfer capacity, and delays in the expansion and reinforcement of transmission infrastructure. The DOE is mandated by law to prepare a Transmission Development Plan to be implemented by NGCP which aims to address projected infrastructure limitations and interconnectivity of sub-grids, which helps in mitigating this risk.

If these transmission constraints continue, the ability of AWTC, AWPC, and PEI to supply electricity will be adversely affected. This could have a material adverse effect on the business and revenue growth of PCPC and PEI from the sale of power.

ERC Regulation of electricity rates of distribution utilities

The imposition of more stringent regulations and similar measures by the ERC could have a material adverse effect on the business, financial conditions, and results of operations of AWTC, AWPC, and PEI. The inability of these companies to predict, influence or respond appropriately to changes in law or regulatory schemes, including any inability or delay in obtaining expected or contracted increases in electricity tariff rates or tariff adjustments for increased expenses, or any inability or delay in obtaining or renewing permits for any facilities, could adversely impact the Company's results of operations and cash flow. Changes in laws or regulations or changes in the application or interpretation of laws or regulations, could adversely affect the Company's business, including, but not limited to: adverse changes in tax law; changes in the timing of tariff increases or in the calculation of tariff incentives; other changes related to licensing or permitting which increase capital or operating costs or otherwise affect the ability to conduct business; or other changes that have retroactive effect and/or take account of revenues previously received and expose additional compliance costs or interfere with the Company's existing financial and business planning

In May 2019, the Supreme Court issued a ruling in respect of the following: Resolution No. 13, Series of 2015, entitled "A Resolution Directing All Distribution Utilities to Conduct a Competitive Selection

Process in the Procurement of their Supply to the Captive Market” (“**CSP Guidelines**”); and Resolution No. 1, Series of 2016, entitled “A Resolution Clarifying the Effectivity of ERC Resolution No. 13, Series of 2015” (“**ERC Clarificatory Resolution**”). The CSP Guidelines and the ERC Clarificatory Resolution were issued by the ERC to implement the CSP, pursuant to the DOE’s Department Circular No. DC2015-06-0008 mandating all distribution utilities to undergo CSP in securing power supply agreements.

In its decision, the Supreme Court, acting on a petition filed by certain entities, declared as void the first paragraph of Section 4 of the CSP Guidelines and the ERC Clarificatory Resolution. Consequently, all PSAs filed with the ERC on or after June 30, 2015 were directed to comply with the CSP in accordance with prevailing rules and regulations. The power purchase cost resulting from the CSP (the “**CSP Power Purchase Cost**”) would be the generation cost which the relevant distribution utility may pass on to its customers commencing on June 30, 2015. In a resolution dated July 23, 2019, the Supreme Court denied with finality all motions for reconsideration filed by various parties.

On 1 March 2023, ERC issued an Order to PSFI and ASELCO which was received on 31 May 2023. Among others, the order required the parties to stop the implementation of the Power Purchase and Transfer Agreement (“**PPTA**”) between the parties since it failed to comply with the 2018 CSP Rules. PSFI and ASELCO filed a Petition for Certiorari and Prohibition on July 28, 2023 before the Supreme Court to challenge the ERC order.

On 1 March 2023, ERC also issued an Order to PBI and BUSECO which was received on 6 September 2023. Among others, the order required the parties to stop the implementation of the PPTA between the parties since it failed to comply with the 2018 CSP Rules. PBI and BUSECO filed a Motion for Reconsideration before the ERC on September 21, 2023.

In addition, a request for confirmation has been filed with the Department of Energy (“**DOE**”) last September 26, 2023 seeking confirmation that by reason of the Build–Operate and Transfer (“**BOT**”) component of the Peakpower contracts, these contracts should be exempt from the CSP requirement under the 2018 CSP Rules.

Due to the pending cases concerning the Peakpower contracts (*See: Recent Developments - ERC Orders for Peakpower companies*), the Company may not receive dividends from PEI in the short term.

On 30 October 2024, the Supreme Court reversed and set aside the orders issued by the ERC on 11 September 2019 and 1 March 2023, which dismissed the application filed by ASELCO and petitioner PSFI for the approval of their second PPTA for alleged failure to comply with the CSP requirements of the DOE. Consequently, the 28 April 2016 application by PFSI and ASELCO for a second PPTA covering the additional Wartsilla 12V32 generating unit was granted.

The ERC in the exercise of its regulatory powers may also impose fines, penalties, or sanctions on PEI in appropriate cases. Any such fines, penalties, sanctions or restriction on the ability of distribution utilities and/or generation companies to pass on such costs or any intervention in such rates could have a material adverse effect on the business, financial conditions, and results of operations of PEI.

Regulatory Risks on the Power and Utilities Business

The business of AWTC, AWPC, and PEI are subject to extensive government regulation, particularly for greenfield power plants, expansion projects, and retail supply business. To conduct businesses, AWTC, AWPC, and PEI must obtain various licenses, permits, and approvals. Even when such required licenses, permits, and approvals are obtained, their operations are subject to continued review under the applicable regulations, and the interpretation or implementation of such regulations is subject to change.

Policy and regulatory changes, technological developments and market and economic responses relating to climate change may also affect AWTC, AWPC, and PEI’s business and the markets in which it operates. If they fail to comply with all applicable regulations or if the regulations governing its business or their implementation change, they may incur increased costs or be subject to penalties,

which could disrupt its operations and have a material adverse effect on its business and results of operations.

RISKS RELATING TO ABCI'S AGRIBUSINESS

The Company's business may be affected by any program developed or supported by the Department of Agriculture of the Philippines

The Company's revenue from its agri-business comes primarily from the sale of agricultural products. Any agricultural program of the DA develops for the farmers of the country or a particular area may affect the Company. In the event that the Government is unable to effectively implement its programs, this may result in a slowdown of the Company's agri-business as farmers might not have the required resources to produce the crops to be used by the Company.

The Company taps external growers to supply FFB. To boost its mill operational capacity, the Company has invested in SGAC to operate another palm oil mill in Brgy. Tambis, Barobo, Surigao del Sur and has also been tapping external growers to supply additional FFB.

The Company's business and operations may be affected by any changes in the preferences or purchasing power of consumers

The Company's ability to increase or maintain sales is dependent on the public's continued acceptance of its products. Changes in demographic, social or health proclivity may alter the demand for the Company's products.

Any adverse downturn in the Philippine economy may cause consumers to opt for cheaper or more affordable products or options.

Crude palm oil is the primary product, distributed via bulk sales to industrial feed mills and other commercial entities.

Risk of Natural Calamities

The Company's revenues in its agri-business are highly dependent on the weather conditions in the Philippines. Severe drought or flooding in a particular agricultural region will significantly affect the productivity of farmers and the availability of the supply of crops to be used for the Company's products.

In order to mitigate, the Company's strategy is to expand its sourcing and supplier base and lessen dependence on select palm oil growers for its operations. The Company also sources additional CPO from the market to maximize the utilization of the refinery.

The Company taps external growers to supply FFB.

The Company's venture to develop a network of irradiation facilities in the Philippines may not be successful

The commercial operations date of the ISI irradiation facility started on August 02, 2024. On-going activities include product qualification and testing of product samples; activities that are crucial prior to routine processing of each product. Likewise, the facility started accepting product for routine processing by 4th quarter of 2024. The facility currently services products in the herbals and spices industries.

There is no assurance that the operation of the irradiation facilities will be commercially successful and if the Company will be able to receive dividends from ISI or recover its investments.

RISKS RELATED TO THE PHILIPPINES

The Company's operations and assets are based in the Philippines.

The Company's business operations and assets are based in the Philippines. As a result, the Company's income, results of operations and the quality and growth of its assets depend, to a large extent, on the performance of the Philippine economy.

Any future deterioration in economic conditions in the Philippines could materially and adversely affect the Company's financial position and results of operations, including the Company's ability to grow its real estate, energy, and agricultural businesses and its ability to implement the Company's business strategy. Changes in the conditions of the Philippine economy could materially and adversely affect the Company's business, financial condition or results of operations.

Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activities in the Philippines, Southeast Asia or globally;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, Southeast Asia or globally;
- exchange rate fluctuations and foreign exchange controls;
- rising inflation or increases in interest rates;
- levels of employment, consumer confidence and income;
- changes in the Government's fiscal and regulatory policies and regulations, including tax laws and regulations that impact or may impact inflation and consumer demand;
- Government budget deficits;
- adverse trends in the current accounts and balance of payments of the Philippine economy;
- public health epidemics or outbreaks of diseases, such as COVID-19, re-emergence of Middle East Respiratory Syndrome- Corona virus (MERS-CoV), SARS, avian influenza (commonly known as bird flu), or H1N1, or the emergence of another similar disease (such as Zika) in the Philippines or in other countries in Southeast Asia;
- natural disasters, including but not limited to tsunamis, typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, in other countries in the region or globally;
- volatility in global energy prices, including recent increases in fuel prices driven by geopolitical tensions and conflict in the Middle East, which may result in higher transportation, construction, and operating costs, increased inflationary pressures, and reduced consumer spending power, thereby adversely affecting demand across the Company's real estate, energy, and agricultural segments, as well as increasing the cost of operating and maintaining its assets; and
- other regulatory, social, political or economic developments in or affecting the Philippines.

Uncertainty surrounding the global economic outlook could cause economic conditions in the Philippines to deteriorate and there can be no assurance that current or future Government policies will continue to be conducive to sustaining economic growth. There can be no assurance that the Philippines will maintain strong economic fundamentals in the future. Any future deterioration in economic conditions in the Philippines could materially and adversely affect the Company's financial position and results of operations, including the Company's ability to implement its business strategy. Changes in the conditions of the Philippine economy could materially and adversely affect the Company's business, financial condition or results of operations.

Political instability may have a negative effect on the business, financial position or results of operations of the Company.

The Philippines has from time to time experienced political and military instability, including acts of political violence. In the last two decades, there has been political instability in the Philippines, including extra-judicial killings, alleged electoral fraud, impeachment proceedings against two former presidents, two chief justices of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by the previous and current administration. In addition, a number of officials of the Philippine government are currently under investigation or have been indicted on corruption charges. There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy.

No assurance can be given that the future political or social environment in the Philippines will be stable or that current and future governments will adopt economic policies conducive for sustaining economic growth. An unstable political or social environment, whether due to the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the business, operations, and financial condition of the Company.

A major deviation from government policies or fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. Any potential instability could have an adverse effect on the Philippine economy, which may impact the Company's businesses prospects, financial condition, and results of operations.

Acts of terrorism and violent crimes could destabilise the country and could have a material adverse effect on the Company's business, financial position and results of operations.

The Philippines has experienced incidents of terrorism, violent crime and armed conflict involving extremist groups and other armed organizations. In the past, terrorist attacks, including bombings and kidnappings, have occurred in various parts of the country, particularly in certain areas of Mindanao in the southern Philippines. The Armed Forces of the Philippines continue to conduct security and counterterrorism operations against groups identified as responsible for such activities.

Although security conditions in many areas have improved in recent years, isolated incidents of violence and terrorism continue to occur. For example, in 2017, armed groups seized parts of Marawi City in Mindanao, resulting in months of armed conflict between militants and government forces which caused mass casualties, displacement of residents and significant infrastructure damage. More recently, in December 2023, an explosion occurred during a religious gathering in Marawi City that resulted in casualties and injuries. In addition, in January 2026, the convoy of a local government official in Mindanao was ambushed by unidentified armed assailants using high-powered firearms.

Any increase in the frequency, severity or geographic scope of terrorist attacks, armed conflict or other violent incidents could destabilize parts of the country and adversely affect public safety, investor confidence and economic activity. These incidents may lead to injuries or loss of life among civilians and members of the military, damage to property and disruptions to economic activity. If such events occur or escalate, they could adversely affect the Philippine economy and business environment, which in turn could have a material adverse effect on the Company's business, financial condition and results of operations.

Volatility in global fuel prices, including increases driven by geopolitical tensions in the Middle East, may adversely affect the Company's business, financial position and results of operations.

The Philippines is heavily reliant on imported fuel and is, thus, highly exposed to fluctuations in global fuel prices. Recent geopolitical tensions in the Middle East have led to significant increases in fuel prices, resulting in higher transportation, electricity, and production costs, as well as increased inflationary pressures.

Sustained increases in fuel prices may adversely affect the Company's operations. In its real estate business, higher fuel prices may increase construction and development costs and dampen demand

due to reduced consumer purchasing power. In its energy and agribusiness segments, higher fuel costs may increase operating expenses and compress margins.

More broadly, elevated fuel prices may contribute to inflation, higher interest rates, and slower economic growth, which could negatively affect demand for the Company's products and services. There can be no assurance that fuel prices will stabilize or that the Company will be able to fully pass on increased costs to customers. Any prolonged increase in fuel prices could adversely affect the Company's business, financial condition, and results of operations.

Natural or other catastrophes, including severe weather conditions, may adversely affect the Company's business, materially disrupt the Company's operations and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's assets and operations. While the Company carries insurance for certain catastrophic events, of types, in amounts and with deductibles that the Company believes are in line with general industry practices in the Philippines, there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. The Company also does not carry any business interruption insurance. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in such business, as well as the anticipated future turnover, while remaining liable for any costs or other financial obligations related to the business. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations.

Territorial disputes with the China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

Competing and overlapping territorial claims by the Philippines, the People's Republic of China ("China") and several Southeast Asian nations (such as Vietnam, Brunei and Malaysia) over certain islands and features in the West Philippine Sea (South China Sea) have for decades been a source of tension and conflict.

China claims historic rights to nearly all of the West Philippine Sea based on its so-called "nine-dash line" and in recent years dramatically expanded its military presence in the sea, which has raised tensions in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the international arbitration tribunal based at the Hague, Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea. In July 2016, the tribunal rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that the "nine-dash line" claim of China is invalid. The Government, under the current administration, has taken measures to de-escalate tensions concerning the territorial dispute with China. In March 2021, more than 180 Chinese military vessels were spotted on Julian Felipe Reef in the West Philippine Sea. The presence of the vessels defined a diplomatic protest and demand for the vessels to leave the area, issued by then-Defense Secretary Delfin Lorenzana.

There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further, as China has taken steps to exercise control over the disputed territory. In such event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected.

Any deterioration in the Philippine economy as a result of these or other factors, including a significant depreciation of the Peso or increase in interest rates, may adversely affect the Company's operations. In particular, further disputes between the Philippines and other countries may lead to reciprocal trade restrictions on the other's imports or suspension of visa-free access and/or overseas Filipinos permits. Any impact from these disputes in countries in which the Company has operations could materially and

adversely affect the Company's business, financial condition, results of operations, its ability to implement its business strategy and possible expansion plans.

The credit ratings of the Philippines may restrict the access to capital of Philippine companies, including the Company.

International credit rating agencies issue credit ratings for companies with reference to the country in which they are resident. As a result, the sovereign credit ratings of the Philippines directly affect companies that are residents in the Philippines, such as the Company. Historically the Philippines' sovereign debt has been rated relatively low by international credit rating agencies.

In November 2024, Standard & Poor Ratings Group (“**S&P**”) affirmed the Philippines credit outlook to positive, while affirming the country's current credit rating at 'BBB+' for long-term and 'A-2' for short-term. A long-term credit rating of 'BBB' puts the Philippines at an adequate investment grade, although adverse economic conditions could weaken the country's ability to meet its financial obligations. On the other hand, the country's 'A-2' short-term rating means that the Philippines has a satisfactory chance of meeting its short-term financial obligations. S&P based its current report on the government's fiscal policy reforms. On 30 April 2019, S&P raised the Philippines sovereign long-term credit rating to BBB+, which is its highest rating to date. According to S&P, the upgrade was made on the basis of the Philippines' consistent economic growth, solid fiscal accounts, and good position in the external environment.

There is no assurance that international credit rating agencies will not downgrade the sovereign credit ratings of the Philippines in the future. Any downgrade in the Philippines' sovereign credit ratings may adversely affect liquidity in the Philippine financial markets and could increase borrowing costs for the Philippine government and Philippine companies, including the Company. Such developments may also limit the ability of Philippine companies to access the capital markets on commercially acceptable terms, which could have a material adverse effect on the Company's business, financial condition and results of operations.

RISKS RELATING TO THE BOND OFFERING

The Bonds may not be a suitable investment for all investors

Each potential investor of the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency; (iv) understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant financial markets; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic conditions, interest rate, foreign exchange rate, Issuer's credit risk, and other factors that may affect its investment and its ability to bear the applicable risks.

Each investor should have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds.

An active or liquid trading market for the Bonds may not develop

The Bonds are a new issue of securities for which there is currently no trading market. Even if the Bonds are listed on the PDEX, trading in securities such as the Bonds 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, which may affect liquidity. Although the Bonds are intended to be listed on PDEX as soon as reasonably practicable, no assurance can be given that an active trading market for the Bonds will develop and, if such a market were to develop the Underwriters are under no obligation to maintain such a market. The liquidity and the market prices for the Bonds can be expected to vary with changes in market and economic conditions, the financial

position and prospects of the Company, and other factors that generally influence the market prices of securities.

The Company has no control over this risk as active trading of the Bonds is highly dependent on the Bondholders.

The Issuer may be unable to redeem the Bonds

Upon maturity, the Issuer will be required to redeem all of the Bonds. At such event, the Issuer may not have sufficient cash on hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. The failure by the Issuer to repay, repurchase or redeem tendered Bonds would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness of the Issuer.

Holders of the Bonds may not be able to reinvest at a similar return on investment

Prior to the relevant maturity dates of the Bonds, the Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), any series of the outstanding Bonds on the relevant Optional Redemption Dates (see "Description of the Bonds"). Subject to the specific terms and conditions of the Bonds, in the event that the Company exercises this early redemption option, all Bonds will be redeemed and the Company would pay the amounts to which Bondholders would be entitled. Following such redemption and payment, there can be no assurance that investors in the redeemed Bonds will be able to re-invest such amounts in securities that would offer a comparative or better yield or terms, at such time.

The Bondholder may face possible gain or loss if the Bonds are sold at the secondary market

As with all fixed income securities, the Bonds' market values move (either up or down) depending on the change in interest rates. The Bonds when sold in the secondary market are worth more if interest rates decrease since the Bonds have a higher interest rate relative to the market. Likewise, if the prevailing interest rate increases, the Bonds are worth less when sold in the secondary market. Therefore, holders may either make a gain or incur a loss when they decide to sell the Bonds.

The Bonds may not be able to retain its credit rating

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

The Bonds have no preference under Article 2244(14) of the Civil Code

No other loan or other debt facility currently or to be entered into by the Issuer shall have preference of priority over the Bonds as accorded to public instruments under Article 2244(14) of the Civil Code of the Philippines, and all banks and lenders under any such loans or facilities that are notarized have waived the right to the benefit of any such preference or priority. However, should any bank or Bondholder hereinafter have a preference or priority over the Bonds as a result of notarization, then the Issuer shall, at the Issuer's option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Bonds as may be practicable.

There can be no guarantee that the Bonds will be listed on the PDEX

Purchasers of the Bonds will be required to pay for such Bonds prior to the listing date of such shares. There can be no guarantee that listing will occur on the anticipated listing date for the relevant tranche or at all. Delays in the admission and the commencement of trading of the Bonds in the PDEX may occur. If the PDEX does not admit the Bonds, the market for the Bonds will be illiquid and bondholders may not be able to trade the Bonds. This may materially and adversely affect the value of the Bonds.

RISKS RELATING TO CERTAIN INFORMATION IN THE PROSPECTUS AND OFFER SUPPLEMENT

Certain information contained herein is derived from unofficial publications

Certain statistics in this Prospectus or in the Offer Supplement relating to the Philippines, the industries and markets in which the business of the Company operates, including statistics relating to market size and market share, are derived from various government and private publications, including those produced by industry associations and research groups. This information has not been independently verified and may not be accurate, complete, up-to-date or consistent with other information compiled within or outside the Philippines.

DETERMINATION OF OFFER PRICE

Each series of the Bonds shall be issued on a fully paid basis and at an issue price that is at face value.

CAPITALIZATION

The consolidated short-term and long-term debt and capitalization of the Group as of the relevant period shall be set out in the relevant Offer Supplement.

USE OF PROCEEDS

The intended use of proceeds for each offer of Bonds being offered shall be set out in the relevant Offer Supplement under “**Use of Proceeds**”.

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

The Company undertakes that it will not use the net proceeds from the Offer for any purpose, other than as discussed in the Offer Supplement. The Company’s cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company’s management may find it necessary or advisable to alter its plans. In the event of any substantial deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC, the PDEx, and the holders of the Bonds in writing at least 30 days before such deviation, adjustment or reallocation is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, should be approved by the Board or the Executive Committee, and disclosed to the PDEx. The use of proceeds for each tranche of the Offer shall be set out in the relevant Offer Supplement.

PLAN OF DISTRIBUTION

The detailed plan of distribution and underwriting arrangement for each offer of Bonds shall be set out in the relevant Offer Supplement.

THE COMPANY

OVERVIEW

A Brown Company, Inc. was incorporated and registered with the Securities and Exchange Commission (SEC) on December 21, 1966. The Company is primarily engaged in real estate development, which accounts for 84.66% of its total revenues in 2025. ABCI's real estate projects are located in Cagayan de Oro City and Initao in Misamis Oriental, Bukidnon, Butuan City in Agusan del Norte, and Tanay, Rizal.

The Company's shares of stock are listed and are currently traded on the Main Board of the Philippine Stock Exchange ("PSE") under the ticker symbol "BRN".

In addition to real estate, the company has diversified business interests in agribusiness and public utilities, and strategic investments in the power generation sector. These businesses provide complementary revenue streams and support the Company's long-term growth and income stability.

The consolidated revenues, gross profit and EBITDA of ABCI for the year ended December 31, 2025 were ₱1,890 million, ₱943 million and ₱1,263 million, respectively. The following table sets forth the contribution to revenues of ABCI from its businesses for the periods provided:

	2025		2024		2023	
	Revenues	%	Revenues	%	Revenues	%
Real Estate Sales	1,601,018,375	84.66%	1,527,959,172	84.51%	1,454,786,129.00	89.54%
Sale of Agricultural Goods	259,251,928	13.70%	250,550,825	13.86%	142,563,286.00	8.77%
Water and Other Service Income	30,711,129	1.64%	29,462,585	1.63%	27,433,584.00	1.69%
TOTAL	1,890,981,432	100%	1,807,972,582	100%	1,624,782,999.00	100%

REAL ESTATE

Real estate is the core businesses of ABCI. Its flagship development is Xavier Estates in Cagayan de Oro City, a master-planned residential township. The Company's real estate projects are generally developed as mixed-use, nature-oriented, integrated, and master-planned communities. In recent years, the Company has expanded its real estate projects to cover economic and socialized housing developments to serve a broad market segment.

High-end Housing

- *Xavier Estates*: It is the pioneer in premier mixed-use development in Northern Mindanao. This 220-hectare development located at Fr. Masterson Avenue, Upper Balulang, and sprawled on a panoramic plateau overlooking the City has now become 288 hectares through additional acquisitions of adjacent developable areas over the years. It is a perfectly master-planned community which guarantees luxury, elegance, prestige, convenience and security.
- *Xavier Estates Phase 5B – Ventura Residences II* was launched in June 2018. It features house and lot units and prime lots. Located at the back of Ventura Residences, this second phase shall have the identical house colors of orange and cream as the first phase. House and Lot units are single detached with a lot area of 110 to 170 sq.m. and floor area of 80 sq.m. Prime lots with lot cuts of 110 to 500 sq.m. are located by the ridge. The project is 100% completed.

- *Xavier Estates Phase 6 - Ignatius Enclave* was launched in June 2018. It is located in Upper Balulang, Cagayan de Oro City, a 3-kilometer drive to Mastersons Avenue where major commercial establishments are located. There are also churches, grade schools, high schools and educational centers nearby. It features house and lot units and prime lots. Aimed at fostering a Happy Community concept, the single modern home design introduces ABCI's first venture into the vibrant house colors of yellow, orange, blue and green accents. The project is 100% completed with the houses 99% completed.
- *Xavier Estates Phase 6 – Ignatius Enclave 2* located in the lower tier of the Balulang scape. It features house and lot units. These single detached two-storey units have floor area of 120 sqm and are located in 120 sqm lot areas. House could also be built in bigger lots ranging from 150 sqm to 415 sqm. This project is 100% completed. The units are 90% completed programmed to be finished upon full collection from the buyers.
- *Teakwood Hills Subdivision* is located in Barangay Agusan, Cagayan de Oro City, some 2.3 kilometers from the national highway going uphill. This new and idyllic enclave has a breathtaking endless view of the mountains and the sea. The roads are eight meters wide and lined with trees. It has a club house with recreational amenities such as swimming pool, billiards, darts and table tennis. Lot sizes start from a minimum cut of 250 sq. m., all with a 180-degree scenic view of the famous Macalajar bay and an elevation of 220 meters above sea level. Phase 1 is 68% complete while Phase 2 is 100% complete.
- *Teakwood Hills Phase 3* occupies three (3) hectares in the northern portion of the upscale property. It is coined as Belle del Mar (Charm of the Sea) as it overlooks the waters. It offers lots for sale at 180sqm to 316sqm. This project is 100% completed.
- *Teakwood Crest Subdivision* is located a kilometer away from Teakwood Hills Subdivision in Barangay Balubal, Cagayan de Oro City. Overlooking Macajalar Bay, this property provides a refreshing take from the sea breeze. This property is classified under open market housing, shall have a minimum lot cut of 150 sqm for sale. Total saleable area is 3.7 hectares. The project is now 85% completed.
- *Valencia Estates*: It is located in Barangay Lumbo, Valencia City, Bukidnon. The amenities are patterned after the excellent standards of a plush subdivision with a road network of 15 meters for the main road, 10 meters for the service roads complete with sodium street lamps; a basketball court, a clubhouse with a swimming pool. It also has open spaces and playground, perimeter fence and a 24-hour security service. The project is 100% complete.
- *Coral Resort Estates*: The project is considered as the first residential resort estates in Northern Mindanao. It is strategically located in Initao, Misamis Oriental with a total development area of 5.4 hectares. Phase 1-Cluster A and Cluster B of the project with development area of 2.5 hectares and 2.9 hectares, respectively are 100% complete

Coral Resort Estates Phase 2 is situated in the southern part of Coral Resort Estates. It covers approximately 4 hectares comprising of lots for sale ranging from 180 to 398 sqm.

Coral Resort Estates Phase 3 with approximately 5 hectares offers saleable lots with an area ranging from 180 to 380 sqm. Phase 2 is 100% complete while Phase 3 is 100% complete.

Coral Resort offers a one-of-a-kind experience to its residents, away from the city, and nature's breeze at its greatest. Residents get the best spot of the breathtaking infinite view of the blue sea while enjoying the coolness of the fresh breeze.

- *West Highlands* is a residential estate beside a golf course community located in Brgy. Bonbon, Butuan City. The estate has a total developmental area of 25.9 hectares and is 289 feet above sea level which gives lot owners a panoramic view of historic Mt. Mayapay or the cityscape. West Highlands Phase 2 was launched last October 2017 highlighting fairway and inner fairway lots. Percentage-of-completion for Phase 1 is at 100% while Phase 2A is 100% complete on horizontal development and 100% for vertical development. For Phase 2B, the horizontal

development is 59% done while its vertical development - Block 9 and Block 8 is 36% and 41% done, respectively.

- *The Terraces in Xavier Estates* was launched last September 2018. This prime property is highlighted by prime cascading ridge lots of 180 to 400 sq.m. in size. Located in the terraces-like land configuration, this area commands a 180-view of the city of Cagayan de Oro and the mountains of Bukidnon and is low dense with less than 50 lots for sale. The horizontal development is 100% completed.
- *Mountain Pines Farm 2* is located in Brgy. Kalugmanan, Manolo Fortich in the Province of Bukidnon. This is the first residential farm-lot type or the gentleman's farm concept. Presenting sweater-weather at 1,200 meters above sea level it is located in the cool pine tree-bordered confines at the foothills of Mt. Kitanglad Range. It is a stone's throw away from Mindanao's famous adventure forest park and is surrounded by well-appointed high value crop farms. Total land area covers approximately 20 hectares with saleable lots with maximum lot cuts at 1,600sqm. It features a clubhouse and community center with parks and open spaces. The project is 99% completed.
- *Adelaida Meadow Residences* is situated in Brgy Bancasi, less than a kilometer away from Butuan City Airport. It is within the 7-kilometer radius of schools, malls, churches and hospitals in the downtown area. It lies 5 kilometers from Caraga's first paspalum te golf course, the West Highlands Golf Club. It offers single detached house and lot packages in 120 sqm lot area. Buyers have a choice between two model houses: Amethyst and Sapphire. Amethyst is a two-storey modern house with a total of 64.88 sqm floor area. The master's bedroom, kitchen, dining, living room, and terrace are in the ground floor. While there are 2 bedrooms in the second floor with its own balconies. Sapphire is a two-storey modern house with a 117.5 sqm floor area. The kitchen, dining, living room, and one bedroom are located in the ground floor. The second floor hosts the master's bedroom, another bedroom and a 15sqm balcony where parties and family bonding activities can be held al fresco. This gated community has its parks and playground and community facility. The horizontal development is 51% complete. The vertical development for Blocks 1 to 7 is about 47% to 85% done and for Blocks 10 to 13, about 14% to 39% done.

Economic Housing

- *Phase 5-Ventura Residences* is the first venture of A Brown Company, Inc. into the middle market house-and-lot package nestled inside the Xavier Estates. Ventura Residences is 100% complete. This project has a saleable area of 5.8 hectares.
- *Xavierville Homes*: It is an economic housing development project adjacent to the Xavier Estates. Phase 1 and 2 are 100% complete. This project has development area of 4.84 hectares and a saleable area of 2.59 hectares.
- *Adelaida Park Residences* located beside Mountain View Homes is the first residential subdivision in the region offering a ridgeview linear park. The linear park is 410 linear meters in length with park lights along the jogging path/bicycle path. Single detached and attached house and lot units are offered with lot area ranging 90-161 sq.m. with floor area ranging 60-110 sq.m. Adelaida Park Residences has single houses sufficiently spaced from each other with its own parking space; is a gated community with ranch-type perimeter fence; has proposed pavilion; and is certified flood free with an elevation of 157 feet above river bank. The horizontal development is 100% complete while the vertical development is at 97% complete.
- *Adelaida Mountain Residences* is a new master planned integrated community rising in the cool hills of Tanay, Rizal. It overlooks views of Sierra Madre Mountains and the Laguna Lake. Being anywhere around 400 to 500 meters above sea level, weather stays relatively cool. With approximately 12 hectares of development, saleable lots range from 252sqm to 834sqm. The horizontal development is at 99% complete.

Socialized Housing

- *St. Therese Subdivision*: The subdivision is a 1.67-hectares socialized housing project located in Balulang, Cagayan de Oro that will provide 155 house and lots of which 91 units are row houses, 38 units are duplex, and 26 units are single attached. The project is 100% complete.
- *St. Therese Subdivision 2* is a socialized housing project located adjacent the St Therese 1. Total area is about 6,111 square meters with 48 saleable house & lots units. Ground floor area of these units is at 28 square meters with provision for loft. It is about 66% complete with its horizontal development. The vertical development is about 51% complete.
- *Mountain View Homes*: This project has a development area of 2.3 hectares with 216 saleable house and lots with guard house and basketball court. Mountain View Homes Phase 2 is a new venture into the socialized and economic housing which is adjacent to the original Mountain View Homes. It is accessible to churches, schools, malls and commercial establishment. The socialized housing project has row houses with lot area of 50sq.m. and floor area of 26sq.m. Single detached units for economic housing have a lot area of 75-143 sq. m. and floor area of 36-38 sq. m. The percentage-of-completion for Phase 1 and Phase 2 are both 100% complete.
- *Mangoville* is a socialized housing which was launched on Feb 10, 2018. It is located in Barangay Agusan, Cagayan de Oro, just 1.8 kilometers away from the highway. Mangoville boasts of duplex design houses with its own parking space in a lot area of 67.5 sq.m. with floor area of 22 sq.m. It has a 10-meter-wide main road and 8-meter-wide inner roads, with perimeter fence and guardhouse. Mangoville homeowners will enjoy a view of the Macajalar Bay in its elevation of 169 meters above sea level. In 5.5 hours, all 235 units were reserved. The horizontal development is 100% complete while the vertical development is at 98% complete.
- *Adelaida Homes* is the 1st socialized housing project of ABCI in Luzon, specifically situated in Brgy. Sampaloc, Tanay, Rizal. It opened with 137 house and lot units. The row houses have a lot area that starts at 40sqm and floor area that starts at 26sqm. The horizontal development is 100% complete while the vertical development is at 99% complete.

Similar to Adelaida Mountain Residences, these properties are very accessible to most places of interest like town malls, restaurants, town markets, churches and tourist attractions like swim resorts, eco parks, falls and others within 200m to less than 10km in distance from the project site.

AGRIBUSINESS

A Brown's palm oil operations are conducted through two subsidiaries, Surigao Greens Agricultural Corporation ("**SGAC**") and A Brown Energy and Resources Development, Inc. ("**ABERDI**"), which are engaged in the processing and trading of crude palm oil and related products.

SGAC operates a fully functional crude palm oil ("**CPO**") milling facility, serving as the group's current focus for palm oil operations. The plant has a rated capacity of 10 tons per hour and sources fresh fruit bunches ("**FFB**") from independent growers and nearby plantations in the Surigao and Agusan regions.

The CPO milling facility is strategically located to allow for efficient logistics, lower transport costs, and reliable raw material supply. SGAC's operations provide the platform for the Group's continued participation and growth in the domestic palm oil industry.

ABERDI owns palm oil processing facilities consisting of a 10- ton-per-hour crude palm oil mill and a 50-ton-per-day Refined, Bleached, and Deodorized ("**RBD**") physical refinery with fractionation.

IRRADIATION AND COLD STORAGE

Irradiation Solutions, Inc. ("**ISI**") owns and operates the Tanay E-Beam and Cold Storage Facility, the first commercial electron beam ("**E-Beam**") facility in the Philippines offering contract sterilization services across multiple industries.

The facility can provide sterilization services for medical products such as masks, dressings, syringes, and surgical staplers, as well as other single-use medical devices. In addition, it offers commercial sterilization services for agricultural and fishery products, enhancing the quality and export potential of local fruits, seafood, and other food items. The E-Beam technology, used in over 60 countries, is considered the most cost-effective among commercial sterilization methods and leaves no residue after treatment. It also allows for sterilization in final packaging.

The Board of Investments (“**BOI**”) has granted approval for the project as Pioneering status under the Republic Act No. 11534 or the CREATE Act. All necessary approvals and permitting required for the operations have been secured.

On April 28, 2025, ISI has announced a strategic investment of ₱12.5 million in Accudata Analytical Labs Corporation (“**Accudata**”), acquiring a 35% equity stake. This partnership aims to enhance ISI E-Beam’s microbiological testing capabilities and expand its integrated service offerings to clients across the food, pharmaceutical, and medical sectors. Based in Calamba, Laguna, Accudata is a specialized diagnostics and product safety laboratory offering microbial testing and regulatory compliance services. Accudata plans to offer future services including sterility, bioburden, pathogen, and antimicrobial resistance testing for food, medical devices, and pharmaceutical products.

This collaboration enables ISI E-Beam to offer a fully integrated service model, combining its electron beam (E-Beam) sterilization services with advanced laboratory diagnostics. Clients will benefit from a streamlined process for safety assurance, faster turnaround times, enhanced regulatory support, and the convenience of working with a single provider for both sterilization and laboratory verification.

The investment will support the expansion of Accudata’s laboratory infrastructure, equipment upgrades, and additional services. These enhancements reinforce Accudata’s position as a trusted partner for quality assurance and diagnostics in the Philippines.

POWER

Bunker-Fired Power Project

On September 9, 2025, the Board of Directors of A Brown Company, Inc. has approved the internal reorganization and realignment of its energy portfolio to ensure a more focused management of the energy assets through the sale of its wholly-owned subsidiary, NRC and its 20% equity interest in Peakpower Energy Inc. (“**PEI**”) to its wholly-owned holding company, ABC Energy Inc. (“**ABCEI**”).

Peakpower Energy Inc. (PEI)

Peakpower Energy, Inc. was formed in 2013 to construct diesel/bunker-fired power plant projects designed to generate peaking energy in various A+/Green-rated electric cooperatives in Mindanao. These projects are Build-Operate-Maintain and Transfer (“**BOMT**”) agreements for brand new engines, which will last for 15 years through its subsidiaries as operating units: Peakpower Soccsargen, Inc., Peakpower San Francisco, Inc. and Peakpower Bukidnon, Inc. --- continue to provide dependable peaking capacity under long-term agreements.

Peakpower Soccsargen Inc. (PSI)

Peakpower Soccsargen Inc. (“**PSI**”) is a 34.8MW diesel/bunker-fired power plant located in General Santos City. It has a 15-year BOMT agreement with the South Cotabato II Electric Cooperative Inc. (“**SOCOTECO II**”). The Energy Regulatory Commission (“**ERC**”) issued the Certificate of Compliance (“**COC**”) for PSI’s first 20.9MW (3 units of 6.97MW) capacity last December 1, 2014. Commercial operations started on January 27, 2015. The 13.9MW (2 units of 6.97MW) Power Plant expansion declared commercial operations last September 12, 2017. ERC granted the COC of the expansion on February 20, 2018.

Peakpower San Francisco Inc. (PSFI)

Peakpower San Francisco Inc. (“**PSFI**”) is a 10.4MW diesel/bunker-fired power plant with business address located in San Francisco, Agusan del Sur. It has a 15-year BOMT agreement with the Agusan del Sur Electric Cooperative Inc. (“**ASELCO**”). ERC issued the COC for the first 5.2MW capacity on March 23, 2015. Another COC was issued for the increased 10.4MW capacity on February 18, 2020. Commercial operations started on January 26, 2018.

Peakpower Bukidnon Inc. (PBI)

Peakpower Bukidnon Inc. (“**PBI**”) is a 10.4MW diesel/bunker-fired power plant with business address located in Barangay Alae, Manolo Fortich, Bukidnon. It has a 15-year BOMT agreement with the Bukidnon Second Electric Cooperative Inc. (“**BUSECO**”).

ERC issued a Certificate of Compliance for the 10.4MW on December 19, 2018 which was extended until November 20, 2024. PBI commenced commercial operation on March 26, 2018.

Natural Gas Power Plant Project:

Vires Energy Corporation

ABCI acquired 99.995% of the outstanding capital of Vires Energy Corporation (“**VEC**”) from Argo Group Pte. Ltd. of Singapore in June 2020. It was incorporated on March 11, 2015 with SEC Registration No. CS201504660. In March 2023, ABCI completed its 100% ownership by acquiring the remaining 0.005% of shares.

VEC was originally set-up as a special purpose vehicle and as proponent of an Integrated Floating LNG Storage and Regasification Terminal paired with a 500 MW Floating Power Plant (“**FPP**”) Project in Simlong, Batangas City. However, market developments, including the completion of two operational LNG terminals in Batangas and the availability of domestic gas supply, prompted a reconfiguration of the project. On August 30, 2024, VEC formally notified the DOE of its decision to discontinue the floating LNG terminal and withdrew its Notice to Proceed (“**NTP**”).

The initiative transitioned into a purely onshore 2 x 450 MW LNG Combined Cycle Power Plant concept designed to operate under a Third-Party Access (“**TPA**”) model sourcing natural gas through long-term supply agreements from existing LNG terminals and available indigenous gas sources.

On December 22, 2025, the Company publicly disclosed the suspension of pre-development activities. This decision was driven by ongoing difficulties in securing grid connection capacity and reliable gas supply, rendering the project’s timeline uncertain. While development is currently halted, this suspension does not preclude future value recovery should market conditions allow for the project’s full-scale activation, redevelopment, or eventual sale.

Renewable Energy

Northmin Renewables Corp. (NRC) – formerly Hydro Link Projects Corp. (HLPC)

Northmin Renewables Corp. (“**NRC**”), formerly Hydro Link Projects Corp. (“**HLPC**”) was registered with the Securities and Exchange Commission on 6 May 2010 with SEC Registration No. CS201006733. NRC is focused on renewable energy projects in Northern Mindanao. NRC is currently managing two greenfield wind energy projects. On November 28, 2023, Northmin secured Wind Energy Service Contracts for the Bukidnon Wind Power Project and the Misor Wind Power Project.

The Bukidnon Wind Power Project is located in Malaybalay City, Cabanglasan and San Fernando, Bukidnon which is covered by Wind Energy Service Contract No. 2023-10-333.

The Misor Wind Power Project is located in Balingoan, Claveria, Salay, Sugbongcogon, Kinoguitan, Talisayan, and Medina, Misamis Oriental which is covered by Wind Energy Service Contract No. 2023-10-335. NRC is appointed by the DOE as having the exclusive right to explore, develop, and utilize the Wind Energy Resources within the applied contract areas.

NRC is currently undertaking pre-development activities for both projects in line with the approved DOE work program. Preliminary wind assessments have been completed. The wind measurement campaign using Lidar for the Misor Project began in the 4th quarter of 2024, while the campaign using Met Mast started in the 2nd quarter of 2025. System Impact Study (“**SIS**”) has been secured from the National Grid Corporation of the Philippines (“**NGCP**”) for the Misor Wind Power Project while the Bukidnon Wind Power Project’s SIS was already applied with the NGCP.

On September 9, 2025, the Board of Directors of A Brown Company, Inc. has approved the internal reorganization and realignment of its energy portfolio to ensure more focused management of the energy assets through the sale of its wholly-owned subsidiary, NRC and its 20% equity interest in PEI to its wholly-owned holding company, ABCEI.

Manolo Fortich Power Corporation

Manolo Fortich Power Corporation was registered with the SEC on March 17, 2025. MFPC established as a Special Purpose Vehicle to spearhead the development of the Manolo Fortich Solar Power Project, a large-scale solar energy facility in Northern Mindanao to address the evolving energy needs of the region.

The company is in the pre-development stage of a greenfield Solar Power Project with a Battery Energy Storage System (BESS). To secure the project’s physical footprint, MFPC has commenced the acquisition of several parcels of land in the Municipality of Manolo Fortich, Bukidnon. The inclusion of BESS is a strategic component of the project, intended to provide grid stability, mitigate the intermittency of solar generation, and enhance the overall reliability of power supply to the Mindanao grid.

As the project reaches technical maturity, MFPC intends to file for a Solar Energy Service Contract (SESC) and a Certificate of Authority (COA) with the Department of Energy (DOE). These licenses will formalize MFPC’s exclusive rights to explore, develop, and utilize solar energy resources within its identified site.

Alternergy Tanay Wind Corporation and Alabat Wind Power Corporation

On 23 October 2025, ABCEI entered into definitive agreements with Alternergy Holdings Corporation to acquire a 40% equity stake in each of Alternergy Tanay Wind Corporation (“**ATWC**”) and Alabat Wind Power Corporation (“**AWPC**”) which are developing the 128MW Tanay and 64MW Alabat wind projects.

ATWC and AWPC’s wind projects are both in advanced construction stages set for completion by early 2026. The investment by ABCEI marks a significant step in expanding its renewable energy portfolio.

The amount of consideration for the transaction is Php 2.4 Billion, of which about Php 899 Million will be paid in cash to Alternergy for the shares held by it in ATWC and AWPC and about Php 1.501 Billion (Php 1.224 Billion for ATWC and about Php 277 Million for AWPC) will be paid in cash directly to ATWC and AWPC as the subscription price for subscription to new shares.

On 5 March 2026, the Philippine Competition Commission (“**PCC**”) approved the transaction, as evidenced by a PCC certification issued on 9 March 2026

Bulk Water Supply

AB Bulk Water Company, Inc. (ABWCI)

AB Bulk Water Company, Inc. (“**ABWCI**”) was incorporated on March 31, 2015 with SEC Registration No. CS201506364 to engage in the business of holding and providing rights to water, to public utilities and cooperatives or in water distribution or to engage in business activities related to water development.

ABWCI is now focused on the development of the New CDO Bulk Water Project, which is considered more viable in terms of scalability and alignment with current and future demand. The project is located

in Barangays of Mambuaya and Bayanga, Cagayan de Oro City, drawing from the Cagayan de Oro River, and is designed to supply up to 100 million liters per day (“**MLD**”) at maximum capacity, with an initial phase of 40 MLD, providing safe and reliable water for about 1,000,000 Cagayan de Oro residents. This bulk water facility is envisioned to support the rapidly developing Uptown CDO area as well as the broader Cagayan de Oro City market.

The project is currently undergoing pre-development, with detailed engineering design and permitting targeted for completion by 2026. Planned infrastructure includes a water intake system, treatment plant, and transmission pipelines. ABWCI is actively exploring bulk water supply partnerships with subdivisions, cooperatives, distribution companies and utilities such as the Cagayan de Oro Water District (“**COWD**”) to secure long-term distribution and access agreements.

Infrastructure

Blaze Capital Limited

Blaze Capital Limited (“**BCL**”) is a British Virgin Islands company incorporated on August 8, 2011, and acquired by ABCI on May 22, 2017. BCL holds a 33.33% equity interest in East West Rail Transit Corporation (“**EWRTC**”), a member of the consortium for the East-West Rail Project (“**EWRP**”).

The EWRP is a proposed 9.7-km railway line serving the España Blvd.-Quezon Ave. corridor, spanning from Lerma St. in Sampaloc, Manila, to University Ave. in Diliman, Quezon City.

The Consortium—comprising EWRTC and Alloy MTD Group (represented by MTD Philippines Inc.)—submitted an unsolicited proposal to the Philippine National Railways (“**PNR**”) to finance, construct, operate, and maintain the project. The PNR granted Original Proponent Status to the Consortium, which remains in good standing. An updated Feasibility Study was completed in 2024 to recalibrate project costs and post-pandemic ridership models.

As of 31 December 2025, the Company recognized a non-cash impairment of capitalized costs related to preliminary studies for the project. While forward implementation remains uncertain, this impairment does not preclude future value recovery should the project be reactivated, redeveloped, or sold as the regulatory and infrastructure landscape aligns.

Recent Developments

Share Buyback Program

On 14 November 2025, the Company approved the implementation of a share buyback program authorizing the repurchase of up to ₱100 Million worth of ABCI common shares. The objective of the program is to repurchase shares when the market price is below their estimated value, as an effective use of capital that enhances long-term shareholder returns. The program shall remain effective for a period of one (1) year, or until the authorized amount has been fully utilized, whichever comes first.

Repurchases will be conducted through open-market transactions via the trading facilities of the Philippine Stock Exchange and will be funded from internally generated cash flow.

As of December 31, 2025, the Company bought back its 48,373,911 own common shares for a total amount of Php 45,323,583.75 thereby increasing its total treasury shares to 153,674,925.

An additional 36,526,000 common shares were repurchased beginning January 5, 2026 until February 16, 2026 with total shares bought back at 84,899,911 for a total amount of Php 83,168,803.75 thereby increasing its total treasury shares to 190,200,925.

Divestment in Palm Concepcion Power Corporation

On 14 July 2025, ABCEI sold its 20% equity interest in Palm Concepcion Power Corporation (“**PCPC**”) for a total consideration of ₱3,200,000,000. PCPC is a domestic corporation engaged in power generation and operating a coal-fired plant in Panay island.

The Group intends to allocate these proceeds toward strengthening core business segments, accelerating green energy initiatives, and reducing debt to enhance capital efficiency. Furthermore, the Group will proactively pursue investment opportunities in new sectors to diversify and secure long-term revenue streams.

STRENGTHS AND STRATEGIES

STRENGTHS

Established Real Estate Player with a Solid Track Record and Captured Niche Market in Mindanao for high-end customers

ABCI has over 25 years of track record in real estate development in Mindanao. It has established itself as the premier developer for the middle-middle, upper-middle and premium markets in the area, known for underscoring healthy, environment-friendly and low dense communities with focus on city-, mountainside-, agricultural-, golf and sea resort-, and lifestyle-developments.

Further, its in-depth knowledge of the local setting is bolstered by the fact that its management and base of operations are both centered in Mindanao unlike most of its competitors.

As of December 31, 2025 the Company has completed a total of 15 projects located in Cagayan de Oro City, Valencia City, Butuan City, and Initao, Misamis Oriental covering 4025 units over a total developed area of 201 hectares. The Company also has a total of 18 ongoing projects located in Cagayan de Oro City; Butuan City; Initao, Misamis Oriental; Dahilayan, Bukidnon and Tanay, Rizal, composed of both high-end and socialized / economic units

ABCI also has a total of 10 projects in the pipeline covering a total area of 172 hectares. consisting of high-end and economic/socialized units, memorial garden, and farm estate. For further discussion on the Company’s projects, please refer to section on The Company – Businesses of ABCI – The Real Estate Development Business – Summary of Projects.

Large Landbank in Marketable Locations

As of December 31 2025, the Company has a land bank of 898 hectares that can support its pipeline projects. The land bank is mostly located in the Company’s traditional markets and provides an opportunity for the Company to venture into all segments of the housing market. Total book value of this 898 hectares of land as of December 31, 2025, amounted to PHP3.567 billion.

The Company also intends to acquire additional raw land for future developments in the areas of Tanay, Rizal, Cagayan de Oro City, Butuan City, and Bukidnon.

Positioned to Benefit from Growth of the Philippines Real Estate Industry

There is a rise in the demand of housing requirements for middle income, starter families and single market. To address these markets, ABCI has diversified its portfolio to include socialized and economic housing in Cagayan de Oro City. The real estate sector is still a major contributor to employment and income growth as it continues to be an attractive choice of investment for both domestic and foreign investors. Looking at the young and growing population, the transition of the country from a low-middle income economy to a high-middle income one, and, the expansion of economic activities to the provinces are some of the reasons for this bullish outlook on the real estate sector.

The Company has historically targeted the full spectrum of the real-estate industry, enabling it to take promptly take advantage of shifts in the demand of its customers. Hence, it is in the position to venture into pockets of growth areas that are outside its niche as seen in the current thrust to supply the necessary housing inventory to address the backlog in the economic and socialized segments.

Being at the forefront in real estate development in Mindanao, the management and the Board of ABCI will continue to pursue its real estate projects in key cities in the Land of Promise. Overtime, ABCI was able to build a reputation and credibility to deliver first class development. It has created a niche in Mindanao and has carved a name to beckon with when it comes to property development. It shall take advantage of the continuous demand in Xavier Estates lots which is attributable to its overall aura. Xavier Estates Phase V-A Ventura Residences offers Ventura Lane and Clusters B&C for the “lot-only” market. The strongest factor, especially among the OFWs and foreigners married to a Filipino are its tree-lined streets that are now fully-grown, its in-house water system, strict security system, the largest clubhouse in Mindanao, as well as having a luxurious view of nature on top of a plateau.

Teakwood sales are beginning to pick-up and are also the preferred place compared to its competitors due to its magnificent location which is overlooking the Macajalar Bay. Coral Resort Estates is gaining popularity among local residents due to the tranquility the water front offers. Adelaida Park Residences is ABCI's response to the growing demand for economic house and lot packages. The project gained edge because of its ridge view linear park and single houses sufficiently spaced from each other. Mountain View Homes Phase 2 attracted teachers, government employees and managers. ABCI will continue to focus on increasing revenue generation and profit through innovation by introducing new products and services that would meet customer expectations and satisfaction.

Stable Financial Performance and Resilient Profitability Track Record

ABCI has a demonstrated history of sustainable profitability and financial prudence that has seen it overcome several global crises including the 1973 oil crisis, the 1997 Asian financial crisis, the 2008 U.S. subprime crisis, and the COVID-19 pandemic.

The Company has been able to remain profitable, managing to improve its gross profit and net income margins year-on-year despite the drop in sales at the height of the pandemic. ABCI believes that its agility and operational capability would allow it to sustain profit growth despite the highly uncertain environment. For further discussion, please refer to the section on “*Management's Discussion and Analysis of Results of Operations and Financial Condition*”.

Visionary Leadership with Extensive Experience in Real Estate, Energy, and Project Development

The Company employs a highly experienced management team with a proven track record across various industries led by visionary Dr. Walter W. Brown. Dr. Brown, Chairman Emeritus and Director, is a trained geologist and geo-chemist. His track record includes serving as Chairman or as President or Director of Apex Mining Co. Inc., Atok Big Wedge Co, Inc., Philex Mining Corporation, National Grid Corporation of the Philippines, Atlas Consolidated Mining Co., Philodrill Corporation, Petroenergy, Philippine Realty & Holdings Corporation, Dominion Asia Equities, Inc. (Belle Corp.), Palawan Oil & Gas Exploration (Vantage Equities), 7 Seas Oil Company, Inc. (Abacus), Universal Petroleum (Universal Rightfield), Sinophil Corporation, Asian Petroleum Corporation, Acoje Mining Corporation, Semirara Coal Corporation, Surigao Consolidated Mining Inc. (Suricon), Vulcan Industrial and Mining Corporation, San Jose Oil, Seafront Petroleum, and Basic Petroleum. Dr. Brown has extensive experience in the mining, energy, and natural resources sectors, and continues to provide strategic direction to the Company and its subsidiaries.

Mr. Robertino E. Pizarro, Chairman, has held various leadership roles within ABCI, including serving as President for over two decades prior to his appointment as Chairman. He has been actively involved in the Company's real estate developments and expansion initiatives, as well as its agribusiness operations. Mr. Paul Francis B. Juat, President and has been part of the Company since 2019. He has experience in business development in the energy and mining sectors and is involved in overseeing the Company's emerging business segments, including its power investments.

STRATEGIES

Target the full spectrum of the real estate market from high end to economic and socialized housing segments

ABCI shall continue to deliver excellent and value for money developments in accordance with its core competence. The Company has the land bank in place to support expansion and pipeline projects that will be rolled out. A master planned community is being developed in Tanay, Rizal and Butuan City. New phases shall also be developed in West Highlands in Butuan City; Coral Resort Estates in Initao, Misamis Oriental, and, Teakwood Hills in Cagayan de Oro City. For the premium market, on the drawing board is a golf and retirement estate in Manolo Fortich, Bukidnon. ABCI has developed the technical expertise and processes to be able to develop projects efficiently across the whole spectrum from socialized to high end. The Company's solid track record of its completed and ongoing projects allows good brand recall among its customers.

Maintain focus on healthy, environment-friendly and low-density community concepts

With the health benefits and personal well-being of the residents as its core thrust, the Company will continue to deliver developments that feature generous open spaces, lush vegetation, fresh flowing air, bike lanes and open patios in its home designs. Changing market demands brought upon by the COVID-19 pandemic has highlighted the preference of customers for low-density community concepts. The Company's land bank is situated mostly outside the main cities. The Company aims to take advantage of this by fast tracking planned developments and integrating farm lots into its real estate product offerings.

Continue land banking to support pipeline projects

The Company does continuous land banking focused on areas where the Company has a local foothold and a competitive advantage. Land parcels adjacent completed and ongoing projects are usual targets for expansion phases. With its experience in developing master-planned mixed-use developments, the Company is also looking into new areas where it can consolidate sizable portions to be able to come up with integrated mixed-use developments.

Increase the sales network by additional accreditation of partner realties

ABCI asserts a pro-active stance with regard to its partner realties, brokers, and agents. The Company's strategy is to expand the reach of its products by actively engaging additional accreditation of partner realties to market the Company's real estate products. ABCI institutes programs, trainings, talks, personal chats and exchange with individual brokers which has increased the brokers' drive to sell the Company's real estate offerings.

In 2025, the performing realties are Abejo Realty, Appena Realty, Bachelors Realty and Brokerage, BCP Realty, CDO Brokers and Associates, Inc., Chee Realty and Development Corp., CLM Realty, Cornerstone Realty Services CDO, Danrel Gold Realty, DK Realty Philippines, Eagleridge Realty, ES Realty, FAM Associates Realty and Services, GAA Realty, Gambe Realty, Global One Realty and Property Mgt Corp., Golden Nest Realty and Brokerage, Highlands Realty and Brokerage Corp. Home Solutions Realty, Icon Real Estate PH, INS Realty, Intino Realty, Jac Homes Realty, JET Realty, JYA Real Estate Services, KPO Realty, LA Keystone Realty, Land Asia Realty and Devt Corp., Leuterio Realty and Brokerage, Maria Lee Realty and Brokerage, Marian Realty, Philhomes Devt Corp., Power Properties Realty Mgt and Devt Corp., Property Provider Realty, Primeland Realty Phildevelopment Corp, Seers Property Mgt Group, Seankirsten Realty, Silucorp Real Estate and Engineering Services, Sit Benedictus Realty, SVF Realty, True Hero Realty and Devt Builders Corp, Truly Wealthy Realty, U1st Realty and Brokerage Inc, VEFF Realty Services, and VZ Stellar Realty.

Expand its power generation portfolio through development of greenfield power projects

ABCI's investments in power generation associate PEI have remained profitable and contributes a steady source of dividends to the Company. With its experience and knowledge of the industry, the Company is looking to expand its current portfolio. In this regard, ABCEI, the Company's energy arm, entered into a co-investment arrangement with Alternergy Holdings Corporation for a 40% equity stake in each of ATWC and AWPC, which are developing the 128MW Tanay and 64MW Alabat wind projects. ABCI believes that these wind projects can provide an environmental-friendly and economic source of electricity for the country's power needs. The Company remains on the lookout for good opportunities

ranging from development of new greenfield power project opportunities or acquisition of development or operating power projects.

Further diversification in strategic and high impact industries

ABCI is looking at expansion and continuous diversification in new business segments. Projects in the irradiation and bulk water segments are expected to be income contributors in the future as the projects progress in development. The Company, through ISI, owns and operates the first E-Beam Facility in the Philippines. AB Bulk Water Co. is also pursuing bulk water projects to supply water to Cagayan de Oro City envisioned to support the rapidly developing Uptown area as well as the broader Cagayan de Oro City market.

ABCI banks on its experience in project development, knowledge on the local and regulatory framework of the sectors it is operating in, and its network with both local and foreign experts in their respective fields.

ABCI is currently advancing a pipeline of greenfield projects valued at PHP 45 Billion across the renewable energy and water sectors. To support these developments, the Company expects to source funds through a strategic mix of internally generated cash, project finance, capital raising, and project sell-downs as applicable. Pipeline projects for other business interests in power and water sectors are as follows:

Project	Location	Type	Ownership Interest in Project	Estimated Project Cost (₱ Mn)	Start Date	Estimated Completion Date
Manolo Fortich Solar Power Project	Brgy. Dalirig, Manolo Fortich, Bukidnon	Renewable Energy	100%	10,115	2027	2029
New CDO Bulk Water Project	Brgys. Mambuaya & Bayanga, Cagayan de Oro City	Bulk Water Supply	100%	3,642	2027	2029
Misor Wind Power Project	Municipalities of Balingoan, Claveria, Salay, Sugbongcogon, Kinoguitan, Talisayan, and Medina, Province of Misamis Oriental	Renewable Energy	100%	19,200	2028	2030
Bukidnon Wind Power Project	Malaybalay City, Cabanglasan, and San Fernando, Province of Bukidnon	Renewable Energy	100%	12,384	2030	2032
Total				45,341		

CORPORATE HISTORY AND MILESTONES

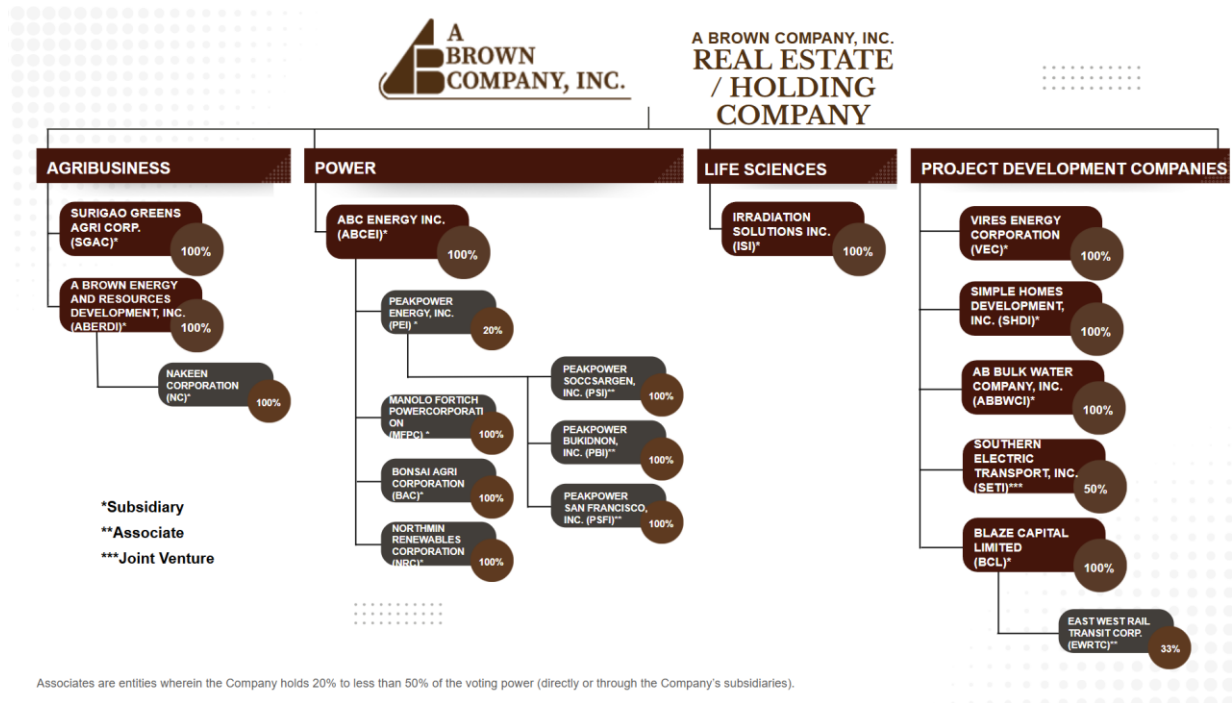
1966	The Company was incorporated in the Philippines as Bendana, Brown, Pizarro & Associates, Inc.
1992	The SEC approved the amended Articles of the Incorporation and By-laws of Bendana, Brown, Pizarro & Associates, Inc. which changed the corporate name to Epic Holdings Corporation and effected a 5:1 stock split by reducing the par value of shares from Php5 to Php1 while increasing the total number of authorized shares from 20,000,000 to 100,000,000.
1993	SEC approved the plan of merger of Brown Chemical Corporation and Brown Chemical Sales Corporation (absorbed corporations) into Epic Holdings Corporation as the surviving corporation. Subsequently, Epic Holdings Corp. changed its name to A Brown Company, Inc. (its current name).
1994	ABCI was listed with the Philippine Stock Exchange
1995	Xavier Estates Phase 1 in Cagayan de Oro was launched, ABCI's first real estate development project in Mindanao
1999	The SEC approved the plan of merger of the Company (surviving company) and five of its wholly-owned subsidiaries: A Brown Chemical Corporation, Geoex Farms, Inc., East Pacific Investors Corporation, Terra Asia Pacific Development Manager, Inc and Victorsons Trans Cargo System, Inc. (absorbed corporations).
2001	A Brown Energy, Inc. was incorporated on February 21, 2001
2002	The SEC approved the plan of merger of the Company and five (5) of its wholly owned subsidiaries: Another Brown Co., Inc. (formerly W. Brown Co., Inc.), Geoex Drilling Corp., Northmin Mining and Development Corp., Manresa Golf and Country Club and Norphil Properties, Inc. A Brown Energy, Inc. changed its corporate name to A Brown Energy and Development Inc. (ABERDI) and amended its primary purpose to manufacturing and trading of goods such as crude oil and petroleum products.
2006	Investment in Monte Oro Resources and Energy, Inc. (" MORE "). Teakwood Hills Phase 1 in Cagayan de Oro City was launched ABERDI completion of crude palm oil in Impasug-ong, Bukidnon
2010	ABCI subscribed to shares of PTCHC and Panay Consolidated Land Holdings Corp. (" PCLHC ") representing 95% and 100% shareholdings of the companies. PTCHC acquired 100% of the outstanding capital stock of DMCI Concepcion Power Corporation (now Palm Concepcion Power Corporation). PCLHC acquired thirty (30) hectares of land from DMCI Power Corporation with the intention of using it as the site for a coal-fired power plant project.
2011	ABCI and HLPC entered into a series of transactions to acquire 100% ownership of HLPC.
2012	PTCHC entered into various agreements and deeds which decreased its shareholdings in PCPC from 100% to 30%.

	PTCHC acquired a 30% equity stake in PCLHC.
2013	PTCHC acquired an additional 40% interest in PCPC and PCLHC, increasing PTCHC interest in the coal-fired project to 70%. A new investor also invested in PCPC and PTCHC which resulted in the following ownership structure: PTCHC (39.54%); Jin Navitas Resource Inc. (30%) and Oriental Knight Ltd. (30.46%). PTCHC's interest in PCLHC remained at 70%.
	ABCI caused the incorporation of PEI, the holding company that ventured on projects designed to generate peaking energy in Mindanao using brand new bunker-fired engines.
2014	The SEC approved the Plan of Merger of PCPC and PCLHC with PCPC as the surviving entity as well as the increase in authorized capital stock of PCPC. The merger and the capital increase resulted in the 30% equity interest of the Company in PCPC.
	Commercial operations of Peakpower San Francisco (PSFI) Diesel Power Plant
	ABCI sold its shares in MORE to Apex Mining Company, Inc. (" APEX "). ABCI subscribed the same number of shares of APEX.
2015	The SEC approved PCPC's increase in its authorized capital stock. Palm Thermal's shareholdings were reduced from 30% to 20% due to non-subscription from the increase of PCPC's authorized capital stock.
	Commercial Operations of Peakpower Soccsargen (PSI) Diesel Power Plant
	Commercial operations of ABERDI's 50 MT/day physical refinery in Impasug-ong, Bukidnon
2016	Commercial Operations of PCPC Unit 1
2018	Commercial Operations of Peakpower Bukidnon (PBI) Diesel Power Plant
2020	ABCI acquired 99.995% of the outstanding capital of Vires Energy Corporation (" VEC ") from Argo Group Pte. Ltd.
2021	ABCI caused incorporation of Irradiation Solutions Inc. (" ISI ")
2023	ABCI was awarded service contracts for Bukidnon Wind Power Project and Misamis Oriental Wind Power Project ABCI completed the shelf-registration of 50,000,000 Preferred Shares and the listing of 13,264,900 Series A Preferred Shares ABCI caused incorporation of SGAC
2024	ISI's E-beam facility commenced commercial operations
2025	Divestment of 20% equity interest in PCPC Investment Agreement to acquire 40% equity in ATWC and AWPC ISI acquired 35% equity interest in Accudata

GROUP STRUCTURE, SUBSIDIARIES AND ASSOCIATES

Corporate Structure

The chart below provides an overview of the ownership structure of the Company and its major operating subsidiaries and associates as of December 31, 2025.



A Brown Energy and Resources Development, Inc. (ABERDI)

ABERDI is a 100% owned subsidiary of the Parent Company incorporated and registered with the SEC on February 1, 2001 to primarily engage in the business of manufacturing and trading of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels.

ABC Energy Inc. (ABCEI) formerly Palm Thermal Consolidated Holdings, Corp. (PTCHC)

ABCEI is a 100% owned subsidiary of the Parent Company registered with the SEC on November 22, 2010. On August 29, 2024, the BOD and stockholders of ABCEI has approved the amendments of the Articles of Incorporation. The amendment includes changing the name of the Corporation to ABC Energy Inc. (ABCEI, changing its primary purpose to “engage in the business of a holding company to hold shares for energy-related investments, whether common, preferred, treasury, founders or other kinds of shares, and to pay for such shares, in whole or in part, in cash or by exchanging therefor, stocks, or securities of this or any other corporation, and while the owner or holder of any such shares, to receive and dispose of the dividends and to exercise all the rights, powers and privileges of ownership, including voting any stock so owned, without however engaging in dealership in securities or in stock brokerage business, to the extent permitted by law, to aid, either by loans or by guaranty of securities or in any other manner, any corporation, any share of stock, or any evidence of indebtedness or other security whereof are held by this corporation, and to do any act designed to protect, preserve, improve or enhance the value of any property at any time held or controlled by this corporation, Provided that the corporation shall not solicit, accept or take investments/placements from the public neither shall

it issue investment contracts." and changing the principal office of the subsidiary. In 2024, the Parent Company authorizes the reclassification of its deposits for future stock subscription for the additional capital in ABCEI amounting to ₱750.0 million. The said amendment was approved by SEC on January 23, 2025.

Blaze Capital Limited (BCL)

BCL is a 100% owned subsidiary of the Parent Company registered with BVI Financial Services Commission as a British Virgin Island ("BVI") Business Company on August 8, 2011 under the BVI Business Companies Act 2004. Subject to the Act and any other BVI legislation, the Company has irrespective of corporate benefit (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transactions; and (b) for the purposes of (a), full rights, powers and privileges. Since its incorporation, BCL has not started its commercial operations.

Northmin Renewables Corp (NRC) Formerly Hydro Link Projects Corp. (HLPC)

NRC is a 100% owned subsidiary of the Parent Company registered with the SEC on May 6, 2010.

On July 24, 2023, the BOD and stockholders of NRC has approved the amendments of the Articles of Incorporation. The amendment includes changing the name of the Corporation to Northmin Renewables Corp. (NRC), changing its primary purpose to "to invest in renewable energy projects and all other energy related investments", changing the principal office of the subsidiary; and increasing the authorized capital stock from ₱16.0 million to ₱100.0 million.

In 2023, the Parent Company authorizes the reclassification of its deposits for future stock subscription for the additional capital in NRC amounting to ₱35.0 million to enable the latter to meet the capital adequacy and other requirements of DOE. The said amendment was approved by SEC on December 29, 2023.

On December 6, 2023, the DOE has awarded the Company service contracts for Bukidnon Wind Power Project and Misamis Oriental Wind Power Project. The service contracts are effective November 28, 2023. With the award of the service contract, the Company is currently undertaking pre-development activities for both projects on the work program approved by the DOE.

In 2024, the Parent Company subscribed additional capital amounting to ₱15.75 million and was recognized as an additional investment in the subsidiary.

AB Bulk Water Company, Inc. (ABBWCI)

ABBWCI is a 100% owned subsidiary of the Parent Company registered with the SEC on March 31, 2015. ABBWCI was organized primarily to engage in the business of holding and providing rights to water to public utilities and cooperatives or in water distribution in the Municipality of Opol and related activities. Since its incorporation, ABBWCI has not started its commercial operations.

Masinloc Consolidated Power, Inc. (MCPI)

MCPI is a 49% owned subsidiary of the Parent Company registered with the SEC on July 4, 2007. MCPI was organized primarily to engage in, conduct and carry on the business of construction, planning, purchase, supply and sale of electricity. MCPI is registered under the Foreign Investments Act of 1991 on July 6, 2007. MCPI has not yet started its commercial operations. On March 22, 2023, the Company has secured the approval of the Securities and Exchange Commission (SEC) on the shortening of its corporate life from fifty (50) years from and after the date of incorporation to seventeen (17) years from and after the date of issuance of the Certificate of Incorporation, or on July 3, 2024.

Simple Homes Development, Inc. (SHDI)

SHDI is a 100% owned subsidiary of the Parent Company registered with the SEC on February 26, 1997. SHDI was organized primarily to invest in, purchase or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of

every kind and description, and related activities. Since its incorporation, SHDI has not started its commercial operations.

Nakeen Corporation (NC)

NC is a 100% owned subsidiary of the Parent Company through ABERDI registered with the SEC on February 2, 1997. Its primary purpose is to engage in the business of agriculture in all aspects, including but not limited to, the operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chicken and any and all other activities related to or incidental to the foregoing markets. NC is also engaged in selling palm seedlings and bunch.

Bonsai Agri Corporation (BAC)

BAC is a 100% owned subsidiary of the Parent Company through ABERDI registered with the SEC on February 2, 1997. BAC was organized to engage in business of agriculture in all aspect, including but not limited to operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chickens and all other activities related to or incidental to the foregoing, and to market, sell, or otherwise dispose of any produce and products in both local and foreign markets. Since its incorporation, the Company has not started its commercial operations.

Vires Energy Corporation (VEC)

VEC is a 99.995% owned subsidiary of the Parent Company registered with the SEC on March 11, 2015. It was organized primarily to operate, engage in, conduct and carry on the business of exploring, developing, converting, producing, processing, and refining of power energy, fuel and/or any other source of power energy, including importation, handling, distributing and marketing at wholesale either within or outside the Philippines; to develop, manage, lease, and operate refineries for the power and fuel products or any other source of power energy; to enter into business undertaking to establish, develop, explore and operate business that will provide the technical manpower to persons and institutions engaged in aforesaid energy production; and in general to carry on and undertake such activities which may seem to the Company capable of being conveniently carried on in connection with the above purposes, or calculated, directly, to enhance the value of or render profitable, any of the Company's property or rights. Since its incorporation, the Company has not started its commercial operations. VEC is a subsidiary effective June 18, 2020.

Irradiation Solutions Inc. (ISI)

ISI is a 100% owned subsidiary of the Parent Company incorporated and registered with the SEC on January 4, 2021. ISI was organized in providing irradiation services for all types of goods e.g., food products and non-food products through exposing irradiation such as gamma rays, x-rays, or accelerated electrons from electron beam machines.

Surigao Greens Agri Corp. (SGAC)

SGAC is a 100% owned subsidiary of the Parent Company registered with the SEC on February 13, 2023. The Company was organized to engage in the business of processing, milling and refining palm oil to manufacture crude palm oil, refined beached deodorized palm oil, palm olein and other products and to distribute such products on a wholesale or retail basis, provided that the corporation shall not solicit accept or take investments/placements from the public and neither shall it issue investment contracts.

Manolo Fortich Power Corporation (MFPC)

MFPC is a 100% owned subsidiary of the Parent Company through ABCEI registered with the SEC on March 17, 2025. The Company was organized to acquire, scheme, develop, construct, invest in, and operate power generating plants, including solar power plants, and engage in the business of a Generation Company, and to develop, assemble and operate other power related facilities, appliances and devices, and develop and operate conventional and renewable energy resources, sell electricity and carbon credits, act as a wholesale and retail electricity supplier and aggregator, operate and maintain power plants, securing any needed licenses.

THE REAL ESTATE DEVELOPMENT BUSINESS

Completed Projects

The following table lists the Company's completed real estate developments, as of December 31, 2025. ABCI has 15 completed projects. All real estate developments follow the concept of a mixed-use, nature-themed, master-planned integrated community.

Project	Location	Area (sqm)	No. of units	Type	Year Completed
Xavier Estates Phase 1	Cagayan de Oro City	445,697	731	Horizontal; high-end	1998
Xavier Estates Phase 2	Cagayan de Oro City	321,318	630	Horizontal; high-end	2004
Xavier Estates Phase 3	Cagayan de Oro City	86,984	115	Horizontal; high-end	2004
Xavier Estates Phase 4	Cagayan de Oro City	407,097	1,100	Horizontal; high-end	2011
Xavier Estates - Phase 5A Ventura Residences	Cagayan de Oro City	90,957	121	Vertical; Economic	2011
Xavier Estates - Phase 5A Ventura Lane	Cagayan de Oro City	8,898	30	Horizontal; Economic	2013
Xavier Estates - Phase 5A Ventura Residences B&C	Cagayan de Oro City	86,663	139	Horizontal; Economic	2017
Valencia Estates	Valencia City	117,244	348	Horizontal; high-end	2010
Xavierville Homes	Cagayan de Oro City	48,396	131	Horizontal; Economic	2008
Teakwood Hills – Phase 2	Cagayan de Oro City	52,675	59	Horizontal; high-end	2013
Saint Therese Subdivision	Cagayan de Oro City	16,720	155	Vertical; Socialized	2013
Mountain View Homes - Phase 1	Cagayan de Oro City	23,180	217	Vertical; Socialized	2015
West Highlands Phase 1	Butuan City	259,325	167	Horizontal; high-end	2015
Coral Resort Estates Phase 1A	Initao, Miasamis Oriental	25,300	42	Horizontal; high-end	2016
Coral Resort Estates Phase 1B	Initao, Miasamis Oriental	28,780	40	Horizontal; high-end	2016

Ongoing Projects

As of December 31, 2025, ABCI has a total of 18 ongoing projects, composed of both high-end and socialized / economic units. ABCI was able to meet construction timetables as of December 31, 2025, with majority of projects more than 80% completed.

Project	Location	Area	No. of units	Sold units as of December 31, 2025	Type	Date Started	Percentage Completion as of June 30, 2023
Teakwood Hills – Phase 1	Cagayan de Oro City	400,036	484	390	Horizontal; High-end	Nov 2006	81%
Teakwood Hills Phase 3 – Belle del Mar	Cagayan de Oro City	29,829	42	35	Horizontal; High-end	Oct 2021	100%
Teakwood Crest	Cagayan de Oro City	76,600	210	183	Horizontal; High-end	Jan 2022	86%
Xavier Estates Phase 5B - Ventura	Cagayan de Oro City	20,852	74	74	Horizontal/Vertical; High End	March 2018	100%
Xavier Estates Phase 6 - Ignatius Enclave	Cagayan de Oro City	90,573	250	202	Horizontal/Vertical; High End	March 2018	100%

Xavier Estates Phase 6 - Ignatius Enclave 2	Cagayan de Oro City	59,388	126	126	Horizontal/Vertical; High End	March 2021	100%
The Terraces in Xavier Estates	Cagayan de Oro City	9,618	46	46	Horizontal; High-end	June 2018	100%
Coral Resort Estates Phase 2	Initao, Misamis Oriental	42,215	97	88	High-end	July 2021	100%
Coral Resort Estates Phase 3	Initao, Misamis Oriental	40,000	69	19	High-end	Dec 2022	100%
Mountain Pines Farm Phase 2	Manolo Fortich, Bukidnon	200,737	123	113	Farm Lot Estate	June 2023	99%
Adelaida Park Residences	Cagayan de Oro City	43,672	215	215	Vertical; Socialized/Economic	June 2016	100%
Mountain View Homes – Phase 2	Cagayan de Oro City	12,875	83	83	Vertical; Socialized/Economic	May 2017	100%
Mangoville	Cagayan de Oro City	35,834	235	235	Vertical; Socialized/Economic	Feb. 2018	99%
Adelaida Meadow Residences	Bancasi, Butuan	97,262	286	215	Horizontal/Vertical; Economic	Oct 2021	82%
West Highlands – Phase 2A	Butuan City	84,698	156	149	Horizontal/Vertical	Oct. 2017	100%
West Highlands – Phase 2B	Butuan City	92,256	176	114	Horizontal/Vertical	Oct. 2017	99%
Adelaida Homes	Tanay, Rizal	7,152	137	137	Vertical; Socialized/Economic	Oct 2021	100%
Adelaida Mountain Residences	Tanay, Rizal	110,000	191	161	Horizontal/Vertical; Economic	June 2022	99%

Pipeline Projects

As of December 31, 2025, ABCI has a total of 10 projects in the pipeline, consisting of high-end and economic/socialized units, condominium units, and farm lot estates.

Project	Location	Type	Area (sqm)	Project Cost (PHP Mn)	Start Date	Est. Completion Date
Xavier Southwoods	Bayanga, Cagayan de Oro City	House & Lots	719,099	853	2026	12/30/30
South Cove Homes	Bayanga, Cagayan de Oro City	House & Lots	43,843	320	2026	12/30/29
Alexandrite Columns - Zircon Tower	Balulang, Cagayan de Oro City	Condominium	18,448	850	2026	12/30/29
Coral Bay Suites - Aqua North and Aqua South Buildings	Pagahan, Initao, Misamis Oriental	Condominium	17,624	608	2026	12/30/2026
Mountain Pines Farm Phase 2B	Kalugmanan, Manolo Fortich, Bukidnon	Farm Lot Estates	174,176	62	2026	12/30/26
West Coast Greenfield	Buenavista, Agusan del Norte	High-end	226,969	285	2026	12/30/28
Mountain Breeze Homes	Ampayon, Butuan City	House & Lots	62,022	485	2027	12/30/30
Highlands Fairway Suites	Bonbon, Butuan City	Condominium	9,561	477	2027	12/30/30
Adelaida Mountain Residences Phase 2	Tanay, Rizal	High-end	136,684	155	2026	12/30/28
Epic Leisure Lots at Epic Mountain Estates	Tanay, Rizal	High-end	320,000	376	2026	12/30/28
Total			1,728,426	4,471.00		

Contractors, Suppliers and Availability of Raw Materials

While the majority of raw materials are sourced from domestic Philippine suppliers, certain requirements are procured from international markets, including China, to ensure cost-efficiency and material availability. Suppliers are selected based on a rigorous assessment of corporate background, industry accreditations, material quality, and proven track record.

The Company primarily sources construction materials locally to support project timelines but maintains a diversified supply chain to avoid dependency on any single provider. Contracts and projects are awarded through a competitive bidding process among qualified partners.

Construction and housing projects are managed in-house, with strict supervision and quality control provided by the internal Construction and Engineering group. Specialized work, such as roofing and glazing, is contracted directly to approved suppliers or fabricators. All partners, whether local or international, are subject to the Company's formal internal accreditation procedures.

Customer Profile

For projects offered in 2025, the core customer base remains businessmen and professionals from Northern Mindanao and the Caraga Region, accounting for 63% of total sales. The market also saw a modest increase in participation from Overseas Filipino Workers (OFWs), which rose to 30% in 2025. This incremental growth is supported by targeted product offerings and broader digital engagement through social media and sales partners.

The balance of the market is comprised of government employees, retirees, and individuals married to foreign nationals. Notably, there is emerging interest from retirees with roots in Cagayan de Oro who are looking to reinvest in local properties after residing abroad. Consistent with this diversified profile, business operations are not dependent upon any single customer or specific group, as no individual client accounts for a significant portion of total sales.

The following table summarizes the demographics of the Company's customers for real estate projects offered for the year 2025:

Demographic	Description	%
Age:	20 – 35 Years Old	20%
	36 to 45 Years Old	41%
	46 + Years Old	39%
Education:	College Graduates and Licensed Professionals	95%
Employment:	Businessmen	40%
	Professionals	23%
	OFWs	30%
	Government Employees	3%
Other:	Retirees, Married to Foreigner	4%

Distribution Methods of Products and Services

ABCI distributes its products and services through brokers, agents and realty firms. Acknowledging the dynamism of the marketplace, ABCI started opening its sellers' market. From five (5) partner realty firms, the Company has expanded its sales reach to 105 accredited realties comprising of approximately 1,500 sellers offering ABCI properties in Cagayan de Oro; Misamis Oriental; Butuan; and Bukidnon.

Significantly, on top of the regular commissions, sellers receive novel incentives such as cash incentives and travel perks.

Under the Chief Executive Officer's leadership, the Company continues to brainstorm for promotions aimed to respond to the market's preferred choice of real estate products.

Reservation vs. Booked Sales

<i>Amounts in PHP Mn</i>	2025	2024	2023
Reservations	1,699,237,883	2,673,241,646	2,970,299,962
Booked Sales	1,601,018,375	1,527,959,172	1,454,786,129

The Company believes that on-track progress in the pipeline projects as well as a healthy inventory level would help convert these reservations into duly recognized sales. Reservations are converted to booked sales upon reaching 10% collection based on project completion. The average turnaround towards full income recognition of reservations is about 27 months.

Competition

Among several real estate business developments in Cagayan de Oro City, Wee Comm Magnum Properties, Camella Homes and Johndorf Ventures Inc. Pueblo de Oro Development Corporation, and Cebu Landmasters are competitors offering same product and pricing packages as that of Adelaida Park Residences, Ignatius Enclave and Ventura Residences under the economic housing category. Ayala Land's Alegria Hills claim to be a competitor of Teakwood Hills' magnificent and endless view. For the project in Valencia City, Mountain Breeze is the project in the same category. For Butuan City, other players are the developers of Camella, Filinvest and VCDU projects. Ayala Land, Johndorf Ventures Inc., and Camella are competitors in the socialized housing. For the lot only market in Cagayan de Oro, competitor is Pueblo de Oro Development Corporation (mixed use development) and Robinson's.

Most buyers of ABCI real estate projects regard its value appreciation potentials as highly attractive. Another plus factor is the dynamism of its marketing group which is ably handled by its very able marketing personnel in tandem with its well-trained sales agents/brokers. This is the Company's commitment to offer affordable lot and house and lot packages for a well-planned project focused on family oriented and nature-themes environment. The key is security, good location and accessibility to basic locations (supermarkets, churches, public utilities, etc.). It is able to compete for its ability to attract customers which greatly depend on the quality and location of the projects, reputation as a developer, and reasonable prices and pricing schemes and the concept of a wellplanned integrated community.

THE AGRIBUSINESS

Palm Oil

Fresh Fruit Bunches (FFB) processed by SGAC for year 2025 was 21,479 MT which was lower as compared with the 22,334 MT in 2024. A total of 4,180 MT of Crude Palm Oil (CPO) was recovered at an oil extraction rate (OER) of 19.46% in 2025 which was higher as compared with the extraction rate of 19.30% in 2024 with about 4,310 MT of Crude Palm Oil (CPO) recovered.

Sources and Availability of Raw Materials

For Palm Oil Operations, fresh fruit bunch suppliers are from nearby towns of Surigao del Sur, Bukidnon, Misamis Oriental, Cagayan de Oro City, Cotabato City, Agusan del Sur, Sultan Kudarat, and North Cotabato while the buyers for the crude palm oil (CPO) are from Cagayan de Oro City, Surigao del Norte, Iligan City and Butuan City and Davao del Sur.

Customer Profile

Buyers for Crude Palm Oil (CPO) are from Davao, Bukidnon, Butuan, Cagayan De Oro, Iligan City. While other processed palm oil by products like Palm Acid Oil are sold in Luzon and to export buyers. Palm kernel nuts are sold in Davao and Cotabato area.

Competition

For the Oil Palm Mill, the competitors are Filipinas Palm Oil Plantation, Inc. (Rosario, Agusan del Sur), Kenram Industrial & Development, Inc. (Kenram, Isulan Kultan Kudarat), Agumil Philippines, Inc. (Trento, Agusan del Sur), Univanich Palm Oil Inc. (Carmen, North Cotabato) and Palm Asia Milling Corp. (Matanao, Davao del Sur).

The Company believes it is able to compete in the Agribusiness by leveraging on the Company's visionary leadership and its extensive business experience in project development and in other competitive industries.

IRRADIATION AND COLD STORAGE

The commercial operations date of the E-beam facility started August 02, 2024. On-going activities include product qualification and testing of product samples; activities that are crucial prior to routine processing of each product. The facility currently services products in the herbals and spices industries.

Sources and Availability of Raw Materials

ISI does not require raw materials for its operations, as it provides sterilization services and does not manufacture goods. E-Beam operation is powered by electricity coming from the Meralco distribution company.

Customer Profile

ISI currently provides sterilization services for products in the herbals and spices, frozen goods, and medical industries.

As of now, ISI is actively conducting dose validation for over 30 product types across the herbals, spices, frozen goods, and medical device sectors, as part of its preparation for routine processing.

Competition

In the sterilization sector, ISI competes with other sterilization methods, such as ethylene oxide (EtO) treatment and in-house sterilization processes. However, ISI is the only commercial provider of E-Beam sterilization in the Philippines. E-Beam sterilization has distinct advantages, including the absence of residues and the ability to treat products in their final packaging.

Currently, no other private entities offer commercial E-Beam sterilization services in the country. The Philippine Nuclear Research Institute (PNRI), a government agency, provides sterilization services on a semi-commercial basis, mainly for research and development purposes.

EMPLOYEES

As of December 31, 2025, the Group has 339 employees across its various offices in the Philippines.

The table below sets forth the number of the Group's employees for its various businesses by industry as of December 31, 2025:

As to position:

Position	No. of Personnel
Officers	14
Managers (Including AVPs)	30

Supervisors	54
Rank and File	241
Total	339

As to function:

Position	No. of Personnel
Operations	140
Sales and Marketing	30
Accounting / Credit and Collection / Finance	47
Administration	122
Total	339

The Company expects to maintain its number of employees in the next 12 months.

Currently, the Company has no Collective Bargaining Agreements with its employees. The Company ensures adherence in the implementation of employment and labor laws and policies with regard to recruitment, employment, retention and benefits of the employees. The Company is committed to promote labor education, promote people programs, fair treatment of employees and organize employee committees. The Company also listens to the employees through employee engagement surveys and other ad hoc surveys that are conducted by the Human Resource Development Department.

Pursuant to Article V of the Company's By-laws, bonuses for the members of the Board of Directors, officers, and employees of the Company will be given upon the recommendation of the Compensation and Remuneration Committee, which amount shall not exceed 10% of the net income of the Company, excluding the unrealized equity in the net earnings of affiliated and subsidiary corporations, before such bonus and taxes of the preceding year or years if in a cumulative basis. 25% of the bonus shall be distributed to the Directors of the Company while the remaining 75% shall be distributed to the officers and employees of the Company in such amounts as may be recommended by the Compensation and Remuneration Committee and subject to the approval of the Board of Directors.

Significant Employees

While the Company values the contribution of each of its employees, the Company believes that there is no employee as of the date of this Offer Supplement that, the resignation or loss of whom, would have a material adverse impact on our business.

MATERIAL PERMITS AND LICENSES

The Company holds various permits and licenses for permits for the opening and continued operations of its real estate business, and power and utilities business holding companies, and its agri-business. These material permits include but are not limited to, the following:

- Certificate of Incorporation issued by the SEC together with the Certificate of Filing Amended Articles of Incorporation.
- Business permits of ABCI and its subsidiaries.
- DHSUD/HLURB Certifications
- License to Sell
- Environmental Compliance Certificates
- License to Operate as Food Manufacturer

The following table is a summary of the material permits and licenses of the Group:

General Permits

A Brown Company, Inc. (ABCI)

Permits / License	Issuing Agency	Permit No.	Issue Date	Expiry Date
Amended Certificate of Incorporation (Certificate of Filing of Amended Articles of Incorporation)	Securities and Exchange Commission	31168	October 5, 2021	Perpetual
Certificate of Registration	Bureau of Internal Revenue	8RC0000033661	1/1/1997	Perpetual
Business Permit (2026)	LGU-Cagayan De Oro	2026-24588	03/17/2026	06/30/2026
Business Permit	LGU-Tanay Rizal	2026-0405812000-0911	01/20/2026	12/31/2026
Employer Data Form	HDMF	0390130114	01/1996	Perpetual
Certificate of Registration	Social Security System	0809366990	02/2002	Perpetual
Certificate of Registration	Philippine Health Insurance Corporation	200543300471	1/2000	Perpetual
Private Land Timber Permit	DENR	DENR-PENRO-Rizal 09192022-	September 21, 2022	[•]
Locational Clearance	Office of the Municipal and Planning Coordinator	LC No. 2022-132	April 29, 2022	[•]
Development Permit	Office of the Mayor	DP Permit No. 2022-01	April 29, 2022	[•]
Certificate of Registration	National Privacy Commission	PIC-004-242-2026	April 6, 2026	April 6, 2027
Certificate of Registration	Anti-Money Laundering Council	DNFBP-2024091314143-1-8	September 26, 2024	September 26, 2026
Fire Safety Inspection Certificate	Bureau of Fire Protection	FSIC No. 8375252152	July 04, 2025	July 04, 2026
Environmental Clearance	Department of Sanitation and Cleanup Works	EC- 24-74720AFR	April 04, 2025	April 15, 2026

A Brown Energy Inc. (ABCEI)

Permits / License	Issuing Agency	Permit No.	Issue Date	Expiry Date
Amended Certificate of Incorporation (Certificate of Filing of Amended Articles of Incorporation)	SEC	A200102288	Mar 23, 2016	Perpetual
Business Permit	City of Pasig	SA2011032780	January 16, 2026	December 31, 2026
Employer Data Form	HDMF	20-241082000-5	Feb 2001	Perpetual
Certificate of Registration	Social Security System	03-9140547-9	Mar 2002	Perpetual
Certificate of Registration	Philippine Health Insurance Corporation	23-037400012-9	Feb 1999	Perpetual

A Brown Energy and Development Inc. (ABERDI)

Permits / License	Issuing Agency	Permit No.	Issue Date	Expiry Date
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Amended Certificate of Incorporation (Certificate of Filing of Amended Articles of Incorporation)	SEC	A200102288	Mar 23, 2016	Perpetual
Business Permit	City of Pasig	SA2011032780	January 16, 2026	December 31, 2026
Certificate of Registration	BIR	210-128-113-000	Mar 2001	Perpetual
Employer HDMF Data Form	HDMF	20-241082000-5	Feb 2001	Perpetual
Certificate of Registration	Social Security System	03-9140547-9	Mar 2002	Perpetual
Certificate of Registration	Philippine Health Insurance Corporation	23-037400012-9	Feb 1999	Perpetual

Irradiation Solutions Inc. (ISI)

Permits / License	Issuing Agency	Permit No.	Issue Date	Expiry Date
Amended Certificate of Incorporation (Certificate of Filing of Amended Articles of Incorporation)	SEC	A200102288	Mar 23, 2016	Perpetual
Business Permit	Municipality of Tanay, Office of the Mayor	2026-0405812000-0568	January 16, 2026	December 31, 2026
Certificate of Registration	Board of Investments	2021-130	August 5, 2021	Perpetual

Material Permits and Licenses for the Real Estate Business

Project	Permits / License / Certification	Issuing Agency	Issue Date	Expiry Date	Status
Xavier Estates	ECC	DENR	Jan 31, 2000	Perpetual	
Xavier Estates	ECC	DENR	Dec 15, 2009	Perpetual	
Teakwood Hills	ECC	DENR	Dec 15, 2009	Perpetual	
Teakwood Hills – Phase 2	ECC	DENR	Dec 15, 2009	Perpetual	
Xavierville Homes	ECC	DENR	May 16, 2005	Perpetual	
Valencia Estates	ECC	DENR	Jan 22, 2010	Perpetual	
Saint Therese	ECC	DENR	Jan 12, 2010	Perpetual	
Coral Resorts Estates	ECC	DENR	Feb 18, 2010	Perpetual	

Xavier Estates Phase 5A-Ventura Residences	ECC	DENR	July 29, 2011	Perpetual	
Xavier Estates Phase 5A-Ventura Lane	ECC	DENR	July 29, 2011	Perpetual	
West Highlands	ECC	DENR	May 2, 2012	Perpetual	
West Highlands – Phase 2A	ECC	DENR	May 2, 2012	Perpetual	
Mountain View Homes	ECC	DENR	Sep 1, 2014	Perpetual	
Mountain View Homes – Phase 2	ECC	DENR	Dec 15, 2009	Perpetual	
Adelaida Park Residences	ECC	DENR	Dec 15, 2009	Perpetual	
Xavier Estates Phase 6-Ignatius Enclave	ECC	DENR	May 9, 2018	Perpetual	
Mangoville	ECC	DENR	Dec 15, 2009	Perpetual	
The Terraces in Xavier Estates	ECC	DENR	Dec 15, 2009	Perpetual	
Xavier Estates Phase 5B-Ventura Residences II	ECC	DENR	May 9, 2018	Perpetual	
Xavier Estates Phase 6-Ignatius Enclave – Phase 2	ECC	DENR	Jul 24, 2020	Perpetual	
Coral Resort Estates Phase 2	ECC	DENR	Feb. 18, 2010	Perpetual	
Coral Resort Estates Phase 3	ECC	DENR	June 2, 2022	Perpetual	
Belle del Mar	ECC	DENR	Dec. 15, 2009	Perpetual	
West Highlands Phase 2B	ECC	DENR	May 2, 2012	Perpetual	
Adelaida Meadow Residences	ECC	DENR	Aug. 19, 2022	Perpetual	
Mountain Pines Farm Phase 2	ECC	DENR	May 16, 2022	Perpetual	
Xavier Estates Phase VII-A Multi-Use Land Development Project	ECC	DENR	July 29, 2011	Perpetual	
Teakwood Hills	License to Sell*	HLURB	Sep 30, 2015	Jan. 2, 2016	Extended Development - Oct. 19, 2024 (w/ approved APTTC D) In the process of renewing License to Sell
Teakwood Hills – Phase 2	License to Sell*	HLURB	Jan 25, 2012	Jan. 24, 2013	Completed - Oct. 18,

					2013 (w/ Certific ate of Comple tion)
Xavierville Homes	License to Sell*	HLURB	Oct 2, 2007	Oct. 2008	Comple ted - April 30, 2012 (w/ Certific ate of Comple tion)
Valencia Estates	License to Sell*	HLURB	Sept 12, 2008 Jul 29, 2011	Sept. 11, 2010	Comple ted - July 5, 2013 (w/ Certific ate of Comple tion)
Saint Therese	License to Sell*	HLURB	Oct 28, 2011	Oct. 27, 2012	Comple ted - Dec. 19, 2013 (w/ Certific ate of Comple tion)
Coral Resorts Estates	License to Sell*	HLURB	Oct 7, 2013 Jan 3, 2014 Jun 1, 2015	June 6, 2015 June 6, 2015 June 2016	Applied for Certific ate of Comple tion
Xavier Estates Phase 5A-Ventura Residences	License to Sell*	HLURB	Jul 10, 2015 Apr 17, 2012	Nov. 26, 2016 July 12, 2014	Applied for Certific ate of Comple tion
Xavier Estates Phase 5A-Ventura Lane	License to Sell*	HLURB	May 30, 2015	May 30, 2016	Appli ed for Certific ate of Comple tion
West Highlands	License to Sell*	HLURB	Feb 28, 2014 Jun 1, 2015	Nov. 23, 2015 Nov. 23, 2015	Appli ed for Certific ate of Comple tion

West Highlands – Phase 2A	License to Sell*	HLURB	Oct 2017	Oct. 2020	For Certificate of
Mountain View Homes	License to Sell*	HLURB	Feb 25, 2015	Feb. 26, 2016	Applied for Certificate of Completion
Mountain View Homes – Phase 2	License to Sell*	HLURB	Sep. 28, 2016	Sept. 30, 2017	Applied for Certificate of Completion
Adelaida Park Residences	License to Sell*	HLURB	Sep 29, 2016 Oct 30, 2017	May 30, 2018	Applied for Certificate of Completion
Xavier Estates Phase 6-Ignatius Enclave	License to Sell*	HLURB	Jun 26, 2018	June 26, 2020	For Certificate of Completion Application
Mangoville	License to Sell*	HLURB	Feb 8, 2018	Aug. 8, 2019	For Certificate of Completion Application
The Terraces in Xavier Estates	License to Sell*	HLURB	Jun 22, 2018	June 21, 2020	Extended Development – Sept. 30, 2024 (w/ approved APTT CD)
Xavier Estates Phase 5B-Ventura Residences II	License to Sell*	HLURB	Jun 26, 2018	Dec. 26, 2019	For Certificate of Completion Application
Xavier Estates Phase 6-Ignatius Enclave 2	License to Sell*	DHSUD	Dec. 27, 2021	Dec. 2023	
Coral Resort Estates Phase 2	License to Sell*	DHSUD	July 23, 2021 Dec. 1, 2021	July 2023	Extended Development – July 23,

					2024 (w/ approve d APTTC D)
Coral Resort Estates Phase 3	License to Sell*	DHSUD	Dec. 1, 2022	Dec. 2024	
Belle del Mar	License to Sell*	DHSUD	Dec. 27, 2021	Dec. 2023	
West Highlands Phase 2B	License to Sell*	DHSUD	Feb. 23, 2023	Feb. 2026	
Adelaida Meadow Residences	License to Sell*	DHSUD	Mar 31, 2023	Mar 2026	
Mountain Pines Farm Phase 2	License to Sell*	DHSUD	June 19, 2023	Dec. 2024	
Adelaida Homes	License to Sell*	DHSUD	Mar 28, 2022	Dec 31, 2024	
Adelaida Mountain Residences	License to Sell*	DHSUD	Mar 28, 2022	Dec 31, 2024	
Teakwood Hills	Certificate of Registration	HLURB	Sep 30, 2015	-	
Teakwood Hills – Phase 2	Certificate of Registration	HLURB	Jan 25, 2012	-	
Xavierville Homes	Certificate of Registration	HLURB	Oct 2, 2007	-	
Valencia Estates	Certificate of Registration	HLURB	Sep 12, 2008 Jul 29, 2011	-	
Saint Therese	Certificate of Registration	HLURB	Oct 28, 2011	-	
Coral Resorts Estates	Certificate of Registration	HLURB	Oct 7, 2013	-	
Xavier Estates Phase 5A-Ventura Residences	Certificate of Registration	HLURB	Apr 17, 2012	-	
Xavier Estates Phase 5A-Ventura Lane	Certificate of Registration	HLURB	May 30, 2015	-	
West Highlands	Certificate of Registration	HLURB	Feb 28, 2014	-	
West Highlands – Phase 2A	Certificate of Registration	HLURB	Oct 2017	-	
Mountain View Homes	Certificate of Registration	HLURB	Feb 25, 2015	-	
Mountain View Homes – Phase 2	Certificate of Registration	HLURB	Sep 28, 2016	-	
Adelaida Park Residences	Certificate of Registration	HLURB	Sep 29, 2016	-	
Xavier Estates Phase 6-Ignatius Enclave	Certificate of Registration	HLURB	Jun 26, 2018	-	
Mangoville	Certificate of Registration	HLURB	Feb 8, 2018	-	
The Terraces in Xavier Estates	Certificate of Registration	HLURB	Jun 22, 2018	-	

Xavier Estates Phase 5B-Ventura Residences II	Certificate of Registration	HLURB	Jun 26, 2018	-	
Xavier Estates Phase 6-Ignatius Enclave 2	Certificate of Registration	DHSUD	Dec. 27, 2021	-	
Coral Resort Estates Phase 2	Certificate of Registration	DHSUD	July 23, 2021 Dec. 1, 2021	-	
Coral Resort Estates Phase 3	Certificate of Registration	DHSUD	Dec. 1, 2022	-	
Belle del Mar	Certificate of Registration	DHSUD	Dec. 27, 2021	-	
West Highlands Phase 2B	Certificate of Registration	DHSUD	Feb. 23, 2023	-	
Adelaida Meadow Residences	Certificate of Registration	DHSUD	Mar 31, 2023	-	
Mountain Pines Farm Phase 2	Certificate of Registration	DHSUD	June 19, 2023	-	
Adelaida Homes	Certificate of Registration	DHSUD	Mar 28, 2022	-	
Adelaida Mountain Residences	Certificate of Registration	DHSUD	Mar 28, 2022	-	
Teakwood Hills	Development Permit	CPDO	Sep 11, 2007	-	
Teakwood Hills – Phase 2	Development Permit	CPDO	Jul 6, 2010	-	
Xavierville Homes	Development Permit	CPDO	Mar 20, 2007	-	
Valencia Estates	Development Permit	CPDC	Sep 4, 2007	-	
Saint Therese	Development Permit	CPDO	May 2, 2011	-	
Coral Resorts Estates	Development Permit	MPDO	Apr 14, 2011	-	
Xavier Estates Phase 5A-Ventura Residences	Development Permit	CPDO	Nov 16, 2011	-	
Xavier Estates Phase 5A-Ventura Lane	Development Permit	CPDO	Apr 7, 2014	-	
West Highlands	Development Permit	CHDO	Aug 10, 2012	-	
West Highlands – Phase 2A	Development Permit	CHDO	Jun 29, 2017	-	
Mountain View Homes	Development Permit	CPDO	Aug 14, 2014	-	
Mountain View Homes – Phase 2	Development Permit	CPDO	Jun 13, 2016	-	
Adelaida Park Residences	Development Permit	CPDO	Jun 13, 2016	-	
Xavier Estates Phase 6-Ignatius Enclave	Development Permit	CPDO	Mar 19, 2018	-	
Mangoville	Development Permit	CPDO	Sep 18, 2017	-	
The Terraces in Xavier Estates	Development Permit	CPDO	Mar 19, 2018	-	
Xavier Estates Phase 5B-Ventura Residences II	Development Permit	CPDO	Mar 19, 2018	-	

Xavier Estates Phase 6-Ignatius Enclave 2	Development Permit	CHUD D	June 28, 2021	-	
Coral Resort Estates Phase 2	Development Permit	MPDO	Oct. 13, 2020	-	
Coral Resort Estates Phase 3	Development Permit	MPDO	June 20, 2022	-	
Belle del Mar	Development Permit	CHUD D	March 15, 2021	-	
West Highlands Phase 2B	Development Permit	CHDO	Sept. 9, 2022	-	
Adelaida Meadow Residences	Development Permit	CHDO	Nov. 18, 2022	-	
Mountain Pines Farm Phase 2	Development Permit	MPDC	Oct. 14, 2021	-	

* For the licenses to sell that have expired, the Company has either completed or is no longer engaged in selling activities for the relevant project. In the event selling activities will be undertaken in the future with respect to these projects, the Company will apply for the renewal of their respective license to sell.

Material Permits and Licenses for Surigao Greens Agri Corp.

Permits / License / Certification	Issuing Agency	Issue Date	Expiry Date
Business Permit	LGU-Barobo, Surigao del Sur	January 19, 2026	December 31, 2026
ECC – Palm Oil Mill/ Palm Oil Refinery with Fractionation	DENR	Dated February 4, 2013; Released February 6, 2013	Perpetual
ECC – Palm Plantation	DENR	Mar 20, 2007	Perpetual

The Company believes it has all the applicable and material permits and licenses necessary to operate its business as currently conducted and such permits and licenses are valid, subsisting, or pending renewal.

The Company is also in the process of obtaining a new FDA License to Operate as Food Manufacturer. Nonetheless, the FDA license is not necessary for the current operations of the Company, as it is currently focused on selling crude palm oil instead of refined palm oil.

Material Permits and Licenses for AB Bulk Water Company, Inc.

Permits / License / Certification	Issuing Agency	Permit No.	Issue Date	Expiry Date
Business Permit	Office of the City Mayor- Cagayan De Oro	2026-24591	March 17, 2026	December 31, 2026

Material Permits and Licenses for Vires Energy Corporation

Permits / License / Certification	Issuing Agency	Permit No.	Issue Date	Expiry Date
Business Permit	Office of the City Mayor- Pasig City	26-CGP-14703	January 16, 2026	December 31, 2026

HEALTH, SAFETY AND ENVIRONMENT

The Company regards occupational health and safety as one of its most important corporate and social responsibilities and as such it is a corporate policy to comply with environmental laws and regulations and consider the promotion of health and safety measures and of appropriate programs as a mutual objective for management and employees at all levels.

The Company regularly reviews policies to do all that is reasonable to prevent personal injury and damage to property and to protect staff and the general public from foreseeable work hazards including environmental nuisances.

The Company adopts & maintains various environmental protection systems and conducts regular trainings on environment, health and safety. For the years 2025, 2024 and 2023, the Company has spent PHP180,725.00, PHP120,005.00, and PHP75,000.00, respectively to comply with environmental laws and regulations. Other than the foregoing, the other costs related to compliance with environmental laws form part of the cost of real estate sales and are capitalized by the Company.

RESEARCH AND DEVELOPMENT

The Company is currently doing market studies for expansion projects related to energy, bulk water, and the irradiation segments. The Company does not expect to conduct any significant product research and development in the foreseeable future other than related to its existing operations and business segments.

INTELLECTUAL PROPERTY

The Company has no material intellectual property assets.

INSURANCE

The Group obtains and maintains adequate and comprehensive insurance coverage on its properties, assets and liability exposures pertaining to its business operations from reputable insurance companies. The Group's insurance coverage includes, but not limited to the following: Fire/Lightning, Earthquake Fire & Earthquake Shock, Typhoon, Robbery/Hold-up, Riot/Strike/Malicious Damage, Spontaneous Combustion, Landslide & Subsidence.

The Group believes that its insurance coverage is in accordance with its business exposure and in line with prevailing industry requirements.

CORPORATE SOCIAL RESPONSIBILITY

The Company implements corporate social responsibility programs focused on environmental stewardship, employee welfare, community development and social support.

Environmental Sustainability

A Brown Goes Green: Tree Growing Activity

In the third year of its A Brown Goes Green initiative, ABCI employees planted more than 2,100 trees across the Company's operational sites. The program was also extended to the neighboring community of Barangay Indahag through a collaborative effort that resulted in the planting of an additional 400 trees, bringing the total to approximately 2,500 trees for the year. The initiative forms part of the Company's environmental sustainability efforts and support for greener communities.

Health & Preventive Healthcare (Internal & Community-Linked)

These initiatives reflect our Vision of service excellence for the common good by providing free medical services that exceed standard health coverage. By offering programs such as the Pneumococcal and HPV vaccinations and PhilHealth registration, ABCI fulfills its Mission to uplift lives and shape happy communities. This proactive care embodies our Accountability for employee welfare and our Family-

Oriented value of providing solidarity and support to our entire organization.

Vaccination Drives

Pneumococcal Vaccination Drive: Strengthening Employee Health

A Brown Company Inc. (ABCI) demonstrated its commitment to the common good and nation-building by conducting a free Pneumococcal vaccination program on February 3, 2025, at the ABCI Training Room. In partnership with the Cagayan de Oro City Health Office, the initiative benefited 99 male and female employees, reflecting the company's Vision of service excellence and its Mission to uplift lives. By providing this life-saving intervention, ABCI fulfills its Accountability for employee welfare and upholds its Family-Oriented value by offering the same solidarity and support one would give to kin.

HPV Vaccination Series: Empowering Women's Wellness

Driven by a Pioneering Spirit, ABCI implemented a comprehensive, three-dose HPV vaccination series to develop forward-thinking solutions for women's health. The program launched on February 3, 2025, with 35 female employees receiving their first dose, followed by a second dose on April 15, 2025, for 32 participants. The series reached its successful conclusion on August 6, 2025, demonstrating the company's Grit and Integrity in persevering to deliver full medical value. This initiative underscores ABCI's mission of shaping enlightened and happy communities by empowering women with long-term protection and health awareness.

PhilHealth Konsulta: Ensuring Equitable Healthcare Access

In line with our Vision of contributing to nation-building and the common good, ABCI organized the PhilHealth Konsulta registration and medical examination events on June 14 and July 12, 2025. This initiative focused on our contractual, security, and motorpool workers, ensuring that those who build our projects are supported by the government's preventive healthcare program. By providing free consultations and health screenings, ABCI fulfills its Mission to uplift lives and its Accountability to take ownership of the health of every member of the workforce. This reflects our Family-Oriented value, as we strive to protect the well-being of our entire organization through solidarity and proactive care.

Employee Engagement & Wellness

Health & Wellness Webinar Series

ABCI's Health & Wellness series embodies our Pioneering Spirit by developing forward-thinking solutions to workplace health education throughout 2025. Through virtual "Lunch & Learn" sessions, employees gained vital knowledge on Hypertension (March 11), Pet Care & Rabies Prevention (July 10), Nutrition (July 17), and Respiratory Health (September 4). These sessions represent our Mission of shaping enlightened communities, where individuals are empowered with the information needed to lead healthier lives. By persevering with a consistent schedule of educational talks, the company shows the Grit to deliver long-term value and the Integrity to do what is right for the holistic development of our people.

A Brown's 10K Steps Challenge: Igniting a Culture of Wellness

In celebration of World Obesity Day on March 4, 2025, ABCI launched the 10K Steps Challenge, a gamified wellness initiative that encouraged employees to achieve 10,000 steps daily for one week. This activity embodies our Mission to ignite opportunities for active living and uplift lives by making fitness accessible and engaging. By recognizing top performers like Ella Mae Acla and Novah Marie Machado, the company demonstrates its Pioneering Spirit in developing forward-thinking solutions for physical health. This challenge reflects our Grit, as employees persevered to meet their goals, and our Family-Oriented value, as we cheered one another on toward a healthier lifestyle.

Mandatory Safety & Health Training: Excellence in Workplace Protection

ABCI upheld its Vision of technical and service excellence by conducting the Mandatory 8-Hour Safety and Health Training for newly hired employees and OJTs on February 7, 2025. This foundational program ensures that every team member is equipped with the knowledge to maintain a secure environment, contributing to the common good of the organization. By strictly adhering to safety

standards, the company acts with Integrity, doing what is right and just to protect its people. Taking ownership of this training process further demonstrates our Accountability, ensuring that we deliver on our promise of a safe, enlightened, and productive workplace.

Dugong A Brown: Year 15

Celebrating its 15th year, the Dugong A Brown: A Blood Letting Activity continues to be a cornerstone of the company's commitment to the common good and nation-building. In partnership with the Philippine Red Cross, the initiative successfully collected an accumulated total of 537 bags or 190,550 cc of blood for the year 2025. This milestone reflects our Grit and Integrity in sustaining a long-term program that directly uplifts lives and supports the health of the broader community. By fostering a culture of voluntary donation, ABCI embodies its Family-Oriented value through a spirit of solidarity and support that extends far beyond the organization to help shape happy and resilient communities.

Environmental Stewardship & Nation-Building

These initiatives reflect our commitment to environmental sustainability by developing forward-thinking solutions for ecological balance. Guided by our Vision of nation-building, our tree planting activities rehabilitate local ecosystems to serve the common good. By taking accountability for our environmental impact, ABCI fulfills its Mission to shape enlightened communities that thrive in a healthy, protected natural world.

A Brown Goes Green: Tree Growing Activity

Marking the fourth year of the 'A Brown Goes Green' initiative, ABCI employees celebrated National Arbor Day by planting over 2,550 trees across our operational sites in NCR, Northern Mindanao, and Caraga. This contributed to a total of 5,500 trees planted this year, 2025, further reinforcing ABCI's commitment to environmental sustainability and our mission to build greener communities.

EMPLOYEE SOLIDARITY & INCLUSIVE GROWTH

This initiative reflects our Family-Oriented value by extending respect, solidarity, and support beyond our regular workforce to include agency partners and students. By recognizing the contributions of agency workers and OJTs, ABCI fulfills its Mission to uplift lives and ignite opportunities, ensuring they feel part of an enlightened and happy community. This act of gratitude aligns with our Vision of the common good, demonstrating that our commitment to service excellence includes fostering a culture of appreciation for everyone who helps build our enterprise.

A Brown Ascent

Work Immersion & OJT Program

This initiative reflects our Vision of being a trusted enterprise driven by technical and service excellence for nation-building. By mentoring 90 work immersion and on-the-job trainees from senior high schools and colleges, ABCI fulfills its Mission to ignite opportunities and uplift lives through hands-on, professional training. We demonstrate a Pioneering Spirit by developing our community's future leaders with the practical skills and real-world experience necessary for their careers. This commitment to student development embodies our Family-Oriented value of providing support and solidarity to our neighboring schools and the youth within our community.

Kaisahan: Business Partners Appreciation Program

Business Partners' Appreciation Day

This initiative reflects our Vision of being a trusted enterprise driven by service excellence for nation-building. During the Business Partners Appreciation Program held on December 19, 20, and 22, 2025, ABCI honored 1,212 contractual workers across project sites in Northern Mindanao, Caraga, and Tanay. By personally visiting sites to express gratitude to personnel from SPI, BDC, PACEMAN, and security agencies, we fulfill our Mission to uplift lives and shape happy communities. This program embodies our Family-Oriented value, as we recognize the solidarity and support of our partners as essential to our success. Our Integrity is shown in doing what is right and just—acknowledging that every construction worker, maintenance staff, and security guard is a vital contributor to the common good.

Donation of Equipment to DSWD Caraga

A Brown Donation of Equipment to DSWD Caraga

A Brown Company has donated sports and gym equipment to DSWD Caraga, a meaningful initiative made possible through ARDA Tristan Telen, who also serves as the Head Broker of Wolf Lands, our accredited realty partner. This donation is our way of giving back to our silent heroes—the dedicated men and women of DSWD who tirelessly work each day to deliver essential services to the Filipino people. DSWD continues to uphold its mission as frontliners in providing support to our fellow citizens, especially in times of need. As a gesture of gratitude, we want to contribute to their well-being by ensuring they have the means to stay healthy and active. Through this fitness equipment, we hope they maintain good health, feel appreciated, and continue to inspire others through their service. The donation was formally received by Mr. Roland Daniel, Project Development Officer I of the DSWD Caraga Regional Office, on December 5, 2025, at the DSWD ARDA Office.

DESCRIPTION OF PROPERTY

As an integral part of its real estate development business, the Company maintains an adequate land bank for its land development projects. As of December 31, 2025, the Company has acquired 898 hectares of land. The land bank is focused on areas in Rizal, Cagayan de Oro City, Initao in the Misamis Oriental, Butuan City, Agusan del Norte, and Bukidnon. The Company believes that with its current landbank it will be able to meet the requirements of the real estate business of the Company in the next 5 to 8 years.

Please refer to Appendix B for the list of properties of the Company.

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

The Company's Board of Directors is responsible for the overall management of the business and properties of the Company. The Board of Directors is composed of nine (9) members, each of whom serves for a term of one year until his/her successor is duly elected and qualified.

The following are the current members of the Board of Directors as of January 1, 2026:

<u>Name</u>	<u>Age</u>	<u>Citizenship</u>	<u>Position</u>
Walter W. Brown	86	Filipino	Chairman Emeritus
Annabelle P. Brown.....	83	Filipino	Director
Robertino E. Pizarro.....	72	Filipino	Chairman
Paul Francis B. Juat	33	Filipino	President
Elpidio M. Paras	73	Filipino	Independent Director
Wayne Y. Coherco.....	33	Filipino	Independent Director
Antonio S. Soriano	77	Filipino	Director
Joselito H. Sibayan	67	Filipino	Director
Renato N. Migriño	76	Filipino	Director/Treasurer
Jun Hou.....	55	Chinese	Director

The following describes the background of the Directors:

WALTER W. BROWN, Chairman Emeritus and Director

Walter William B. Brown, Filipino, 86, is Director and Chairman of A Brown Company, Inc. Prior to his re-election in December 2018 as Chairman of the Company, he was conferred as Chairman Emeritus in September 2016. He is also the Chairman of A Brown Energy & Resources Development Inc., Palm Thermal Consolidated Holdings Corporation, PeakPower Energy Inc. and Monte Oro Resources and Energy, Inc. He is Director and Executive Vice-President of Atok-Big Wedge Co., Inc. (PSE: AB), a listed in the Philippine Stock Exchange.

He received two undergraduate degrees: B.S. Physical Science (1959) and B.S. Geology (1960), both from the University of the Philippines, and postgraduate degrees from Stanford University: M.S. Economic Geology (1963), and Ph.D. in Geology, Major in Geochemistry (1965). He was also a candidate for Master of Business Economics (1980) from the University of Asia & Pacific (formerly Center for Research & Communications).

He was formerly associated with the following companies as Chairman or as President or Director: Apex Mining Co. Inc., Philex Mining Corporation, National Grid Corporation of the Philippines, Atlas Consolidated Mining Co., Philodrill Corporation, Petroenergy, Philippine Realty & Holdings Corporation, Dominion Asia Equities, Inc. (Belle Corp.), Palawan Oil & Gas Exploration (Vantage Equities), 7 Seas Oil Company, Inc. (Abacus), Universal Petroleum (Universal Rightfield), Sinophil Corporation, Asian Petroleum Corporation, Acoje Mining Corporation, Semirara Coal Corporation, Surigao Consolidated Mining Inc. (Suricon), Vulcan Industrial and Mining Corporation, San Jose Oil, Seafront Petroleum, and Basic Petroleum. He was also Technical Director of Dragon Oil, a company listed on the London Stock Exchange.

He is currently Chairman and Director of Family Farm School (PPAI), Chairman and President of Studium Theologiae Foundation, and President of Philippine Mine Safety & Environment Association (PMSEA), and lifetime member of the Geological Society of the Philippines. He was a member of the Board of Trustees of Xavier University from 2003 to 2014, concurrently serving as Vice Chairman from 2006 to 2014.

ANNABELLE P. BROWN, Director

Ms. Annabelle P. Brown, Filipino, 83. Director of A Brown Company, Inc. from 1992 to present. She holds the position of: Treasurer since 1993 to July 2011, and Member of the Executive Committee and Corporate Governance Committee.

She is Chair and Director of PBJ Corporation; Chairman of the Board of Petwindra Media Inc.; Treasurer of Brown Resources Corporation; Treasurer/ Director of Bendana-Brown Holdings Corporation, President and Director of Pine Mountain Properties Corporation. She is also a Director of the following corporations: North Kitanglad Agricultural Corp., Cogon Corporation, Shellac Petrol Corp and Palm Concepcion Power Corporation. She has no directorship in other listed companies.

Her civic involvement includes: Founding Chairperson of Alalay sa Pamilya at Bayan (APB) Foundation, Inc. (2009 to present), Development Advocacy for Women Volunteerism (DAWV) Foundation, Inc. (1988 to present), Professional and Cultural Development for Women (PCDW) Foundation, Inc. (1979 to present); Consultant/Moderator of EDUCHILD Foundation, Inc. (1985 to present) and Chair of the Rosevale School, CDO (2011 to present).

Mrs. Brown holds a Bachelor of Science in Business Administration degree from the University of the Philippines, Diliman, Quezon City and is a candidate for a degree in Masters in Business Economics at the University of Asia and Pacific (formerly CRC).

For her outstanding contribution to the academe, business and socio-community development, Mrs. Brown is a recipient of several awards and citation, latest are the 2010 Soroptimists Award and 2010 UPCBA Distinguished Alumna Award.

ROBERTINO E. PIZARRO, Chairman and Director

Mr. Robertino E. Pizarro, Filipino, 72, was elected as President and Chief Executive Officer on December 7, 2018. Prior to his current position, he was an Executive Chairman beginning September 2016 until March 2017 when it was changed to Chairman. He was the President of the company from August 2003 to Sept. 2016. He finished the course on Strategic Business Economic Program at University of Asia and the Pacific (Aug 2002–Aug 2003). He was the former (2017 to 2018) and is the present President and Member of the Board of Directors of Cagayan de Oro Chamber of Commerce and Industry. He is also the President of ABERDI, Brown Resources Corporation, Nakeen Corporation (February 26, 1997 to present), Xavier Sports and Country Club (1999 to present), Simple Homes Development, Inc., Bonsai Agricultural Corporation and Minpalm Agricultural Co., Inc. (2004 to present). He was the former President and now Director of Philippine Palmoil Development Council, Inc. (PPDCI).

As three-time elected President of Cagayan de Oro Chamber of Commerce and Industry Foundation (2017, 2018 and 2020), Mr. Pizarro presides over the 422-member chamber. He will espouse increased and satisfied membership; and calls for its members to take advantage of the Duterte administration's thrust to develop the countryside and to ramp up economic activities in the rural areas. These economic benefits mean development of the city and its neighboring areas, bringing in tourists, increasing the number of business meetings and conventions, and promoting a conducive business atmosphere. He is also an advocate of the Metro Cagayan de Oro.

Mr. Pizarro is in the forefront of introducing new concepts for urban planning, infrastructure and land management focusing on real estate development in Mindanao. Under his leadership, ABCI introduced Cagayan de Oro's first mixed-use, nature-themed, well-planned integrated residential subdivision, the Xavier Estates. ABCI also developed Northern Mindanao's first agri-residential subdivision in Bukidnon; first residential resort in Misamis Oriental; and the first residential estates in Caraga Region located beside a driving range and a golf course. The demand for ABCI real estate properties continue to be strong due to its idyllic views, high elevation and flood-free locations, well-developed infrastructure with wide main roads, centralized water system and tree-lined streets and landscaped roadways.

As Director and former President of the Philippine Palm Oil Development Council, Inc. (PPDCI), he espoused agriculture development and job creation in the countryside. New interests and investments in the oil palm industry were created during his term. During the 8th National Palm Oil Congress, which

he chaired, the utilization of unproductive lands and promotion of economic stability through investments in the palm oil industry was highlighted.

He has no directorship in other publicly-listed companies.

ELPIDIO M. PARAS, Independent Director

Engr. Elpidio M. Paras, Filipino, 72, Independent Director, June 28, 2002 to present. He obtained his Bachelor of Science major in Mechanical Engineering from the De La Salle University (1974). He is the President and CEO of Parasat Cable TV, Inc. (1991 to present), UC-1 Corporation (2002 to present), President - Promote Northern Mindanao Foundation, Inc. (2019 to present), President – Cagayan de Oro Chamber (2007), Chairman of the Board of Trustees – Xavier University (2007 to 2016) and independent director of Southbank. He is a founding member of the Philippine Society for Orphan Disorders (PSOD). He was also a Board member of the Cagayan de Oro International Trade and Convention Center Foundation, Inc. (2005). He is also a member of PhilAAPA (Philippine Association of Amusement Parks& Attractions). He was also three-time President and Chairman of the Philippine Cable TV Association and currently he is a Vice President for the Mindanao area. He is the Co-Chair of the NEDA-Regional Development Council (RDC)-X.

He has no directorship in other publicly-listed companies.

WAYNE Y. COHERCO, Independent Director

Mr. Wayne Y. Coherco, Filipino, 32, is the Executive Vice-President and COO, effective March 2018, of Herco Trading, Inc., one of the country's leading hardware distributors. He is also the Vice President of the company's real estate holding companies covering commercial and industrial properties. He was the Country Product Lead of uber Philippines from 206 to 2018. He was also an Instructor at UP Diliman College of Engineering. He has no directorship in other listed companies.

He graduated cum laude with a Bachelor of Science in Industrial Engineering at the University of the Philippines- Diliman in 2015.

ANTONIO S. SORIANO, Director

Atty. Antonio S. Soriano, Filipino, 76, Director from Aug 2007 to present and Corporate Secretary (June 2002 to Nov. 2008). He obtained his Bachelor of Laws Degree from the University of the East in 1974 and was admitted to the Bar in 1975. He is the Senior Managing Partner of Soriano, Saarenas & Llido Law Office. He acts as the Corporate Secretary of the following: RISE Foundation, Inc. (1994 to present), ICS Development Corporation (1980 to present), PACEMAN General Services (1993 to present), Kagayhaan-Davao Resources Management Corporation (1994 to present), Kagayhaan - Cagayan de Oro City Resources Management Corporation (1993 to present), Chairman of Xavier Sports and Country Club (2000 to present), and Roadside Shops, Inc. (2000 to present). He is the Chairman of Cagayan de Oro Medical Centre, Philippine National Red Cross and First Industrial Plastic Ventures, Inc. (present). He is also active in civic and professional organizations like Integrated Bar of the Phils. – Misamis Oriental Chapter (Vice-President 1984-1986), Rotary Club of Cagayan de Oro City (IPP & SAG), Philippine Association of Voluntary Arbitrators (member - 1994) and Court of Appeals Mediation-Mindanao Station (member - 2007). He was also elected as Vice Mayor of Cagayan de Oro City from 1992-1995 and member of the City Council of the same city from 1988-1992. During his tenure he was able to pass several ordinances and resolutions that contributed to the development of the City. He has no directorship in other publicly-listed companies.

JOSELITO H. SIBAYAN, Director

Joselito H. Sibayan, Filipino, 66, was appointed as Director and Treasurer of A Brown Company, Inc. on March 28, 2017. His designation as Treasurer ceased on May 04, 2017. Currently, he is an Independent Director of Apex Mining Co. Inc. (PSE:APX), a publicly-listed company. He is also President and CEO of Mabuhay Capital.

Prior to forming Mabuhay Capital, he was the Vice-Chairman of Investment Banking-Philippines and Philippine Country Manager for Credit Suisse First Boston (1998-2005). He held various positions from

Senior Vice-President, Head of International Fixed Income Sales to Executive Director and Chief Representative at Natwest Markets (1993-1998). He was also the Head of International Fixed Income Sales at Deutsche Bank in New York (1988-1993). He spent 35 years in investment banking with experience spanning securities sales and trading, capital-raising, and mergers & acquisitions advisory. He was previously an Independent Director of SM Prime Holdings, Inc. (PSE: SMPH).

Mr. Sibayan obtained his MBA from the University of California in Los Angeles and his B.S. Chemical Engineering from De La Salle University – Manila.

RENATO N. MIGRIÑO, Treasurer

Mr. Renato N. Migriño, Filipino, 75, is the Director and Treasurer of A Brown Company, Inc. effective January 2, 2019. He was formerly an Independent Director of Mabuhay Vinyl Corporation and Treasurer of Apex Mining Co., Inc., both listed companies and former Director and Treasurer of Monte Oro Resources & Energy, Inc. Prior to his joining Apex Mining Co., Inc., Mr. Migriño was Treasurer, Chief Financial Officer, Senior Vice President for Finance, and Compliance Officer of Philex Mining Corporation, Director and Chief Financial Officer of Philex Gold Inc., and Director of FEC Resources Inc., Silangan Mindanao Mining Co., Inc., Brixton Energy & Mining Corporation and Lascogon Mining Corporation. He was also formerly Senior Vice President & Controller of Benguet Corporation. He has no directorship in other publicly-listed companies.

He was formerly the Treasurer (from September 1, 2015 to March 28, 2017) and a Director (from September 28, 2016 to March 28, 2017) of A Brown Company, Inc.

Mr. Migriño obtained his Bachelor of Science degree in Commerce (minor in Management) from Philippine College of Commerce (now the Polytechnic University of the Philippines) and thereafter his Certified Public Accountant (CPA) license. He also attended the Management Development Program (MDP) at Asian Institute of Management; Executive Program – Stanford University at the National University of Singapore; Allen Management Program at Louis A. Allen Associates, Inc. and Strategic Business Economics Program (SBEP) at the University of Asia & the Pacific.

JUN HOU, Director

Mr. Jun Hou, Chinese, 54, holds the position of Executive Chairman of Huli Fund Philippines, a firm that specializes in buyout investments especially in real estate, energy, minerals, and health industries. He is the President of Yi Ding Tai International Corporation from 2012 to present, a company which conducts its operations in the Philippines and is based in the People's Republic of China. Mr. Hou has been with Bank of America Merrill Lynch in both the United States and Hong Kong branches. He has extensive experience in international investment banking. He has no directorship in other publicly-listed companies.

Mr. Hou obtained his Bachelor of Science degree from Northeastern Financial University and attended SBEP at the University of Asia & the Pacific.

COMPANY OFFICERS OF A BROWN COMPANY, INC.

The following table sets forth the members of the Company's senior leadership team as of the date of this Prospectus:

<u>Name</u>	<u>Age</u>	<u>Citizenship</u>	<u>Position</u>
Walter W. Brown	86	Filipino	Chairman Emeritus
Robertino E. Pizarro	72	Filipino	Chairman
Renato N. Migriño	76	Filipino	Treasurer
Paul Francis B. Juat	33	Filipino	President
John L. Batac	55	Filipino	Executive Vice-President Chief Finance Officer
Marie Antonette U. Quinito	48	Filipino	Officer
Victor M. Delgado, Jr.	52	Filipino	Vice-President for Business Development
Viven M. Lawansa	47	Filipino	Vice-President for Human Resources Development / Chief People & Culture Officer
Angela O. Fraga	40	Filipino	Vice-President - Strategy
Anna Marie Pulido-Montejo	52	Filipino	Vice-President for Sales and Marketing
Marie Milagros M. Yu	52	Filipino	Vice-President for Treasury Corporate
Jason C. Nalupta	53	Filipino	Secretary Assistant Corporate
Daniel Winston C. Tan-Chi	46	Filipino	Secretary
Allan Ace Magdaluyo	45	Filipino	Compliance Officer

PAUL FRANCIS B. JUAT, President

Mr. Paul Francis B. Juat, Filipino, 33, is the President of A Brown Company Inc. effective January 1, 2026. He was initially appointed as Vice President on January 1, 2019. He is also the President of various subsidiaries of the Group, namely, Irradiation Solutions Inc., Vires Energy Corp., and Northmin Renewables Corp. He is a director of Atok-Big Wedge Co. (PSE:AB), a publicly-listed company. He is also a director of Brownfield Holdings Corporation, North Kitanglad Agricultural Company, Inc., PBJ Corporation, and Pine Mountain Properties Holdings Corporation. He started his career as Business Development Analyst under the Wind Business Unit of Energy Development Corporation. He also served as Assistant to President & CEO of Apex Mining Co., Inc. from 2016 to 2023. He obtained his Bachelor's degree in Industrial Engineering from the University of the Philippines Diliman in 2015.

JOHN L. BATAc, Executive Vice-President

Engr. John L. Batac, Filipino, 55, is the Executive Vice President of A Brown Company Inc. who was elected on June 30, 2023. He was an AVP from Aug 2008 until he was appointed as VP effective June 2014. He was elected concurrently as Chief Operating Officer starting January 1, 2019. He is a Civil, Sanitary and Geodetic Engineer. He graduated from the University of the East in 1991 for his Civil Engineering course, at National University in 1994 for Sanitary Engineering and at The University of Northern Eastern Philippines in 1998 for Geodetic Engineering. He used to be an Instructor at the International Training Center for Surveyors (Sept 1991 to April 1995), a Manager for Project Development of A Brown Company, Inc. (May 1995 to July 2000) and a Technical Consultant of Green Square Properties Corp. (2000 to 2008). He is also a member of the following organizations: Philippine Institute of Civil Engineers (PICE), Philippine Society of Sanitary Engineers (PSSE) and Geodetic Engineers of the Philippines (GEP).

MARIE ANTONETTE U. QUINITO, Chief Finance Officer

Atty. Marie Antonette U. Quinito, Filipino, 48, joined the A Brown Group of Companies in November 2013 as Comptroller. She was appointed as Chief Finance Officer effective September 1, 2015 until December 31, 2017. Thereafter, she was appointed as Vice President-Comptroller effective January 1, 2018. She assumed the Chief Finance Officer effective March 1, 2019. She was formerly a Director of the company.

She finished her Bachelor of Science in Accountancy at the University of San Carlos Cum Laude in 1997. She became a Certified Public Accountant in December the same year. She finished her Master's in Business Administration at Southwestern University last May 2003. She finished her Bachelor in Laws at Xavier University Ateneo de Cagayan last May 2009 and passed the bar examination given last November 2011. She is a candidate for Doctor in Education Planning and Supervision. She has also taken courses with institutions such as the Asian Institute of Management and American Management Association.

She started as a Staff Auditor of Sycip, Gorres Velayo and Company, CPAs in November 1997. She joined the Multi Stores Corporation, Operator of SM Department Store Cebu in July 1998. After almost five years she was promoted to Finance and Admin Manager and was transferred to Shopping Center Management Corporation- Cagayan de Oro, the operator of SM Mall Cagayan de Oro. She spent fifteen (15) years of her life with the SM Group of Companies.

VICTOR M. DELGADO, JR., Vice President for Business Development

Mr. Victor M. Delgado Jr., Filipino, 52, currently serves as the Vice President for Business Development at A Brown Company Inc. (ABCI), where he leads initiatives to identify and evaluate infrastructure projects for strategic business ventures. Prior to this role, he was Assistant Vice President from 2019 to 2024, and began his journey with ABCI in 2013 as Senior Manager at Hydro Link Projects Corp., a wholly owned subsidiary of the company.

Mr. Delgado started his professional career working for the National Power Corporation (NPC), beginning in 1991. He held various leadership roles, culminating in his position as Manager of the Civil Engineering and Architecture Division from 2003 to 2013. In this capacity, he significantly contributed to the country's renewable energy landscape, particularly in hydropower development. He led feasibility studies, policy creation, and economic evaluations aimed at encouraging private sector investments through Build-Operate-Transfer (BOT) schemes. His expertise extended to high-level contract negotiations involving local and international stakeholders, as well as contributions to the development of other conventional energy forms.

Mr. Delgado earned his Master of Applied Business Economics from the University of Asia and the Pacific in 2006, following his Bachelor of Science in Civil Engineering from Adamson University in 1986. He is a registered Civil Engineer, Career Executive Service (CES) eligible, and a Civil Service Professional eligible, underscoring his technical and managerial qualifications in both public and private sectors. He also pursued advanced studies in hydropower development at the University of Tasmania in Hobart, Australia, and training in renewable energy technologies at the CIEMAT Research Centre in Madrid, Spain.

VIVIEN M. LAWANSA, Vice President for Human Resource Development/ Chief People & Culture Officer

Ms. Vivien M. Lawansa, Filipino, 47, currently holds the position of Vice President & Chief People & Culture Officer at A Brown Company, Inc. She is also the Founding Chair, President, and CEO of A Brown Employees Credit Cooperative, promoting financial empowerment and welfare among the employees.

In addition to her corporate roles, Ms. Lawansa also holds several leadership positions. She is the Chairperson of the Western Misamis Oriental - Cagayan de Oro Family Welfare Committee, Inc., Vice Chairperson of the Regional Tripartite Industrial Peace Council in Region 10, and a Board Member of the Regional Tripartite Wages & Productivity Board for Region X. Furthermore, she serves as the Corporate Secretary of the Philippine Association on Voluntary Arbitration, Inc. (PAVA, Inc.). Ms.

Lawansa is an Accredited Voluntary Arbitrator (AVA) of the National Conciliation and Mediation Board (NCMB), playing a crucial role in resolving labor-management disputes. She is also a volunteer lecturer for the Department of Trade and Industry – Region X Go Negosyo program, sharing her expertise in people management with entrepreneurs.

Ms. Lawansa's outstanding contributions to HR have earned her numerous accolades, including the 2017 PMAP National Presidential Award and being named as the Silver Awardee of the 2023 Chief Human Resources Executive of the Year at the prestigious Stevie Awards for Great Employers in New York.

After graduating cum laude with a degree in Psychology from Mindanao State University - Marawi, Ms. Lawansa earned both her Juris Doctor and MBA from Ateneo de Cagayan. She was also an adjunct faculty member at the Ateneo de Cagayan University School of Business, where she taught People Management. Her professional credentials include being an Associate Fellow in People Management (AFPM), conferred by the Philippine Society of Fellows (PSOF), a Certified Total Rewards Specialist (CTRS) by the ASEAN Total Rewards Institute, and a Certified Learning & Development Professional (CLDP) by the International HR Institute. Additionally, she completed the Certified Human Resource Leadership Development program at the Asian Institute of Management (AIM).

ANGELA O. FRAGA, Vice President - Strategy

Angela O. Fraga, Filipino, 40, is a seasoned leader in data governance, analytics, and digital transformation, with a proven track record of aligning technology strategies with business goals in top ASX companies. At Transurban, one of the world's leading toll-road operators in Australia and North America, they drove advanced analytics and sustainability initiatives, delivering significant cost savings and operational improvements. In Telstra, Australia's leading telecommunications and technology company, they formalized data strategies and enhanced data literacy at the Belong brand, creating a culture of collaboration and innovation. Their vision is to transform companies into agile, competitive, and digital-first organizations by strategically aligning technology with business objectives and unlocking the value of data and digital assets, ensuring long-term growth and success.

She graduated with a Master of Business Information Systems at Monash University - Caulfield in 2012 and Bachelor of Arts in Comparative Literature at the University of the Philippines – Diliman in 2009.

ANNA MARIE PULIDO-MONTEJO, Vice President for Sales and Marketing

Anna Marie Pulido-Montejo, Filipino, 52, is the Vice President for Sales and Marketing effective January 1, 2025. Her professional career spans decades in project management, institutional development, and marketing. She was Team Leader of United States Agency for International Development's Growth with Equity in Mindanao (USAID's GEM) Program prior to joining ABCI as Marketing Manager (2012-2023) and Assistant Vice President for Sales and Marketing (2023-2024). She has a diploma for Doctor of Management and was a recipient of the Academic Excellence Award from Capitol University. She majored in Marketing, Bachelor of Science in Business Administration at the Ateneo de Davao University.

MA. MILAGROS M. YU, Vice President for Treasury

Ma. Milagros M. Yu, Filipino, 57, is the Vice President for Treasury effective January 1, 2025. She was formerly the Assistant Vice President (AVP) – Treasury and prior to that, the Credit and Collection Manager from 2013 to 2020 and the Accounting Manager from 2003 to 2013 of A Brown Company, Inc. She also worked as an external auditor with Sycip, Gorres and Velayo (SGV) auditing firm. She is a licensed real estate broker and licensed real estate appraiser. She graduated BS Accountancy at Xavier University – Ateneo de Cagayan.

JASON C. NALUPTA, Corporate Secretary

Atty. Jason C. Nalupta, Filipino, 53, is the Corporate Secretary of the Corporation. He is also currently the Corporate Secretary of listed firms Asia United Bank, Belle Corporation, Crown Asia Chemicals Corporation and Pacific Online Systems Corporation. He is also a Director and/ or Corporate Secretary or Assistant Corporate Secretary of private companies, Quantuvis Resources Corporation, Total

Gaming Technologies, Inc., Parallax Resources, Inc., SLW Corporation, Belle Infrastructure Holdings, Inc. (Formerly: Metropolitan Leisure & Tourism Corporation), Belle Bay Plaza Corporation, Glyphstudios, Inc., Falcon Resources, Inc., Futurelab Interactive Corp., TGTI Services, Inc., Loto Pacific Leisure Corporation, FHE Properties, Inc., Stanley Electric Philippines, Inc., Sta. Clara International Corporation and PinoyLotto Technologies Corp.

He is a Partner at Tan Venturanza Valdez Law Offices specializing on corporate, securities, and business laws.

Atty. Nalupta earned his Juris Doctor degree, as well as his Bachelor of Science degree in Management (major in Legal Management), from the Ateneo de Manila University in 1996 and 1992, respectively. Atty. Nalupta was admitted to the Philippine Bar in 1997.

DANIEL WINSTON C. TAN-CHI, Assistant Corporate Secretary

Daniel Winston C. Tan-chi, Filipino, 46, is appointed Assistant Corporate Secretary of A Brown Company Inc. effective October 25, 2017.

Currently, he is the Corporate Secretary of Palm Thermal Consolidated Holdings, Hydro Link Projects Corp., Masinloc Consolidated Power, Inc., AB Bulk Water Company, Inc. and another 33 non-listed companies. He has 20 years of experience in the legal services industry with a solid background in the areas of Project and Debt Financing, Mergers & Acquisitions, Joint Ventures, Labor Disputes and Real Estate.

Mr. Tan-chi is a Partner in the law firm of Picazo Buyco Tan Fider Santos & Dee where he started his career in 2005. He graduated from the Ateneo de Manila University with a degree in Bachelor of Science in Legal Management in 2000. He also received his Juris Doctor from the Ateneo de Manila Law School in 2004.

ALLAN ACE MAGDALUYO, Compliance Officer

Allan Ace Magdaluyo, Filipino, 44, is appointed Compliance Officer of A Brown Company Inc. effective October 25, 2017. He started his career in A Brown Company, Inc. as Investor Relations Officer in June 2010 and promoted as Finance Manager and Senior Finance Manager in 2012. He graduated his BS Accountancy degree at Mindanao State University – Marawi as Magna Cum Laude and College Leadership Awardee in 2000. He took and passed the May 2001 CPA Board Examination. After obtaining his CPA license, he worked as an Accountant II in the Department of Education – Division of Agusan del Sur before he embarked on his graduate studies. He graduated his Master of Science in Finance degree at University of the Philippines – Diliman in 2008 and had completed his academic units for a Master in Public Administration at Bukidnon State University – San Francisco External Studies in 2004. He obtained his license as a Real Estate Broker in 2011 and Real Estate Appraiser in 2013.

Previously, he worked as internal auditor for an IT software firm in Makati and had also a short stint as a college instructor when he was still working in his province.

BOARD COMMITTEES

The Board has the following Committees to aid and support it in the effective performance of its functions.

Executive Committee

Between meetings of the Board, the Executive Committee may exercise all of the powers of the Board (except those powers expressly reserved by applicable law to the Board) in the management and direction of the business and conduct of the affairs of the Company, subject to any specific directions given by the Board.

The Committee shall be composed of four Directors, as determined by the Board.

The Executive Committee is chaired by Walter W. Brown with Annabelle P. Brown, Robertino E. Pizarro, Antonio S. Soriano as committee members.

Audit Committee

The purpose of the Audit Committee is to enhance the Board's oversight capability over the Company's financial reporting, internal control system, internal and external audit processes and compliance with applicable laws and regulations. The Audit Committee is responsible for overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

The Committee shall be appointed by the Board and shall be composed of at least three (3) non-executive members of the Board, the majority of whom, including the Chairman, shall be independent. The Chairman shall not be the Chairman of the Board and of other Board Committees.

The Audit Committee is chaired by Elpidio M. Paras with Wayne G. Coherco and Antonio S. Soriano as committee members.

Risk Oversight Committee

The Risk Oversight Committee is established for the purpose of assisting the Board in overseeing the Company's practices and processes relating to risk assessment and risk management; maintaining an appropriate risk culture, reporting of financial and business risks and associated internal controls. The Risk Oversight Committee will assist the board in providing framework to identify, assess, monitor and manage the risks associated with the Company's business. It helps the Board to adopt practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with Company's risk profile.

The Committee shall be appointed by the Board and shall be composed of at least three (3) members, majority of whom shall be independent directors including the Chairman who is not at the same time the Chairman of the Board or as practicable, of any other Board Committee.

The Risk Oversight Committee is chaired by Wayne Y. Coherco with Elpidio M. Paras and Antonio S. Soriano as committee members.

Corporate Governance Committee

The Corporate Governance Committee advises the Board with respect to matters relating to corporate governance and performance of the Chief Executive Officer/President. It develops and recommends to the Board a set of corporate governance principles applicable to the Company, and oversees the evaluation of the Board, the Board Committees and the Senior Management including but not limited to Chief Executive Officer/President.

The Committee shall be composed of at least three members, majority of whom should be independent directors, including the Chairman as determined by the Board.

The Corporate Governance Committee is chaired by Elpidio M. Paras with Wayne Y. Coherco, Annabelle P. Brown and Robertino E. Pizarro as committee members.

Related Party Transaction Committee

The Related Party Transactions Committee should be tasked with reviewing all material related party transactions ("RPT") of the Company. The RPT Committee should ensure that transactions occur at market prices, at arm's-length basis and under conditions that protect the rights of all shareholders.

The Committee shall be composed of at least three (3) non-executive directors, the majority of whom, including the Chairman, should be independent, as determined by the Board.

The Related Party Transaction Committee is chaired by Wayne Y. Coherco with Elpidio M. Paras and Joselito H. Sibayan as committee members.

CORPORATE GOVERNANCE

The Board of Directors, officers, employees and stockholders of the Company believe that corporate governance is a necessary component of sound strategic business management and will undertake every effort necessary to create awareness within the organization as soon as possible.

On May 31, 2017, the Company's Board of Directors approved the Revised Manual on Corporate Governance pursuant to SEC Memorandum Circular No. 19, Series of 2016.

The Company has adapted implementing policies of the new Manual on Corporate Governance, including, among others, (i) membership of the Company's directors in other corporate boards, (ii) standard of conduct of the Board and senior management and conflict of interest policy; (iii) selection process for directors and senior management; (iv) principles in developing remuneration policies, (v) risk management, (vi) shareholder grievance procedure and (vii) evaluation system for determining and measuring compliance with the Company's new Manual on Corporate Governance.

To ensure adherence to corporate principles and best practices of good corporate governance, the Compliance Officer monitors compliance with the provisions and requirements of the new Manual on Corporate Governance.

Family Relationships

Walter W. Brown, the Chairman of the Company, is married to Annabelle Pizarro Brown. Robertino E. Pizarro, the President and Chief Executive of the Corporation, is the brother of Annabelle Pizarro Brown. Paul Francis B. Juat is the grandson of Walter William B. Brown and Annabelle P. Brown.

Involvement in Certain Legal Proceedings

The Company has no knowledge of any involvement by the members of the Board of Directors or Executive Officers in any legal proceeding affecting or involving themselves or their properties, or of said persons being subject to any order, judgment or decree before any court of law or administrative body in the Philippines. Neither have said persons filed any petition for suspension of payments or bankruptcy/ insolvency nor have been convicted by final judgment of any violation of a securities or commodities law or any offense punishable by laws of the Republic of the Philippines or any other country during the past five (5) years up to the latest date.

Shareholder and Investor Relations

The Company responds to information request from the investing community and keeps shareholders informed through timely disclosures to the PSE and SEC, annual shareholders meeting, investors briefing and conferences, the website of the Company and responses to email and telephone queries. The disclosures of the Company and other filings with the PSE and SEC are available for viewing and download from the website of the Company.

For questions related to ABCI shared information, shareholders meetings, ratings, SEC filings, and related topics, contact us at abci_headoffice@abrown.ph

EXECUTIVE COMPENSATION

Directors

The regular directors receive P10,000 while the Chairman of the Board and the independent directors receive P15,000 as per diem for every board and committee meeting. As provided in the By-Laws Article V, Section 1 (as amended and adopted by the BOD on March 12, 2012 pursuant to the power delegated by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the

corporation), a bonus may be distributed to the members of the Board of Directors, officers and employees “upon the recommendation of the Compensation and Remuneration Committee and shall not exceed ten (10) per centum of the net income of the corporation (excluding the unrealized equity in the net earnings of affiliated and subsidiary corporations) before this bonus and taxes of the preceding year or preceding years if in a cumulative basis...” The said bonus is to be pro-rated with respect to Director’s attendance and for those who have served for less than one year.

The total compensation received by each director for 2025:

Director	Compensation	Per Diem	Total
Walter William B. Brown	3,256,600	195,000	3,451,600
Annabelle P. Brown	-	140,000	140,000
Robertino E. Pizarro	6,496,600	140,000	6,636,600
Paul Francis B. Juat	3,250,000	10,000	3,260,000
Elpidio M. Paras	-	225,000	225,000
Wayne Y. Coherco	-	255,000	255,000
Antonio S. Soriano	-	160,000	160,000
Joselito H. Sibayan	-	130,000	130,000
Renato M. Migrino	-	130,000	130,000
Jun Hou	-	130,000	130,000

Pursuant to Part IV, Paragraph (B) of Annex C of SRC Rule 12, below is a summary compensation table of the President and Chief Executive Officer and the four (4) most highly compensated officers of the Company:

Officers

The Company adopts a performance-based compensation scheme as incentive. Payments to all senior personnel from Manager and up were all paid in cash. The total annual compensation includes the basic salary and other variable pay (performance bonus and other taxable income). Each executive officer executed an employment contract with the Company for an indefinite period (the terms and conditions of which are in accordance with existing laws) and is entitled to receive retirement benefits in accordance with the terms and conditions of the Company’s BIR-registered Employees’ Retirement Fund.

Other than the previously exercised stock option plan, there are no stock, non-cash compensation, warrants or options granted to the officers and directors. There are no other material term or other arrangement, other than the above to which any Director / Officer named above was compensated.

Summary of Compensation

Name and Position	Year	Salary (PhP)	Per Diem (PhP)	Bonus (PhP)	Total (PhP)
Total compensation of the President and Chief Executive Officer and the four (4) most highly compensated officers of the Company:	2024	17,828,428	145,000	1,475,000	19,447,428
	2025	17,828,428	145,000	1,475,000	19,447,428
1. Walter W. Brown 2. Robertino E, Pizarro 3. Paul Francis B. Juat 4. John L. Batac 5. Marie Antonette U. Quinito	2026*	17,828,428	145,000	1,475,000	19,447,428
All other officers and directors as a group unnamed	2024	22,586,454	605,000	2,092,657	25,284,111

	2025	22,586,454	605,000	2,092,657	25,284,111
<i>*Estimates</i>	2026*	22,586,454	605,000	2,092,657	25,284,111

Other Arrangements

The Company has no other arrangements pursuant to which a director is compensated or to be compensated, directly or indirectly.

Employment Contracts

The Company maintains standard employment contracts with executive officers. Executive officers are entitled to receive retirement benefits in accordance with the terms and conditions of the Company's BIR-registered Employees' Retirement Fund.

Options and Warrants

There are no stock, non-cash compensation, warrants or options granted to the officers and directors currently in force over the last three (3) years. There are no other material term or other arrangement, other than the above to which any Director or officer named above was compensated.

There are no outstanding warrants held by the Chief Executive Officer, other officers and directors as a group.

OWNERSHIP AND CAPITALIZATION

Share Capital

As of the date of this Prospectus, the following is the outstanding capital stock of the Company:

Share Class	Issued	Outstanding	Treasury
Common	2,477,668,925	2,287,468,000	190,200,925
Preferred Shares	27,637,650	27,637,650	
TOTAL	2,505,306,575	2,315,105,650	190,200,925

List of Top 20 Stockholders

Common Shares

As of December 31, 2025, the Company had 2,477,668,925 issued common shares and 2,323,994,000 outstanding common shares. The table below sets forth the Company's top 20 holders of common shares as of December 31, 2025:

	Name of Shareholder	Total Common Shares	Percentage (%)
1.	PCD Nominee Corporation – Filipino ** (Excluding Treasury Shares)	1,473,273,324	63.3940
2.	Brownfield Holdings Incorporated	649,038,938	27.9277
3.	Jin Natura Resources Corporation	102,000,000	4.3890
4.	PBJ Corporation	50,248,374	2.1622
5.	PCD Nominee Corporation – Non-Filipino	9,397,441	0.4044
6.	Tan, A. Bayani K.	2,033,120	0.0857
7.	Brown, Walter W. or Annabelle P. Brown	1,123,089	0.0483
8.	Tan, Ma. Gracia P.	1,060,613	0.0456
9.	Brown, Walter W.	1,000,000	0.0430
10.	Davila, Regina	938,462	0.0404
11.	Fernandez, Luisito	853,147	0.0367
	Gandionco, Andrea L.	853,147	0.0367
12.	Lorenzo, Alicia P.	750,769	0.0323
13.	Lagdameo, Jr., Ernesto R.	602,690	0.0259
14.	Kalinangan Youth Foundation, Inc.	561,123	0.0241
15.	King, Josefina B.	557,334	0.0240
16.	Gamilla, Juliana	544,615	0.0234
17.	EBC Securities Corporation	518,221	0.0223
18.	Tan, Joaquin T.Q.	511,885	0.0220
19.	Trifels, Inc.	481,905	0.0207
20.	Ignacio, Edgardo	472,512	0.0203
	TOTAL SHARES	2,296,820,709	98.8308%
	<i>** The following are the clients - beneficial owners (Filipino) of the PCD participants owning 5% or more of the outstanding capital stock:</i>		
	Walter W. Brown (direct and indirect)	215,213,843	9.2605%
	Annabelle P. Brown (direct and indirect)	162,198,996	6.9793%
	Brownfield Holdings, Inc.	440,678,289	18.9621%

Preferred Shares – Series A

As of December 31, 2025, the Company had 13,264,900 Series A preferred shares issued and outstanding. The table below sets forth the Company's top three (3) holders of preferred shares as of December 31, 2025:

	Name of Shareholder	Total Series A Preferred Shares	Percentage (%)
1.	PCD Nominee Corporation – Filipino **	13,146,450	99.1070
2.	PCD Nominee Corporation – Non-Filipino	113,450	0.8553
3.	G.D. Tan & Co., Inc.	5,000	0.0377
	TOTAL SHARES	13,264,900	100.0000%

Preferred Shares – Series B

As of December 31, 2025, the Company had 7,431,750 Series B preferred shares issued and outstanding. The table below sets forth the Company's top two (2) holders of preferred shares as of December 31, 2025:

	Name of Shareholder	Total Series B Preferred Shares	Percentage (%)
1.	PCD Nominee Corporation – Filipino **	7,398,950	99.5587
2.	PCD Nominee Corporation – Non-Filipino	32,800	0.4413
	TOTAL SHARES	7,431,750	100.0000%

Preferred Shares – Series C

As of December 31, 2025, the Company had 6,941,000 Series C preferred shares issued and outstanding. The table below sets forth the Company's top two (2) holders of preferred shares as of December 31, 2025:

	Name of Shareholder	Total Series C Preferred Shares	Percentage (%)
1.	PCD Nominee Corporation – Filipino **	6,819,340	98.2472
2.	PCD Nominee Corporation – Non-Filipino	121,660	1.7528
	TOTAL SHARES	6,941,000	100.0000%

Security Ownership of Certain Record and Beneficial Owners

The owners of more than 5% of any class of registrant's voting securities as of December 31, 2025 are as follows:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. Of Common Shares Held	Percent to Total Outstanding Common Stock
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Common	PCD Nominee Corporation (Filipino) (adjusted), 29 th Floor, BDO Equitable Tower, 8751 Paseo De Roxas, Makati City 1226	Various individuals/ Entities	Filipino	655,182,196	28.1921%
Common	PCD Nominee Corporation (Non-Filipino), 29 th Floor, BDO Equitable Tower, 8751 Paseo De Roxas, Makati City 1226	Various individuals/ Entities	Alien	9,397,441	0.4044%
Common	Brown, Walter W., No. 10, Giraffe St., Greenmeadows, QC, Chairman	Direct and Indirect	Filipino	216,213,843	9.3035%
Common	Brown, Annabelle P., No. 10, Giraffe St., Greenmeadows, QC, Director	Direct and Indirect	Filipino	212,449,488	9.1416%
Common	Brownfield Holdings, Inc., 3301-C PSE Tektite West Tower, Exchange Road, Ortigas Center, Pasig City, Stockholder	Direct and Indirect	Domestic Corporation/ Filipino	1,089,717,227	46.8898%
TOTAL				2,182,717,227	93.9314%
<p>** PCD Nominee Corporation has a total shares of 1,482,670,765 or 63.7984% (Filipino - 1,473,273,324 or 63.3940% and Non-Filipino - 9,397,441 or 0.4044%) of the outstanding common stock including clients - beneficial owners owning 5% or more as enumerated below:</p> <p>** The following are the PCD participants with shareholdings of 5% or more of the outstanding common stock:</p>					
<i>Luna Securities, Inc.</i> <i>Unit 601 Emerald mansion F Ortigas Jr. Road, Ortigas Center, Pasig City</i>				772,995,744	33.2615%
<i>Campos, Lanuza & Company, Inc.</i> <i>Unit 2003B East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City</i>				236,010,823	10.1554%
<i>F. Yap Securities, Inc.</i> <i>17F, Lepanto Building, 8747 Paseo de Roxas, Makati City</i>				193,995,974	8.3475%
<i>COL Financial Group, Inc.</i> <i>2401-B East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City</i>				129,129,843	5.5563%
<i>** The following are the clients - beneficial owners (Filipino) of the PCD participants owning 5% or more of the Outstanding Common Shares:</i>					
<i>Walter W. Brown (direct and indirect)</i> <i>No. 10 Giraffe St., Greenmeadows Q. C.</i>				215,213,843	9.2605%
<i>Annabelle P. Brown (direct and indirect)</i>				162,198,996	6.9793%

No. 10 Giraffe St., Greenmeadows Q. C.		
Brownfield Holdings, Inc. 3301-C PSE Tektite West Tower, Exchange Road, Ortigas Center, Pasig City	440,678,289	18.9621%

The following are the number of shares comprising the Company's capital stock owned of record by the Chief Executive Officer, the directors, and key officers of the Company, as of December 31, 2025:

Name	Amount and Nature of Ownership	Citizenship	Total No. of Shares and Percent to Total Outstanding Common Stock
Walter William B. Brown	1,000,000 (Direct) 215,213,843 (Indirect)	Filipino	216,213,843 9.3%
Annabelle P. Brown	2,118 (Direct) 212,447,370 (Indirect)	Filipino	212,449,488 9.14%
Robertino E. Pizarro	1,060,613 (Direct) 2,044,530 (Indirect)	Filipino	3,105,143 0.13%
Antonio S. Soriano	1,581 (Direct) 910,000 (Indirect)	Filipino	911,581 0.04%
Elpidio M. Paras	1,581 (Direct)	Filipino	1,581 Nil
Wayne Y. Herco	1,000 (Direct)	Filipino	1,000 Nil
Joselito H. Sibayan	1 (Direct) 224.399 (Indirect)	Filipino	224,400 0.01%
Renato N. Migriño	120 (Direct)	Filipino	120 Nil
Jun Hou	100 (Direct)	Chinese	100 Nil
Marie Antonette U. Quinito	120 (Direct)	Filipino	120 Nil
John L. Batac	-	Filipino	Nil
Paul Francis B. Juat	10,938,410 (Direct)	Filipino	10,938,410 0.47%
Victor M. Delgado, Jr.	-	Filipino	-
Vivien M. Lawansa	-	Filipino	-
Angela O. Fraga	137 (Indirect)	Filipino	137 Nil
Anna Marie Pulido-Montejo	-	Filipino	-
Ma. Milagros M. Yu	-	Filipino	-
Jason C. Nalupta	-	Filipino	-
Daniel Winston C. Tan-chi	7,419,600 (Indirect)	Filipino	7,419,600 0.32%
Allan Ace R. Magdaluyo	-	Filipino	-

The aggregate number of common shares owned of record by the principal shareholders, Chief Executive Officer, Chief Operating Officer, key officers and directors (as a group) of the Company as of December 31, 2025 is 1,540,982,750 or approximately 66.31%% of the outstanding common stock of the Company.

Series A Preferred Shares

Name	Amount and Nature of Ownership	Citizenship	Total No. of Shares and Percent to Total
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			Outstanding Series A Preferred Stock
Annabelle P. Brown	10,000 (Indirect)	Filipino	10,000 0.0754%
Daniel Winston C. Tan-chi	54,000 (Indirect)	Filipino	54,000 0.4071%

There are 64,000 Series A Preferred Shares which is 0.4825% of its outstanding preferred shares – Series A owned by a director (10,000 shares) and key officer (54,000 shares).

Series B Preferred Shares

Name	Amount and Nature of Ownership	Citizenship	Total No. of Shares and Percent to Total Outstanding Series B Preferred Stock
Annabelle P. Brown	100,000 (Indirect)	Filipino	10,000 1.3456%
Marie Antonette U. Qunito	50,000 (Indirect)	Filipino	54,000 0.6728%

There are 150,000 Series B Preferred Shares which is 2.0184% of its outstanding preferred shares – Series B owned by a director (100,000 shares) and key officer (50,000 shares).

Series C Preferred Shares

Name	Amount and Nature of Ownership	Citizenship	Total No. of Shares and Percent to Total Outstanding Series C Preferred Stock
Marie Antonette U. Qunito	100,000 (Indirect)	Filipino	100,000 1.4407%

There are 54,000 Series C Preferred Shares which is 1.4407% of its outstanding preferred shares – Series C owned by a key officer.

Voting Trust of Holders of 5% and more

There is no person holding more than 5% of the Company's voting securities under a voting trust arrangement.

Change in Control

There had been no change of control in the Company that had occurred since the beginning of the last fiscal year. Furthermore, management is not aware of any arrangement which may result in a change in control of the company.

MARKET PRICE OF AND DIVIDENDS ON THE EQUITY AND RELATED SHAREHOLDER MATTERS

Market Information

The common shares of ABCI have been listed at the Philippine Stock Exchange (PSE) since February 1994. The Company's common shares are principally traded at the PSE under the symbol "BRN".

The table below shows the high and low sales prices of the Company's shares on the PSE for each quarter within the last three (3) fiscal years, to wit:

Quarter	2023		2024		2025		2026	
	High	Low	High	Low	High	Low	High	Low
1 st	0.84	0.70	0.68	0.61	0.57	0.50	1.07	0.82
2 nd	0.79	0.71	0.65	0.55	0.60	0.50	-	-
3 rd	0.77	0.64	0.71	0.51	0.79	0.54	-	-
4 th	0.71	0.61	0.59	0.52	1.01	0.50	-	-

On March 31, 2026, ABCI's shares of common stock were traded at a high of ₱0.84 and a low of ₱0.82 at the Philippine Stock Exchange with closing price of ₱0.84. The stocks are not traded in any foreign market.

Preferred Shares

The "Series A" preferred shares of ABCI were listed at the PSE on November 29, 2021. The table below shows the high and low sales prices of the Company's "Series A" preferred shares on the PSE for each quarter, to wit:

Quarter	2023		2024		2025		2026	
	High	Low	High	Low	High	Low	High	Low
1 st	103.00	99.70	99.50	95.00	99.00	90.00	102.70	96.00
2 nd	103.00	100.00	98.00	93.50	98.00	94.00	-	-
3 rd	101.00	90.00	100.00	93.50	98.90	90.00	-	-
4 th	99.50	95.00	99.80	94.05	99.50	93.00	-	-

On March 16, 2026, ABCI's "Series A" preferred stocks were traded at a high of ₱98.00 and a low of ₱97.80 at the Philippine Stock Exchange with closing price of ₱98.00. The stocks are not traded in any foreign market.

The "Series B" preferred shares of ABCI were listed at the PSE on February 23, 2024. The table below shows the high and low sales prices of the Company's "Series B" preferred shares on the PSE for each quarter, to wit:

Quarter	2024		2025		2026	
	High	Low	High	Low	High	Low
1 st	103.50	100.00	129.00	100.00	110.00	100.00
2 nd	103.00	100.00	105.00	100.00	-	-
3 rd	106.00	96.00	105.00	100.00	-	-
4 th	110.00	100.20	105.80	100.00	-	-

On March 30, 2026, ABCI's "Series B" preferred stocks were traded at a high of ₱103.30 and a low of ₱100.30 at the Philippine Stock Exchange with closing price of ₱100.30. The stocks are not traded in any foreign market.

The "Series C" preferred shares of ABCI were listed at the PSE on February 23, 2024. The table below shows the high and low sales prices of the Company's "Series C" preferred shares on the PSE for each quarter, to wit:

Quarter	2024		2025		2026	
	High	Low	High	Low	High	Low
1 st	103.50	100.20	107.70	101.00	110.00	100.00
2 nd	102.50	100.10	108.90	100.00	-	-
3 rd	106.00	101.00	110.00	101.00	-	-
4 th	108.00	95.30	107.90	100.10	-	-

On March 31, 2026, ABCI's "Series C" preferred stocks were traded at a high of ₱106.90 and a low of ₱102.90 at the Philippine Stock Exchange with closing price of ₱106.90. The stocks are not traded in any foreign market.

Dividends – Common Shares and Dividend Policy

Dividends are declared by the Company on its shares of stocks and are payable in cash or in additional shares of stock. The declaration and payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company and other factors affecting the availability of unrestricted retained earnings, as prescribed under the Revised Corporation Code. Dividend declaration must also take into account the Company's capital expenditure and project requirements and settlement of its credit. Cash and property dividends are subject to approval by the Company's Board of Directors while stock dividends require the approval of both the Company's Board of Directors and Stockholders. In addition, the payment of stock dividends is likewise subject to the approval of the SEC and PSE, if shares are to be listed with the Exchange. Other than the restrictions imposed by the Revised Corporation Code of the Philippines, there is no other restriction that limits the Company's ability to pay dividends on common equity.

The following are the dividend declarations of the Company for the common shares in the last three (3) years:

Declaration Date	Record Date	Payment Date
July 12, 2024	August 1, 2024	August 15, 2024
July 31, 2025	August 1, 2025	August 15, 2025

Dividends – "Series A" Preferred Shares

As and if cash dividends are declared by the Board of Directors on the Company's "Series A" preferred dividends, the cash dividends shall be at the fixed rate of 7.00% per annum which will be payable quarterly on March 1, May 29, August 29 and November 29 of each year subject to the certain limitations as provided for in the Prospectus and Offer Supplement dated November 11, 2021. The cash dividend on "Series A" preferred shares is computed as $7\% \times ₱100.00 \times 90/360$ amounting to ₱1.75 per share.

The following are the dividend declarations of the Company on "Series A" preferred shares in the last three (3) years:

Declaration Date	Record Date	Payment Date
February 3, 2023	February 17, 2023	March 1, 2023
February 3, 2023	May 3, 2023	May 29, 2023
February 3, 2023	August 1, 2023	August 29, 2023
February 3, 2023	October 31, 2023*	November 29, 2023
February 1, 2024	February 16, 2024	March 1, 2024
February 1, 2024	May 3, 2024	May 29, 2024
February 1, 2024	August 1, 2024	August 29, 2024
February 1, 2024	November 5, 2024	November 29, 2024
February 3, 2025	February 17, 2025	March 3, 2025
February 3, 2025	May 5, 2025	May 29, 2025
February 3, 2025	August 5, 2025	August 29, 2025

February 3, 2025	November 5, 2025	December 1, 2025
January 30, 2026	February 16, 2026	March 2, 2026
January 30, 2026	May 5, 2026	May 29, 2026
January 30, 2026	August 5, 2026	September 1, 2026
January 30, 2026	November 5, 2026	December 1, 2026

*On October 19, 2023, it was disclosed that the Record Date for the 29 November 2023 cash dividend was to be adjusted from 31 October 2023 to 03 November 2023 on account of the declaration of 30 October 2023 as a non-working holiday because of the Barangay and Sangguniang Kabataan Elections.

Dividends – “Series B” and “Series C” Preferred Shares

The following are the dividend declarations of the Company on “Series B” preferred shares in the last three (3) years:

Declaration Date	Record Date	Payment Date
April 8, 2024	May 3, 2024	May 23, 2024
April 8, 2024	August 1, 2024	August 23, 2024
April 8, 2024	November 5, 2024	November 25, 2024
April 8, 2024	February 10, 2025	February 24, 2025
February 3, 2025	May 5, 2025	May 23, 2025
February 3, 2025	August 5, 2025	August 26, 2025
February 3, 2025	November 5, 2025	November 24, 2025
February 3, 2025	February 9, 2026	February 23, 2026
January 30, 2026	May 5, 2026	May 25, 2026
January 30, 2026	August 5, 2026	August 24, 2026
January 30, 2026	November 5, 2026	November 23, 2026
January 30, 2026	February 9, 2027	February 23, 2027

The following are the dividend declarations of the Company on “Series C” preferred shares in the last three (3) years:

Declaration Date	Record Date	Payment Date
April 8, 2024	May 3, 2024	May 23, 2024
April 8, 2024	August 1, 2024	August 23, 2024*
April 8, 2024	November 5, 2024	November 25, 2024
April 8, 2024	February 10, 2025	February 24, 2025
February 3, 2025	May 5, 2025	May 23, 2025
February 3, 2025	August 5, 2025	August 26, 2025
February 3, 2025	November 5, 2025	November 24, 2025
February 3, 2025	February 9, 2026	February 23, 2026
January 30, 2026	May 5, 2026	May 25, 2026
January 30, 2026	August 5, 2026	August 24, 2026
January 30, 2026	November 5, 2026	November 23, 2026
January 30, 2026	February 9, 2027	February 23, 2027

*On August 20, 2024, it was disclosed that the Payment Date for the 23 August 2024 cash dividend was to be adjusted to 27 August 2024 on account of the declaration moving the observance of the Ninoy Aquino Day from August 21, 2024 to August 23, 2024 as per Proclamation No. 665, to promote domestic tourism and because August 26, 2024 was also National Heroes Day. The change of the payment date was paid without adjustment on the amount of the dividends.

Sale of Unregistered or Exempt Including Securities Constituting an Exempt Transaction

There were no securities sold by the Company within the past 3 years which were not registered under the SRC.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Company, being a Parent Company, in its regular course of trade or business, enters into transactions with its subsidiaries consisting of reimbursement of expenses, purchase of other assets, construction and development contracts, management, marketing and service agreements. Sales and purchases of goods and services to and from related parties are made at arms-length transaction.

The Company, in the normal course of business has significant transactions with related parties, which principally consist of the following:

- Interest-bearing loan from shareholder

As of December 31, 2024, the Parent Company has outstanding loan from shareholder, which is classified under “Long-term debt” in the parent company statements of financial position amounting ₱60.9 million to be paid in equal monthly amortization until December 31, 2025. The loan bears a fixed annual interest rate of 6.00%. As of December 31, 2025, the loan has been fully paid.

- Noninterest-bearing deposits for future stock subscription to the Parent Company’s subsidiaries. These deposits will either be converted to equity. In 2025 and 2024, total deposits for future stock subscription were converted to investment amounting to ₱432.7 million and ₱736.9 million, respectively. In 2025 and 2024, the Company made additional deposits for future subscription amounting to ₱175.7 million and ₱334.8 million, respectively. Also in 2025, deposit for future stock subscription amounting to ₱12.5 million was returned to the Parent Company.
- Noninterest-bearing cash advances to BCL, ABBWCI, ISI, ABERDI, VEC, SHDI, ABCEI, MCPI, NRC and SGAC.
- Noninterest-bearing cash advances to EWRTC, NC, and BAC, entities under common control of the Parent Company.

For further information, please refer to Note 15 and Note 16 of the Company’s 2025 Audited Financial Statements.

The outstanding accounts with related parties, except for deposits for future stock subscription and the advances to key management personnel, shall be settled in cash. The deposits for future stock subscription are convertible to additional investment in subsidiary. These accounts are generally unsecured. Impairment assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates. The Company has approval process and established limits when entering into material related party transactions.

Company requires directors to disclose immediately their interests in transactions or any other conflict of interests and do not participate in the decision-making process.

No material related party transaction was made in 2025 and 2024 that breached the materiality threshold. However, related party transactions below the threshold apply the same principle of abstentions if the directors are involved in the transaction.

For the past five years, the Company did not enter into any contract with promoters.

In addition, material related party transactions that amount to 10% or higher of the Company’s total assets shall be subject to the review of the Related Party Transaction Committee and the approval by at least 2/3 of the Board of Directors, with at least a majority of independent directors voting to approve the transaction.

LEGAL PROCEEDINGS

There are no material pending legal proceeding that could be expected to have a material adverse effect on the issuance of the Offer Shares and on the results of the financials and the operations of the Group. The Company has not been the subject of any bankruptcy petition, insolvency, receivership, or similar proceedings. The Company has contingent liabilities for lawsuits and various other matters occurring in the ordinary course of business. Management believes that none of those contingencies will materially affect the Company's financial position and results of operation.

SELECTED FINANCIAL INFORMATION AND OTHER DATA

The summary historical consolidated statement of financial position data as of December 31, 2025 and 2024 and summary historical consolidated statement of comprehensive income for the years ended December 31, 2025, 2024 and 2023, set forth below have been derived from, and should be read in conjunction with, the audited consolidated financial statements and, including the notes thereto, included in Appendix A of this Prospectus. SyCip Gorres Velayo & Co., a member firm of Ernst & Young Global Limited, has audited the consolidated financial statements in accordance with Philippine Standards on Auditing.

The Group's investments in associates in the Power and Utilities segment are accounted for using the equity method. Under the equity method, the investments in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statements of comprehensive income outside operating profit as Other Income ('Equity in net earnings of associates').

For the years ended December 31, 2025, 2024, and 2023

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31		
	2025	2024	2023
ASSETS			
Current Assets			
Cash	₱1,122,083,245	₱677,964,213	₱118,082,483
Receivables	1,728,484,686	955,284,846	366,814,874
Contract assets	423,316,466	131,239,842	494,203,019
Receivables from related parties	-	50,894,936	50,894,936
Real estate inventories	5,204,729,275	4,057,995,302	3,571,105,773
Other inventories	43,423,215	48,750,406	116,293,063
Other current assets	1,439,832,601	1,272,275,513	693,028,502
Total Current Assets	9,961,869,488	7,194,405,058	5,410,422,650
Noncurrent Assets			
Contract assets - net of current portion	1,515,250,459	1,542,267,524	1,375,188,278
Equity instruments at fair value through other comprehensive income (EIFVOCI)	585,443,479	428,856,522	362,386,957
Investments in associates	434,508,380	1,839,745,991	1,821,756,979
Investment properties	681,242,683	631,838,036	455,941,317
Property, plant and equipment	1,570,606,390	1,715,743,159	1,472,098,680
Other noncurrent assets	1,329,222,567	735,687,707	811,706,849
Total Noncurrent Assets	6,116,273,958	6,894,129,939	6,299,079,060
TOTAL ASSETS	₱16,078,143,446	₱14,088,534,997	₱11,709,501,710
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	₱2,384,670,480	₱1,315,637,677	₱1,160,270,667
Short-term debt	799,948,000	972,187,000	745,414,000
Current portion of long-term debt	662,323,879	602,633,723	480,838,826
Contract liabilities	409,573,844	481,762,306	319,515,433
Income tax payable	3,846,645	—	—
Total Current Liabilities	4,260,362,848	3,372,213,706	2,706,038,926

	December 31		
	2025	2024	2023
Noncurrent Liabilities			
Long-term debt - net of current portion	2,076,868,331	1,741,220,033	1,397,737,070
Retirement benefit obligation	93,946,421	84,475,120	76,982,380
Deferred tax liabilities - net	537,702,743	490,298,012	455,771,239
Lease Liability – net current portion	6,974,790	—	—
Total Noncurrent Liabilities	2,715,492,285	2,315,993,165	1,931,490,689
Total Liabilities	6,975,855,133	5,688,206,871	4,637,526,615

(Forward)

	December 31		
	2025	2024	2023
Equity Attributable to Equity Holders of the Parent Company			
Capital stock			
Common stock	P2,477,668,925	P2,477,668,925	P2,477,668,925
Preferred stock	27,637,650	27,637,650	13,264,900
Additional paid-in capital	3,331,502,966	3,331,502,966	1,931,178,758
Retained earnings	3,285,492,345	2,694,454,515	2,834,608,536
Fair value reserve of EIFVOCI	151,372,686	(5,214,271)	(71,683,836)
Remeasurement loss on retirement benefit obligation - net of tax	(19,742,738)	(20,218,050)	(21,570,632)
Remeasurement loss on defined benefit plan of an associate	-	(2,165,918)	(1,221,512)
Cumulative translation adjustment	(10,131,649)	(8,155,192)	4,878,649
Treasury shares - common	(140,255,859)	(94,932,275)	(94,932,275)
	9,103,544,326	8,400,578,350	7,072,191,513
Noncontrolling interest	(277,325)	(250,224)	(219,418)
Total Equity	9,103,267,001	8,400,328,126	7,071,972,095
TOTAL LIABILITIES AND EQUITY	P16,079,122,134	P14,088,534,997	P11,709,501,710

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
REVENUE			
Real estate sales	P1,601,018,375	P1,527,959,172	P1,454,785,129
Sale of agricultural goods	259,251,928	250,550,825	142,563,285
Water service	30,711,129	29,462,585	27,433,584
	1,890,981,432	1,807,927,582	1,624,782,999
COSTS OF SALES AND SERVICE			
Cost of real estate sales	709,256,270	681,546,593	559,113,808
Cost of agricultural goods sold	221,667,519	242,092,717	122,358,936
Cost of water service revenue	16,543,116	12,045,256	16,660,359
	947,466,905	935,684,566	698,133,103
GROSS PROFIT	943,514,527	872,288,016	926,649,896
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES	581,953,562	497,573,983	513,907,600
OTHER INCOME (EXPENSES)			
Gain on sale of investment in an associate	1,842,653,585	—	—

	Years Ended December 31		
	2025	2024	2023
Impairment loss	(854,737,252)	(45,928,044)	(26,733,469)
Capital gains tax on sale of investment	(348,344,999)	—	—
Equity in net earnings of associates	240,584,503	140,933,418	339,947,514
Provision for expected credit loss	(202,966,770)	—	(828,304)
Interest expense	(197,190,942)	(127,661,586)	(67,121,886)
Miscellaneous income - net	85,445,046	108,256,466	41,808,568
INCOME BEFORE INCOME TAX	927,004,136	450,314,287	699,814,719
PROVISION FOR INCOME TAX			
Current	37,262,076	18,219,312	6,250,555
Deferred	23,029,642	97,986,385	147,087,524
	60,291,718	116,205,697	153,338,079
NET INCOME	₱866,712,418	₱334,108,590	₱546,476,640

(Forward)

	Years Ended December 31		
	2025	2024	2023
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item that will be reclassified to profit or loss in subsequent periods:</i>			
Cumulative translation adjustment	₱(1,976,457)	₱(13,033,841)	(1,674,818)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Net change in fair value of EIFVOCI	156,586,957	66,469,565	61,356,522
Remeasurement gain (loss) on defined benefit plan - net of tax effect	475,312	1,352,582	(112,236)
Equity in other comprehensive income (loss) of an associate	673,408	(944,406)	(1,081,972)
	155,759,220	53,843,900	58,487,496
TOTAL COMPREHENSIVE INCOME	₱1,022,471,638	₱387,952,490	₱604,964,136
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company	₱866,739,519	₱334,139,396	₱546,514,853
Noncontrolling interest	(27,101)	(30,806)	(38,213)
	₱866,712,418	₱334,108,590	₱546,476,640
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	₱1,022,498,739	₱387,983,296	₱605,002,349
Noncontrolling interest	(27,101)	(30,806)	(38,213)
	₱1,022,471,638	₱387,952,490	₱604,964,136
Basic/Diluted Earnings per Share	₱0.28	₱0.06	₱0.20

See accompanying Notes to Consolidated Financial Statements.

NON-PFRS FINANCIAL MEASURES

The following table shows EBITDA as derived from the Group's net income for the period:

	Year ended 31 December		
	2025	2024	2023
	(in millions of Peso ₱)		
	(Audited)		
Net income attributable to equity holders of the parent	866.73	334.13	546.51
Non-controlling interests	-0.02	-0.03	-.03
Provision for income tax	60.29	116.20	153.33
Income before income tax	927.00	450.31	699.81
Add (Deduct):			
Depreciation and amortization	139.34	62.68	71.64
Interest expenses	197.19	127.66	67.12
EBITDA⁽¹⁾	1,263.54	640.66	838.58

Notes:

(1) *EBITDA is not a uniformly or legally defined financial measure. It generally represents earnings before interest, taxes, depreciation and amortization. The Group presents EBITDA because it believes it to be an important supplemental measure of its performance and liquidity and believes it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in its industry.*

The EBITDA figures are not, however, readily comparable to other companies' EBITDA figures, as they are calculated differently and must be read in conjunction with the related additional explanations. EBITDA has limitations as an analytical tool and potential investors should not consider it in isolation or as a substitute for analysis of its results as reported under PFRS. Some of the limitations concerning EBITDA are:

- *EBITDA does not reflect the Group's cash expenditures or future requirements for capital expenditures or contractual commitments;*
- *EBITDA does not reflect changes in, or cash requirements for, the Group's working capital needs;*
- *EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on the Group's debt;*
- *Although depreciation and amortisation are non-cash charges, the assets being depreciated or amortised will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and*
- *Other companies in the industry may calculate EBITDA differently than the Group does, limiting its usefulness as a comparative measure.*

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of its business. The Group compensates for these limitations by relying primarily on its PFRS results and using EBITDA only supplementally.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Material Event/s and Uncertainties

The Company has no other events to report on the following:

- Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.
- Any material commitments for capital expenditures.
- Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- Any seasonal aspects that had a material effect on the financial condition or results of operations.
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation
- All material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company as at December 31, 2025, 2024, and 2023 have been audited by SGV & Co, independent auditors, in accordance with Philippine Standards on Auditing as set forth in their report thereon appearing elsewhere in this Prospectus.

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

The audit and audit-related fees cover professional services related to the performance of the audit or review of the Company's annual financial statements by the external auditor. The Audit Committee reviews and approves the audit and non-audit services rendered by the Company's independent auditors to ensure that the Company does not engage the independent auditors for certain non-audit services expressly prohibited by regulations of the SEC to be performed by an external auditor for its audit clients. The proposal of independent auditors for professional services was submitted to, and reviewed by, the Audit Committee which, in turn, is endorsed to the Board of Directors for approval.

For the audit years 2025, 2024, 2023, the Partner-In-Charge of the audit is Alvin M. Pinpin.

External Audit Fees and Services

Aggregate fees billed for the calendar years 2025 and 2024 for the audit of financial statements:		
Amounts in PHP	2025	2024
Total Audit Fees	3,438,000	3,169,000

The nature of services comprising the fees includes the following: audit in accordance with generally accepted auditing standards; examination of the Company's internal control structure for the purpose of establishing a basis for determining the nature, timing and extent of auditing procedures necessary for expressing an opinion; procedures designed to provide reasonable assurance of detecting errors and irregularities that are material to the financial statements; and audit and business advisory.

Aggregate fees billed for the calendar years 2025 and 2024 for non-audit services are as follows:

	2025	2024
Other Assurance services	4,200,000	-
Tax Services	-	-
All other services	-	2,325,000
Total Non-Audit Fees	7,638,000	2,325,000

The nature of services comprising the fees includes the following: in-depth review of company's records to ascertain compliance with the rules and regulations of the Bureau of Internal Revenue and the local government; review completeness of documents for BIR and local government purposes; evaluation of income and business tax positions based on past and current operations to determine tax savings and/or exposures; recommend corrective measures to ensure compliance with tax laws; and recommend measures for tax- savings purposes.

The tax services evaluated the tax position of the Company and determined tax savings and/or exposures on a prospective transaction with different scenarios.

There were no other fees paid to the independent auditors other than for the above-described services.

The Company's Audit Committee recommends to the Board and stockholders the appointment of the external auditor and the fixing of audit fees. The Board and stockholders approve the Audit Committee's recommendation.

During end-of-audit, an initial conference by the external auditors with the management's authorized representatives discuss the initial findings. After the clarification conference, the external auditors together with the partner in-charge will discuss before the rest of the Audit Committee. If there are any revisions, another round of discussion will be set before the audited reports are finalized, accepted and approved.

Changes in and Disagreements with Accountants

The Company has not had any changes in or disagreements with its independent accountants/auditors on any matter relating to financial or accounting disclosures.

No interest in the Company

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

LEGAL MATTERS

All legal opinions/matters in connection with the issuance of each Offer will be passed upon by Picazo Buyco Tan Fider Santos & Dee (“**Picazo Law**”) for the Company and SyCip Salazar Hernandez & Gatmaitan (“**SyCipLaw**”) for the Underwriter. Picazo Law and SyCipLaw have no direct interest in the Company. None of the legal counsels will receive any direct or indirect interest in any of our securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer.

Picazo Law and SyCipLaw may from time to time be engaged to advise in the transactions of the Company and perform legal services on the basis that Picazo Law and SyCipLaw can provide such services to its other clients.

INDUSTRY OVERVIEW

REGULATIONS

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

GENERAL BUSINESS REGULATORY FRAMEWORK

Revised Corporation Code

Republic Act No. 11232, also known as the Revised Corporation Code, was signed into law on February 20, 2019, and took effect on February 23, 2019. Among the salient features of the Revised Corporation Code are as follows:

- Corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Revised Corporation Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the Philippine SEC that it elects to retain its specific corporate term under its current Articles of Incorporation.
- A corporation vested with public interest must submit to its shareholders and to the Philippine SEC an annual report of the total compensation of each of its directors or trustees, and a director or trustee appraisal or performance report and the standards or criteria used to assess each director, or trustee.
- Banks, quasi-banks, pawnshops, non-stock savings and loan associations, and corporations engaged in money service business, preneed trust and insurance companies, and other financial required, must have at least 20% independent directors in the Board, in accordance with the Securities and Regulation Code The Philippines is party to the United Nations Convention on Recognition and Enforcement of Foreign Arbitral Awards, though it is not party to any international treaty relating to the recognition or enforcement of foreign judgments. Nevertheless, a judgment or final order of a foreign court is, through the institution of an independent action brought in accordance with the relevant procedures set forth in the Rules of Court of the Philippines to enforce such judgment. This requirement also applies to other corporations engaged in businesses imbued with public interest, as may be determined by the Philippine SEC.
- The Revised Corporation Code allows the creation of a “One Person Corporation”. However, it expressly prohibits banks and quasi-banks, preneed, trust, insurance, public and publicly listed companies, among others, from being incorporated as such. This restriction also applies with respect to Close Corporation.
- Material contracts between the Company and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least two-thirds (2/3) of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.
- The right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or in absentia if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or in absentia are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or in absentia, the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option.
- As to the filing of the by-laws and any amendments made to the by-laws of any bank, banking institution, building and loan association, trust company, insurance company, public utility, and

other corporations governed by special laws, the Revised Corporation Code requires that a prior certificate of the appropriate government agency to the effect that such bylaws or amendments are in accordance with law, must be submitted.

- A favorable recommendation by the appropriate government agency is likewise required for banks or banking institutions, building and loan associations, trust companies, insurance companies, public utilities, and other corporations governed by special laws, before the Philippine SEC approves any merger or consolidation, or any voluntary dissolution.
- In case of transfer of shares of listed companies, the Philippine SEC may require that these corporations whose securities are traded in trading markets, and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Philippine SEC.

The Revised Corporation Code refers to the Philippine Competition Act in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the Philippine Competition Act thresholds.

Philippine Competition Act

On July 21, 2015, the President of the Philippines signed into law Republic Act No. 10667 or the Philippine Competition Act, which became effective on August 8, 2015. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities, prevent economic concentration which will manipulate or constrict the discipline of free markets, and penalize all forms of anti-competitive agreements, abuse of dominant position and anti-competitive mergers and acquisitions, with the objective of protecting consumer welfare and advancing domestic and international trade and economic development. Although the Philippine Competition Act is silent on its applicability specifically to the electric power industry, Section 55(c) of the Philippine Competition Act provides that insofar as Section 43(u) of the EPIRA is inconsistent with provisions of the Philippine Competition Act, it shall be repealed. In view of this, the Philippine Competition Commission (the “**PCC**”) now has the original and exclusive jurisdiction over anti-competitive cases in the energy sector.

On May 31, 2016, the PCC promulgated rules and regulations in order to effectively carry out the provisions of the Philippine Competition Act. Under the Rules, parties to a merger or acquisition are required to provide notification to the PCC when the following thresholds are met: (i) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent company of at least one of the acquiring or acquired entities, including that of all entities that the ultimate parent company controls, directly or indirectly (“**Size of Party/Person**”), exceeds ₱1,000,000,000.00; and (ii) the value of the transaction (“**Size of Transaction**”) exceeds ₱1,000,000,000.00.

The Size of Party/Person and Size of Transactions have been gradually increased by the PCC to ensure that the thresholds maintain their real value over time and relative to the size of the economy. Beginning March 1, 2019 and for every subsequent year, the notification thresholds will be indexed based on the official estimates by the Philippine Statistics Authority of the nominal GDP growth for the previous calendar year rounded up to the nearest hundred million.

Effective March 1, 2026, the threshold for the Size of Party/Person was increased to ₱9,100,000,000.00, and the threshold for the Size of Transaction was increased to ₱3,800,000,000.00.

A transaction that requires mandatory notification and does not comply with the notification requirements and waiting periods shall be considered void and will expose the therein parties to an administrative fine of 1 to 5.0% of the value of the transaction. Further, criminal penalties for such parties may be imposed, which include: (i) a fine of not less than ₱50,000,000.000 but not more than ₱250,000,000.00; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100,000,000.00 to ₱250,000,000.00 may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the

PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

Intellectual Property Code

Under the Intellectual Property Code of the Philippines, as amended, the rights to a trademark are acquired through the registration with the Bureau of Trademarks of the Intellectual Property Office, which is the principal government agency involved in the registration of brand names, trademarks, patents, and other registrable intellectual property materials.

Upon registration, the Intellectual Property Office shall issue a certificate of registration to the owner of the mark, which shall confer the right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which the mark is registered. The said certificate of registration shall also serve as *prima facie* evidence of the validity of registration and the registrant's ownership of the mark. A certificate of registration shall remain in force for an initial period of ten (10) years and may be renewed for periods of ten (10) years at its expiration.

Data Privacy Act of 2012

The Data Privacy Act of 2012 ("**DPA**"), protects all forms of information, be it private, personal, or sensitive. It applies to any natural or juridical persons involved in processing of information (which refers to any operation or any set of operations performed upon personal data including, but not limited to, the collection, recording, organization, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure, or destruction of data), whether in the government or private sector, and whether in or outside the Philippines.

The law defines personal information as any information whether recorded in a material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual. On the other hand, sensitive personal information refers to personal information:

- About an individual's race, ethnic origin, marital status, age, color, and religious, philosophical or political affiliations;
- About an individual's health, education, genetic or sexual life or a person, or to any proceeding for any offence committed or alleged to have been committed by such person, the disposal of such proceedings, or the sentence of any court in such proceedings;
- Issued by government agencies peculiar to an individual which includes, but not limited to, social security numbers, previous or current health records, licenses or its denials, suspension or revocation, and tax returns; and
- Specifically established by an executive order or an act of the Philippine Congress to be kept classified.

In general, the processing of sensitive personal information and privileged information is prohibited except where: (1) the data subject has given his or her consent, specific to the purpose prior to the processing, or in the case of privileged information, all parties to the exchange have given their consent prior to processing; (2) the processing is provided for by existing laws and regulations; (3) the processing is necessary to protect the life and health of the data subject or another person, and the data subject is not able to give consent; (4) the processing is carried out for limited non-commercial purposes by public organizations and their associations; (5) the processing is necessary for purposes of medical treatment, is carried out by a medical practitioner or a medical treatment institution, and an adequate level of protection of personal information is ensured; or (6) the processing is necessary for court proceedings or legal claims, or is provided to the government or a public authority.

The processing of personal information shall be allowed, subject to compliance with the requirements of the DPA and other laws allowing disclosure of information to the public and adherence to the principles of transparency, legitimate purpose, and proportionality. Personal information that is collected

must be retained only for a reasonable period of time. Such a reasonable period of time is the reasonable amount of time the collector needs the information for its purposes, and the collector must notify the owner of the personal information of that duration. The data collector must implement appropriate measures for the storage and protection of the collected personal information from accidental alteration, destruction, disclosure, and unlawful processing. Furthermore, the data controller must assign compliance officer(s) to ensure compliance with the provisions of the data privacy law and its accompanying implementing rules and regulations.

Under the DPA, the appointment of a Data Protection Officer (“**DPO**”) is a legal requirement for all personal information controllers (“**PICs**”) and personal information processors (“**PIPs**”). The DPO is accountable for ensuring the company’s compliance with all data privacy and security laws and regulations.

A PIC may be a natural or juridical person who exercises control over the processing of personal data and furnishes instructions to another person or entity to process personal data on its behalf. A PIP on the other hand, refers to a person or body instructed or outsourced by a PIC to engage in the processing of the personal data of a data subject.

The PIC or PIP that employs fewer than 250 persons shall not be required to register unless the processing it carries out is likely to pose a risk to the rights and freedoms of data subjects, the processing is not occasional, or the processing includes sensitive personal information of at least 1,000 individuals.

The DPA Implementing Rules and Regulations (“**DPA IRR**”) took effect on September 9, 2016, mandating all Philippines companies to comply with the following: (a) appointment of a Data Protection Officer; (b) conduct of a privacy impact assessment; (c) adoption of a privacy management program and privacy policy; (d) implement privacy and data protection measures; and (e) establish a breach reporting procedure. In addition, companies with at least 250 employees or access to sensitive personal information of at least 1,000 individuals are required to register their data processing systems with the Privacy Commission. The DPA IRR, furthermore provides the only instances when data sharing is allowed, to wit: (a) data sharing is authorized by law, provided that there are adequate safeguards for data privacy and security, and processing adheres to principles of transparency, legitimate purpose and proportionality; (b) in the private sector, data sharing for commercial purposes is allowed upon (i) consent of data subject, and (ii) when covered by a data sharing agreement; (c) data collected from parties other than the data subject for purpose of research shall be allowed when the personal data is publicly available; and (d) data sharing among government agencies for purposes of public function or provision of a public service shall be covered by a data sharing agreement.

Registration under the BOI

Under the Executive Order No. 226, otherwise known as the Omnibus Investments Code, as amended, a BOI- registered enterprise enjoy certain incentives, both financial and non-financial, provided such enterprise invests in preferred areas of investment enumerated in the Investment Priorities Plan annually prepared by the Government. However, prior to registration with the BOI, the enterprise must first satisfy the minimum equity required to finance the project applied equivalent to 25.0% of the estimated project cost, or as may be prescribed by the BOI. Such incentives include: (i) income tax holiday, (ii) exemption from taxes and duties on imported spare parts; (iii) exemption from wharfage dues and export tax, duty, impost and fees; (iv) reduction of the rates of duty on capital equipment, spare parts and accessories; (v) tax exemption on breeding stocks and genetic materials; (vi) tax credits; (vii) additional deductions from taxable income; (viii) employment of foreign nationals; simplification of customs procedure; and (x) unrestricted use of consigned equipment.

Mass housing projects are included in the enumeration of eligible projects or activities under the 2022 SIPP. BOI Memorandum Circular No. 2023-005 amended the 2022 SIPP and its specific guidelines in relation to mass housing by increasing the price ceiling for low-cost housing from ₱2.00 million to ₱3.00 million. In addition, BOI Memorandum Circular No. 2023-005 clarified that qualified housing projects are only eligible for ITH and duty exemption on capital equipment, raw materials, spare parts, or accessories and requires that 25% of a project’s construction materials must be sourced from domestic manufacturers. Additionally, projects that are eligible for five to six years of ITH are required to submit proof of compliance with the requirement of 300 trees or 500 trees, respectively, planted within the

project location itself and/or within the community where the project will be located within one year prior to availing the ITH.

Based on the latest BOI guidelines, economic and low-cost housing projects must meet the following criteria to qualify for registration: (a) the selling price of each housing unit shall not exceed ₱3,000,000.00 and shall not fall below the price ceiling of socialized housing based on the prevailing price ceiling issued by the DHSUD (*i.e.*, ₱2,500,000.00); (b) the project must be located outside the National Capital Region; (c) the project must have a minimum of 100 livable dwelling units in a single site or building; (d) the project must be new or expanding economic/low-cost housing project; and (e) for residential condominium projects, at least 51% of the total gross floor area must be devoted to housing units.

Economic housing projects with selling price not exceeding ₱2,500,000.00 are required to comply with the socialized housing requirement by building socialized housing units in an area equivalent to at least 15% of the total registered project area or total BOI-registered project cost for subdivision housing and 15% of the total floor area of qualified saleable housing units for residential condominium projects.

Further, low-cost housing projects with selling price exceeding ₱2,500,000.00 but not exceeding ₱3,000,000.00 must build socialized housing units in an area equivalent to at least 20% of the total registered project area or total BOI-registered project cost for subdivision housing and 20% of the total floor area of qualified saleable housing units for residential condominium projects.

On April 12, 2019, Republic Act No. 11285, otherwise known as the Energy Efficiency and Conservation Act, was enacted. Under the said law, upon certification by the DOE, energy efficiency projects shall be included in the annual investment priorities plan of the BOI and shall be entitled to the incentives provided under Executive Order No. 226, as amended, and any other applicable laws for 10 years from the effectivity of the Act. Said energy efficiency projects shall also be exempt from the requirements provided under Article 32(1) of Executive Order No. 226. Energy efficiency projects refer to projects designed to reduce energy consumption and costs by any improvement, repair, alteration, or betterment of any building or facility, or any equipment, fixture, or furnishing to be added to or used in any building, facility, or vehicle including the manufacturing and provision of services related thereto: provided, that such projects shall be cost-effective and shall lead to lower energy or utility costs during operation and maintenance.

The CREATE Act, which took effect on April 11, 2021, sought to rationalize the tax incentives provided by investment promotion agencies, such as the BOI. In view of the effectivity of the CREATE Act, registered business enterprises with incentives granted prior to the effectivity of the CREATE Act shall be subject to the following rules:

- (i) registered business enterprises whose projects or activities were granted only an income tax holiday prior to the effectivity of the law shall be allowed to continue to avail of the income tax holiday for the remaining period specified in the terms and conditions of their registration, provided that enterprises that have been granted the income tax holiday but have not yet availed of such incentive upon the effectivity of the law may use the income tax holiday for the period specified in the terms and conditions of their registration;
- (ii) registered business enterprises whose projects or activities were granted an income tax holiday prior to the effectivity of the law and that are entitled to 5% tax on gross income earned incentive after the income tax holiday shall be allowed to avail of the 5% tax on gross income incentive subject to the ten-year limit under the CREATE Act; and
- (iii) registered business enterprises currently availing of the 5% gross income earned incentive granted prior to the effectivity of the law shall be allowed to continue of such tax incentive for ten (10) years.

Local Government Code

Republic Act No. 7160, otherwise known as the Local Government Code of 1991 (the “**LGC**”) establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every local government unit (the “**LGU**”) shall

exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

The power to tax and police power are exercised by the LGU through their respective legislative bodies. Specifically, the LGU, through its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of the prosperity, and the promotion of the morality, peace, good order, comfort, convenience, and general welfare of the locality and its inhabitants. Ordinances can reclassify land, impose real property taxes, regulate business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

Labor and Employment

The Department of Labor and Employment (“**DOLE**”) is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code of the Philippines and the Occupational Safety and Health Standards (which sets out, among others, the guidelines applicable to different establishments intended for the protection of every workingman against the dangers of injury, sickness or death through safe and healthful working conditions), as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

Social Security System, PhilHealth and the Pag-IBIG Fund

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 11199, the Social Security Act of 2018 to ensure coverage of employees following procedures set out by the law and the Social Security System (“**SSS**”). Under the said law, an employer must deduct from its employees their monthly contributions in an amount corresponding to his salary, wage, compensation or earnings during the month in accordance with the monthly salary credits, the schedule and the rate of contributions as may be determined and fixed by the Social Security Commission, pay its share of contribution and remit these to the SSS within a period set by law and/ or SSS regulations.

Employers are likewise required to ensure enrollment of its employees in a National Health Insurance Program administered by the Philippine Health Insurance Corporation a government corporation attached to the Department of Health tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of Republic Act No. 10606, the National Health Insurance Act of 2013. On February 20, 2019, Republic Act No. 11223, the Universal Health Care Act, was enacted, which amended certain provisions of the National Health Insurance Act of 2013. Under the said law, all Filipino citizens are now automatically enrolled into the National Health Program. However, membership is classified into two types, direct contributors and indirect contributors. Direct contributors refer to those who have the capacity to pay premiums, are gainfully employed and are bound by an employer-employee relationship, or are self-earning, professional practitioners, migrant workers, including their qualified dependents, and lifetime members. On the other hand, indirect contributors refer to all others not included as direct contributors, as well as their qualified dependents, whose premium shall be subsidized by the national government including those who are subsidized as a result of special laws. Every member is also granted immediate eligibility for health benefit package under the program.

Under Republic Act No. 9679, the Home Development Mutual Fund Law of 2009, all employees who are covered by the SSS must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund.

Occupational Safety and Health Standards Law

On 17 August 2018, Republic Act No. 11058 or the Occupational Safety and Health Standards Law was signed into law. It mandates employers, contractors or subcontractors and any person who manages, controls, or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness, or physical harm to the

workers. It also requires employers, contractors, or subcontractors to give complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency.

An employer, contractor or subcontractor who willfully fails or refuses to comply with the Occupational Safety and Health Standards Law shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor, or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

Labor Code Provision on Retirement Pay

The Philippine Labor Code provides that, in the absence of a retirement plan provided by their employers, private sector employees who have reached 60 years of age or more, but not beyond 65 years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least five years of service in an establishment, may retire and receive a minimum retirement pay equivalent to one-half month's salary for every year of service, with a fraction of at least six months being considered as one whole year.

For the purpose of computing the retirement pay, "one-half month's salary" shall include all of the following: 15 days salary based on the latest salary rate; in addition, 1/12 of the thirteenth month pay and the cash equivalent of five days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement.

DOLE Mandated Work-Related Programs

Under the Comprehensive Dangerous Drugs Act, a national drug abuse prevention program implemented by the DOLE must be adopted by private companies with ten or more employees. For this purpose, employers must adopt and establish company policies and programs against drug use in the workplace in close consultation and coordination with the DOLE, labor and employer organizations, human resource development managers and other such private sector organizations. DOLE Department Order No. 053-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programs for the private sector.

The employer or the head of the work-related, educational, or training environment or institution also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement, or prosecution of such cases. Under Republic Act No. 7877, otherwise known as the Anti-Sexual Harassment Act, the employer will be solidarily liable for damages arising from the acts of sexual harassment committed in the workplace if the employer is informed of such acts by the offended party and no immediate action is taken. Notwithstanding this, the victim of sexual harassment is not precluded from instituting a separate and independent action for damages and other affirmative relief. Any person who violates the provisions of this law shall, upon conviction, be penalized by imprisonment of not less than one month nor more than six months, or a fine of not less than ₱10,000 nor more than ₱20,000, or both such fine and imprisonment, at the discretion of the court. Any action arising from the violation of the provisions of this law shall prescribe in three years.

Under Republic Act No. 11313, or the Safe Spaces Act, the employer shall have the duty to prevent, deter, or punish the performance of acts of gender-based sexual harassment in the workplace. Towards this end, the employer or person of authority, influence or moral ascendancy shall: (a) Disseminate or post in a conspicuous place a copy of this Act to all persons in the workplace; (b) Provide measures to prevent gender-based sexual harassment in the workplace, such as the conduct of anti-sexual harassment seminars; (c) Create an independent internal mechanism or a committee on decorum and investigation to investigate and address complaints of gender-based sexual harassment which shall: (1) Adequately represent the management, the employees from the supervisory rank, the rank-and-file employees, and the union, if any; (2) Designate a woman as its head and not less than half of its members should be women; (3) Be composed of members who should be impartial and not connected or related to the alleged perpetrator; (4) Investigate and decide on the complaints within ten (10) days or less upon receipt thereof; (5) Observe due process; (6) Protect the complainant from retaliation; and (7) Guarantee confidentiality to the greatest extent possible; (d) Provide and disseminate, in

consultation with all persons in the workplace, a code of conduct or workplace policy which shall: (1) Expressly reiterate the prohibition on gender-based sexual harassment; (2) Describe the procedures of the internal mechanism created under Section 17(c) of this Act; and (3) Set administrative penalties. In addition to liabilities for committing acts of gender-based sexual harassment, employers may also be held responsible for: (a) non-implementation of their above-mentioned duties; or (b) not taking action on reported acts of gender-based sexual harassment committed in the workplace. Any person who violates subsection (a) of this section, shall upon conviction, be penalized with a fine of not less than ₱5,000.00 nor more than ₱10,000.00. Any person who violates subsection (b) of this section, shall upon conviction, be penalized with a fine of not less than ₱10,000.00 nor more than ₱15,000.00.

Moreover, the Philippines AIDS Prevention and Control Act and its implementing rules and regulations require all private workplaces to have a policy on HIV and AIDS and to implement a workplace program in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it is strictly limited to medical personnel.

All private workplaces are also required to establish policies and programs on solo parenting, Hepatitis B, and tuberculosis prevention and control.

REGULATIONS RELATING TO THE REAL ESTATE BUSINESS

Property Registration

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

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

The act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned, and in all cases under the said decree, the registration shall be made in the office of the Register of Deeds for the province or city where the land lies. Every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument, or entry affecting registered land, if filed or entered in the office of the Register of Deeds for the province or city where the land to which it relates lies, shall be constructive notice to all persons from the time it is registered, filed, or entered in the records of the Register of Deeds.

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

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

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

Nationality Restrictions

The Philippine Constitution limits ownership of land in the Philippines to Filipino citizens or to corporations the outstanding capital stock of which is at least 60% owned by Philippine Nationals. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning building and other permanent structures. However, pursuant to Republic Act No. 4726 (as amended), with respect to condominium developments, the ownership of condominium units where the common areas in the condominium project are co-owned by the owners of the separate units or owned by a corporation is limited to up to 40% foreign equity.

Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991, and the Thirteenth Regular Foreign Investment Negative List, provide that certain investment areas and economic activities are nationalized or partly-nationalized, such that the operation and/or ownership thereof are wholly or partially reserved for Filipinos. Under these regulations, and in accordance with the Philippine Constitution, ownership of private lands is partly-nationalized and thus, landholding companies may only have a maximum of 40% foreign equity.

Considering the foregoing, for as long as the Company or any of its subsidiaries own land in the Philippines, or continue to conduct property development in the Philippines, foreign ownership in the Company shall be limited to a maximum of 40% of the capital stock of the Company which is outstanding and entitled to vote. Accordingly, the Company shall disallow the issuance or the transfer of shares to persons other than Philippine Nationals and shall not record transfers in its books if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership discussed above. Philippine National, as defined under the Foreign Investment Act, means a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and the entitlement to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Revised Corporation Code, of which 100% of the capital stock outstanding and the entitlement to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals.

Compliance with the required ownership by Philippine Nationals of a corporation is determined on the basis of its outstanding capital stock whether fully paid or not, but only such stocks which are generally entitled to vote are considered.

In the case of *Express Investments v. Bayan Telecommunications, Inc.* (G.R. No. 174457-59) (the "**Express Investments Case**"), the Supreme Court ruled that "the term 'capital' in Section 11, Article XII of the Constitution refers only to shares of stock that can vote in the election of directors."

On May 20, 2013, the SEC, however, issued Memorandum Circular No. 8 or the Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly Nationalized Activities. The Circular provides that for purposes of determining compliance with nationality restrictions, the required percentage of Filipino ownership shall be applied to both (a) the total number of outstanding shares of stock entitled to vote in the election of directors; and (b) the total number of outstanding shares of

stock, whether or not entitled to vote in the election of directors, which seems to contradict the Express Investments Case above. A petition questioning the constitutionality of the SEC issuance is currently pending with the Supreme Court.

More recently, in the case of *Narra Nickel Mining and Development Corporation, et.al vs. Redmont Consolidated Mines Corp.* (G.R. No. 195580) and its corresponding motions for reconsideration (the “**Narra Nickel Case**”), the Supreme Court affirmed that the Grandfather Rule, wherein shares owned by corporate shareholders are attributed either as part of Filipino or foreign equity by determining the nationality not only of such corporate shareholders, but also such corporate shareholders’ own shareholders, until the nationality of shareholder individuals is taken into consideration, is to be used jointly and cumulatively with the Control Test, which merely takes into account the nationality of the listed shareholders of the corporation. Such joint and cumulative application shall be observed as follows: (1) if the corporation’s Filipino equity falls below 60%, such corporation is deemed foreign-owned, applying the Control Test; (2) if the corporation passes the Control Test, the corporation will be considered a Filipino corporation only if there is no doubt as to the beneficial ownership and control of the corporation; and (3) if the corporation passes the Control Test but there is doubt as to the beneficial ownership and control of the corporation, the Grandfather Rule must be applied.

On January 28, 2015, the Supreme Court issued a Resolution dismissing with finality the Motion for Reconsideration of its decision in the Narra Nickel Case. Thus, the Supreme Court affirmed that the Grandfather Rule is to be used jointly and cumulatively with the Control Test, as follows: (1) if the Filipino equity of the corporation falls below 60%, it is immediately considered foreign-owned, applying the Control Test; (2) if the corporation passes the Control Test, the corporation will be considered a Filipino corporation only if there is no doubt as to the beneficial ownership and control of the corporation; and (3) if the corporation passes the Control Test but there is doubt as to the beneficial ownership and control of the corporation, the Grandfather Rule must be applied.

Thus, although the Narra Nickel Case in no way abandons the use of the Control Test and the Foreign Investments Act provisions in determining the nationality of a corporation, it appears to expand and/or modify the doctrine laid in the Gamboa Case cited above. Under the Constitution, however, no doctrine or principle of law laid down by the Supreme Court in a decision *en banc* or in division may be modified or reversed except by the court sitting *en banc*.

Zoning and Land Use

Land use may be also limited by zoning ordinances enacted by LGUs. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant LGU. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the DAR, land classified for agricultural purposes as of or after June 15, 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

DAR Land Conversion Clearance/Exemption Clearance

Under DAR Administrative Order (“**AO**”) No. 1, series of 1990 (Revised Rules and Regulations Governing Conversion of Private Agricultural Land to Non- Agricultural Uses), “**agricultural land**” refers to the following: (1) those devoted to agricultural activity as defined in RA 6657 or the Comprehensive Agrarian Reform Law (“**CARL**”) and not classified as mineral or forest by DENR and its predecessor agencies, and (2) not classified in town plans and zoning ordinances as approved by the HLURB and its preceding competent authorities prior to 15 June 1988 for residential, commercial or industrial use.

Land is not agricultural, and therefore, outside of the ambit of the CARP if the following conditions concur: (i) the land has been classified in town plans and zoning ordinances as residential, commercial or industrial; and (ii) the town plan zoning ordinances embodying the land classification has been approved by the HLURB and its preceding competent authorities prior to June 15, 1988.

Conversion clearances are not needed for lands already classified as non-agricultural prior to the enactment of the CARL. Any landowner whose lands fall within this definition and desires to have an

exemption clearance from the DAR should file the application with the Regional Office of the DAR where the land is located.

Under Section 3.4 of DAR AO No. 01, series of 2002 or the 2002 Comprehensive Rules on Land Use Conversion), these rules shall apply to all applications for conversion such as conversion of agricultural lands that were “reclassified by the LGU or by way of a Presidential Proclamation to residential, commercial, industrial, or other non-agricultural uses on or after the effectivity of RA 6657 on June 15, 1988 pursuant to Section 20 of RA 7160 and other pertinent laws and regulations, and are to be converted to such uses. However, for those reclassified prior to June 15, 1988, the guidelines in securing an exemption clearance from the DAR shall apply.”

NCIP Certificate of Non-Overlap

Republic Act No. 8371, or The Indigenous Peoples Rights Act of 1997 (“**IPRA**”), provides that no department or governmental agency shall issue, renew or grant any concession, license or lease, or enter into any production-sharing agreement without prior certification from the National Commission on Indigenous Peoples (“**NCIP**”) that the area affected does not overlap with any ancestral domain (*i.e.*, Certificate of Non-Overlap or CNO).

Under the Implementing Rules and Regulations of the IPRA, the Ancestral Domain Office shall issue the certification only after a field-based investigation that such areas are not within any certified or claimed ancestral domains are conducted. The Certificate of Non-Overlap (“**CNO**”) shall be issued by the NCIP Regional Director (RD) and concurred with by the concerned NCIP Commissioner.

Real Estate Development in the Philippines

Presidential Decree No. 957, otherwise known as the Subdivision and Condominium Buyer’s Protective Decree (“**P.D. 957**”) and Batas Pambansa Bilang 220 (“**B.P. 220**”), R.A. 4726 and R.A. 7279 are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. P.D. 957, B.P. 220, R.A. 4726 and R.A. 7279 cover subdivision projects for residential, commercial, industrial, or recreational purposes and condominium projects for residential or commercial purposes.

On February 14, 2019, Republic Act No. 11201, otherwise known as “Department of Human Settlements and Urban Development Act” was signed into law by the President. Consequently, the Implementing Rules and Regulations of the Act was approved on July 19, 2019. The HUDCC and HLURB were consolidated to create the DHSUD. Simultaneously, the HLURB was reconstituted into the HSAC. The functions of the HUDCC and the planning and regulatory functions of HLURB were transferred to and consolidated in the DHSUD, while the HSAC shall assume and continue to perform the adjudication functions of HLURB. Now, DHSUD is the administrative agency of the Government which, together with LGUs, enforces these decrees and has jurisdiction to regulate the real estate trade and business.

All subdivision and condominium plans for residential, commercial, industrial, and other development projects are subject to approval by the DHSUD and the relevant LGU of the area in which the project is situated. The development of subdivision and condominium projects can commence only after the LGU has issued the development permit.

The development of subdivision and condominium projects can commence only after the relevant government body has issued the required development permit. The issuance of a development permit is dependent on, among other things: (i) compliance with required project standards and technical requirements which may differ depending on the nature of the project and (ii) issuance of the barangay clearance, the locational clearance, DENR permits and DAR, as applicable, conversion or exemption orders, as discussed below.

Further, all subdivision plans and condominium project plans are required to be filed with and approved by the DHSUD. Approval of such plans is conditional on, among other things, the developer’s financial, technical, and administrative capabilities. Alterations of approved plans which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the DHSUD and the written conformity or consent of the duly organized homeowners’ association, or in the absence

of the latter, by the majority of the lot buyers in the subdivision. Owners of, or dealers in, real estate projects are required to obtain licenses to sell before making sales or other dispositions of lots or real estate projects. Dealers, brokers, and salesmen are also required to register with the DHSUD.

Project permits and licenses to sell may be suspended, cancelled, or revoked by the DHSUD, by itself or upon a verified complaint from an interested party, for reasons such as involvement in fraudulent transactions, misrepresentation about the subdivision project or condominium project in any literature which has been distributed to prospective buyer. A license or permit to sell may only be suspended, cancelled, or revoked after a notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HSAC's rules of procedure and other applicable laws.

Subdivision or condominium units may be sold or offered for sale only after a license to sell has been issued by the DHSUD. The license to sell may be issued only against a performance bond posted to guarantee the completion of the construction and maintenance of the roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision or condominium project and compliance by the owner or dealer with the applicable laws and regulations.

Real estate dealers, brokers and salesmen are also required to register and secure a certificate of registration with the DHSUD before they can sell lots or units in a registered subdivision or condominium project. The certificate of registration will expire on the first day of December of each year.

There are essentially two (2) different types of residential subdivision developments, which are distinguished by different development standards issued by the DHSUD. The first type of subdivision, aimed at low-cost housing, must comply with BP 220, a Philippine statute regulating the development and sale of real property as part of a condominium project or subdivision, which allows for a higher density of building and relaxes some construction standards. All other subdivisions must comply with PD 957, which sets out standards for lower density developments. Both types of development must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, the sewage disposal system, electrical supply, lot sizes, the length of the housing blocks and house construction.

BP 220 and its Implementing Rules and Regulations ("**BP 220 IRR**") apply to the development of economic and socialized housing projects in urban and rural areas. Likewise, they apply to the development of either a house and lot or a house or lot only ("**Covered Project**").

Under BP 220 and the BP 220 IRR, the Covered Project must be approved by the DHSUD or the LGU, as the case may be, before it commences. The BP 220 IRR also provides for several obligations of the developer, such as the initiation of organization and registration of a homeowner's association, and the donation of roads and open spaces found in the project to LGUs of the area after their completion had been certified by the board¹ December 2025, the DHSUD and the Department of Economy, Planning and Development ("**DEPDEV**") issued Joint Memorandum Circular No. 2025-001, providing for adjustments of the price ceiling for socialized subdivision and condominium projects under BP 220.

For socialized house and lot packages, the maximum selling price, inclusive of land, land development, and house or unit construction, is set at ₱844,440 for units with a floor area of a minimum of 24 sqm to 26 sqm, and ₱950,000 for units with a minimum floor area of 27 sqm and above. In computing floor area, lofts and mezzanines are excluded, fractional measurements are disregarded with floor area stated in whole numbers only, and units below 24 sqm cannot be issued a License to Sell under the new ceiling; moreover, provided the ₱950,000 cap is not exceeded, no maximum total floor area is prescribed. For lot-only packages, the price may not exceed 40% of the applicable house-and-lot ceiling, based on a single detached structure.

For socialized condominium projects, the base price ceilings are ₱1,280,000 and ₱1,500,000 for three to five-storey buildings (for 24–26 sqm units and 27 sqm and above units, respectively), and ₱1,600,000 and ₱1,800,000 for buildings above five storeys. For projects in the National Capital Region and other Highly Urbanized Cities, allowable adjustments to condominium selling prices may be added to the base ceiling depending on BIR zonal land values, subject to maximum add-ons ranging from ₱50,000 to ₱200,000. These adjustments apply only to socialized condominium projects and only to new License to Sell applications, and must be supported by a BIR certificate of zonal valuation for the project location.

The DHSUD and DEPDEV issued the implementing rules and regulations relating to Joint Memorandum Circular No. 2025-001 on 22 December 2025.

Under current regulations, a developer of a residential subdivision, with an area of one hectare or more and covered by P.D. 957, is required to reserve at least 30% of the gross land area of such subdivision, which shall be non-saleable, for open space for common uses, which include roads, parks, playgrounds and recreational facilities. A developer of a subdivision is required to reserve at least 3.5% of the gross project area for parks and playgrounds.

Further, RA 7279, as amended by Republic Act No. 10884, requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15% of the total subdivision area or total subdivision project cost, or total subdivision project cost and at least 5% of condominium area or project cost, at the option of the developer, within the same city or municipality, whenever feasible, and in accordance with the standards set by the DHSUD and other existing laws. To comply with this requirement, the developers may choose to develop for socialized housing an area equal to 15% of the total area of the main subdivision project or allocate and invest an amount equal to 15% of the main subdivision total project cost, which shall include the cost of the land and its development as well as the cost of housing structures therein, in development of a new settlement through purchase of socialized housing bonds, participation in a community mortgage program, the undertaking of joint-venture projects and the building of a large socialized housing project to build a credit balance.

Under the 2022 Strategic Investment Priorities Plan issued by the Board of Investments, mass housing projects are eligible for government incentives subject to certain policies and guidelines.

The Company has benefited from providing low-income housing or projects of such types which are financially assisted by the Government. These policies and programs may be modified or discontinued in the future. The Government may also adopt regulations which may have the effect of increasing the cost of doing business for real estate developers. Under current law, income derived by domestic corporations from the development and sale of socialized housing which currently, among other things, must have a basic selling price of no more than ₱450,000.00, is exempt from project related income taxes. Sale of residential dwellings with a gross selling price of ₱3,600,000 or less, where the instrument of sale, transfer, disposition was executed and notarized on or after January 1, 2012 are exempt from VAT. However, for instruments of sales executed and notarized on or after November 1, 2005 but prior to January 1, 2012, the threshold amounts are ₱1.5 million and ₱2.5 million, respectively, and excess thereof is subject to 10% output VAT, and starting February 1, 2006, to 12% output VAT. Sale, transfer or disposal of two (2) or more adjacent residential lots or dwellings by the same seller to the same buyer within a 12-month period, even if covered by separate titles or tax declarations, will be considered as one residential area for purposes of computing the threshold levels for VAT purposes. Under the 2011 and 2012 Investment Priorities Plan issued by the BOI and approved by the President on July 5, 2011, and June 13, 2012, respectively, mass housing projects including development and fabrication of housing components, are eligible for government incentives subject to certain policies and guidelines. In the future, since the sale of socialized housing units comprise a portion of homes sold by the Company, any changes in the tax treatment of income derived from the sale of socialized housing units may affect the effective rate of taxation of the Company.

Executive Order No. 45 prescribes a specific period for a government agency and the LGUs to act on application for certifications, clearances and permits for housing projects. It also provides an option for the applicant-developer where the government agency or LGU refuses or fails to dispose an application for said housing permit, in which case an affidavit may be submitted with supporting technical studies and documents, in lieu of the certification, clearance or permit.

Real Estate Sales on Installments

The provisions of Republic Act No. 6552, or the Maceda Law, apply to all transactions or contracts involving the sale or financing of real estate on instalment payments (including residential condominium units but excluding industrial lots and commercial buildings and sales to tenants under RA 3844). Under the provisions of the Maceda Law, where a buyer of real estate has paid at least two (2) years of

instalments, the buyer is entitled to the following rights in case of a default in the payment of succeeding instalments:

- To pay, without additional interest, the unpaid instalments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of instalment payments made. However, this right may be exercised by the buyer only once every five (5) years during the term of the contract and its extensions, if any.
- If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50% of the total payments made, and in cases where five (5) years of instalments have been paid, an additional 5% every year (but with a total not to exceed 90% of the total payments). However, the actual cancellation of the contract shall take place after thirty (30) days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

The computation of the total number of installment payments made includes down payments, deposits, or options on the contract.

In the event that the buyer has paid less than two (2) years of installments, the seller shall give the buyer a grace period of not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

Notably, the buyer has the right to sell or assign his or her rights to another person or to reinstate the contract by updating the account during the grace period and before actual cancellation of the contract. The deed of sale or assignment shall be done by notarial act.

Philippine Financial Reporting Standards

On August 15, 2017, the Commission approved the adoption of the Philippine Financial Reporting Standards (PFRS) No. 15, *Revenue from Contracts with Customers*, effective for annual reporting periods beginning on or after January 1, 2018, as part of its financial reporting rules. PFRS No. 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle is that an entity recognizes revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

On January 31, 2018, and June 27, 2018, respectively, the Philippine Interpretation Committee (“PIC”) issued PIC Q&A 2018-12-H, *Accounting for Common Usage Area Service (“CUSA”) Charges*, and PIC Q&A 2018-14, *Accounting for Cancellation of Real Estate Sales*.

PIC Q&A 2018-12-H (Accounting for Common Usage Area Service (CUSA) Charges) discussed as to whether the real estate developer acts as a principal or customer in goods and services that it delivers based on contract of lease with the tenants. Based on the contract of lease, the real estate developer bills and charges the tenant for electricity, water, air conditioning, and common use service area (CUSA) expenses every month. The real estate developer may shut off all utilities to the premises occupied by the tenant/customer at any time if they have failed to pay the outstanding bills due to the real estate developer.

If a contract with a customer includes more than one specified good or service, an entity could be a principal for some specified goods or services and an agent for others. In this case, the real estate developer, being the assigned administrator of the building, is the agent who coordinates with utility companies to ensure that tenants have access to utilities. For CUSA expenses and air conditioning charges, the real estate developer is the principal and the party responsible to provide the necessary services to the CUSA and to provide proper ventilation and air conditioning to the leased premises.

On the other hand, PIC Q&A 2018-14 (Accounting for Cancellation of Real Estate Sales) discussed two (2) approaches as to how real estate developers should account for the sales cancellation and repossession of the property. The first approach recognizes the repossessioned property at its fair value

less cost to repossess. The second approach recognizes the repossessed property at its fair value plus repossession cost.

In a meeting held by the Securities and Exchange Commission *en banc* on February 7, 2019, the Committee decided to provide relief to the real estate industry by deferring the application of the provisions of PIC Q&A Nos. 2018-12 (H) and 2018-14 for a period of three (3) years or until 2023.

During this period of deferral, land will be allowed to be included in the percentage of completion (“POC”) calculation only at historical acquisition cost. Uninstalled materials shall be included in the calculation of the POC based on the proportionate work accomplishment of significant building components procured which are specifically and directly identifiable to the project, as long as covered by contracts and purchase orders, and partially paid for.

A real estate company may opt not to avail of any of the relief provided above and instead comply in full with the requirements of PIC Q&A Nos. 2018-12-H and 2018-14. Real estate companies which opted for the deferral shall be required to disclose in the Notes to the Financial Statements the accounting policies applied, a discussion of the deferral of the subject implementation issues in the PIC Q&A and a qualitative discussion of the impact in the financial statements had the concerned application guideline in the PIC Q&A been adopted. The above relief shall form part of the PFRS for the purpose of preparing and filing general-purpose financial statements with the Commission.

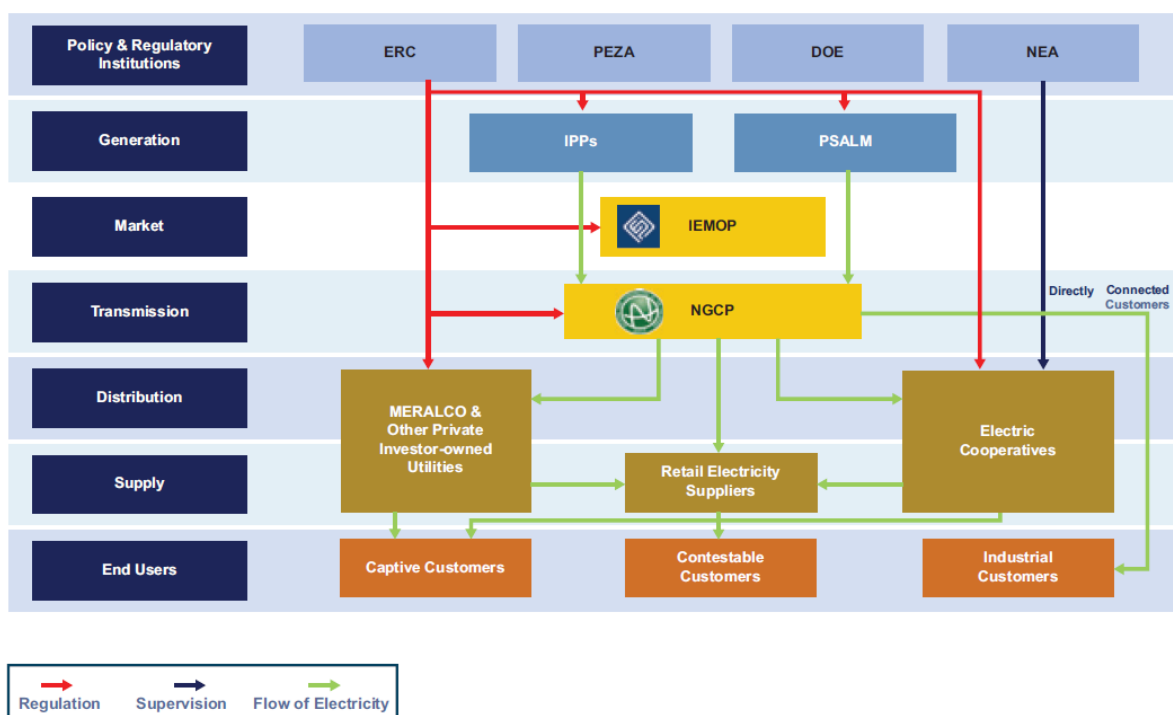
Effective January 1, 2021, real estate companies will adopt the subject pronouncements and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

REGULATIONS RELATING TO POWER AND UTILITIES BUSINESS

ORGANIZATION AND OPERATION OF THE POWER INDUSTRY

Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 (“EPIRA”) established a framework for the organization, operation and restructuring of the electric power industry, with the industry divided into four sectors: generation, transmission, distribution and supply. The following diagram shows the current structure of the electric power industry under the EPIRA.

Industry structure under the EPIRA:



Through the EPIRA, the Government instituted major reforms with the goal of fully privatizing all aspects of the power industry. The principal objectives of the EPIRA are:

- to ensure and accelerate the total electrification of the country;
- to ensure the quality, reliability, security and affordability of the supply of electric power;
- to ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market;
- to enhance the inflow of private capital and broaden the ownership base of the power generation, transmission and distribution sectors;
- to ensure fair and non-discriminatory treatment of public and private sector entities in the process of restructuring the electric power industry;
- to protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power;
- to assure socially and environmentally compatible energy sources and infrastructure;
- to promote the utilization of indigenous and new and renewable energy resources in power generation in order to reduce dependence on imported energy;
- to provide for an orderly and transparent privatization of the assets and liabilities of NPC;
- to establish a strong and purely independent regulatory body and system to ensure consumer protection and enhance the competitive operation of the electricity market; and
- to encourage the efficient use of energy and other modalities of demand side management.

With a view to implementing these objectives, the DOE, in consultation with the relevant Government agencies, electric power industry participants, non-Government organizations and electricity consumers, promulgated the Implementing Rules and Regulations (the “IRR”) of the EPIRA on February 27, 2002 (subsequently amended in 2007).

The IRR governs the relations between, and respective responsibilities of, the different electric power industry participants as well as the particular Governmental authorities involved in implementing the structural reforms in the industry, including, but not limited to, the DOE, NPC, NEA, ERC and PSALM.

Reorganization of the Electric Power Industry

Of the many changes initiated by the EPIRA, of primary importance is the reorganization of the electric power industry by segregating the industry into four sectors: (i) the generation sector; (ii) the transmission sector; (iii) the distribution sector; and (iv) the supply sector. The goal is for the generation and supply sectors to be fully competitive and open, while the transmission sector will be a regulated common electricity carrier business and the distribution sector will be a regulated common carrier business requiring a national franchise, thus both the transmission and distribution sectors will be regulated as public utilities. Prior to the EPIRA, the industry was regulated as a whole, with no clear distinctions between and among the various sectors and/or services.

The Generation Sector

Under the EPIRA, power generation per se is not a public utility operation. Thus, generation companies are not required to secure congressional franchises, and there are no restrictions on the ability of non-Filipinos to own and operate generation facilities. However, generation companies must obtain a certificate of compliance from the ERC, as well as health, safety and environmental clearances from appropriate Government agencies under existing laws. Furthermore, PPAs and PSAs between generation companies and distribution utilities are subject to the review and approval of the ERC. Generation companies are also subject to the rules and regulations of the ERC on abuse of market power and anticompetitive behavior. In particular, the ERC has the authority to impose price controls, issue injunctions, require divestment of excess profits and impose fines and penalties for violation of the EPIRA and the IRR policy on market power abuse, cross-ownership and anti-competitive behavior.

The goal of the EPIRA is for the generation sector to be open and competitive, while the private sector is expected to take the lead in introducing additional generation capacity. Generation companies will compete either for bilateral contracts with various RESs, electric cooperatives and private distribution utilities, or through spot sale transactions in the WESM. With the implementation of RCOA in Luzon and Visayas, generation companies are already able to sell electricity to eligible end-users. “Open

Access” is defined under the IRR as the system of allowing any qualified person the use of electric power transmission and distribution systems and associated facilities subject to the payment of transmission and/or distribution retail wheeling rates; while “Retail Competition” is defined as the provision of electricity to a contestable market (which, under prevailing regulations, refer to electricity end-users with monthly average peak demand of at least 500 KW) by persons licensed by the ERC to engage in the business of supplying electricity end-users through Open Access.

To prevent monopolies and anti-competitive behavior, House Bill No. 9260 was filed in the House of Representatives on April 27, 2021. The bill, which seeks to prohibit ownership by distribution utilities in generation companies and retail electricity suppliers, has been pending in the House of Representatives Committee on Energy since May 17, 2021.

Recovery by distribution utilities of their purchased power cost is subject to review by the ERC to determine reasonableness of the cost and to ensure that the distribution utilities do not earn any revenue therefrom. With the commencement of the RCOA, generation rates, except those intended for such end-users who may not choose their supplier of electricity (the “**Captive Market**”), ceased to be regulated.

The generation sector converts fuel and other forms of energy into electricity. It consists of the following: (i) NPC-owned-and-operated generation facilities; (ii) NPC-owned plants, which consist of plants operated by IPPs, as well as IPP-owned-and-operated plants, all of which supply electricity to NPC; and (iii) IPP-owned-and-operated plants that supply electricity to customers other than NPC.

Under the EPIRA, generation companies are allowed to sell electricity to distribution utilities or to RESs through either bilateral contracts or the WESM as described below. With the implementation of RCOA on December 26, 2013, as supplemented by DOE Department Circular No. DC2015-06-0010, generation companies may likewise sell electricity to eligible end-users with an average monthly peak demand of 750 KW and certified by the ERC to be contestable customers. In 2016, the ERC issued the implementing rules governing the issuance and renewal of licenses to RESs and the rules governing contestability of qualified end-users (collectively, the “**2016 ERC RES Issuances**”). However, in February 2017, the Philippine Supreme Court, acting on the petition filed by certain entities, issued a temporary restraining order enjoining the DOE and the ERC from implementing DC 2015-06-0010 and the 2016 ERC RES Issuances.

In response to the temporary restraining order, and to provide guidance to relevant power industry players, the DOE issued DC2017-12-0013 and DC2017-12-0014 encouraging eligible contestable customers to voluntarily participate in RCOA.

Subsequently, the DOE issued DC 2019-07-11 (Amending Various Issuances on the Implementation of the RCOA), which provides that contestable customers may voluntarily register as a trading participant in the WESM and that it shall source its electricity supply requirements from ERC-licensed/authorized suppliers.

In 2020, the ERC resumed the processing of RES license applications on the basis of a 2011 ERC resolution on RES licensing (the “**2011 ERC Resolution**”) in light of the temporary restraining order issued by the Philippine Supreme Court in 2017. As of date of this Prospectus, the ERC continues to process RES license applications on the basis of the 2011 ERC Resolution as it has yet to issue supporting guidelines to DC 2017-12-0013 and DC 2017-12-0014 in compliance with the directive of the Supreme Court.

On March 2, 2021, the Philippine Supreme Court promulgated its decision, a copy of which was made publicly available on September 24, 2021, finally declaring DC 2015-06-0010 and the 2016 ERC RES Issuances void for being bereft of legal basis. As a result, the temporary restraining order issued by the Philippine Supreme Court in February 2017, which enjoined the DOE and ERC from implementing DC 2015-06-0010 and the 2016 ERC RES Issuances, has been made final. In the same decision, the Philippine Supreme Court also directed the ERC to promulgate the supporting guidelines to DC 2017-12-0013 and DC 2017-12-0014.

On November 17, 2021, the ERC revoked Resolution No. 17, series of 2014, which held in abeyance the evaluation of RES license applications and suspended the issuance of RES licenses in accordance 2011 RES Resolution until the issuance of the 2016 ERC RES Issuances.

In order to address gaps, ensure adherence to policy objectives and strengthen competition, the ERC issued ERC Resolution No. 13, Series of 2024, entitled “A Resolution Adopting the Omnibus Rules for Customer Choice Programs in the Retail Market” (“**2024 Omnibus Rules for Customer Choice Program**”), which provides, among others, the procedures for obtaining a RES license. On November 20, 2025, the ERC issued ERC Resolution No. 22, Series of 2025, entitled “A Resolution Lowering the Eligibility Threshold for Retail Competition and Open Access (RCOA) and Retail Aggregation Program (RAP)” which provided that the demand threshold for eligibility to the CREM/RCOA and RAP shall be the average monthly peak demand of at least 100kW. The same resolution provided timelines to comply for all stakeholders including holders of RES licenses.

The generation sector must observe the market share limitations set in the EPIRA which states that no generation company or related group is allowed to own more than 30% of the installed generating capacity of the Luzon, Visayas or Mindanao Grids and/or 25% of the national installed generating capacity. Also, no generation company associated with a distribution utility may supply more than 50% of the distribution utility’s total demand under bilateral contracts, without prejudice to the bilateral contracts entered into prior to the effectivity of EPIRA. On March 13, 2025, the ERC issued Resolution No. 07, Series of 2025, which set the Installed Generating Capacity (“**IGC**”) and Market Share Limitation (“**MSL**”) per grid and for the national grid for the year 2025, in accordance with Section 45(a) of EPIRA. The established limits are as follows: (i) Luzon Grid: IGC of 19,419.6 MW with a 30% MSL cap of 5,825.9 MW; (ii) Visayas Grid: IGC of 3,383.9 MW with a 30% MSL cap of 1,015.2 MW; (iii) Mindanao Grid: IGC of 4,292.6 MW with a 30% MSL cap of 1,287.8 MW; and (iv) National Grid: IGC of 27,096 MW with a 25% MSL cap of 6,774 MW.

Historically, the generation sector has been dominated by NPC. To introduce and foster competition in the sector, and, more importantly, to lessen the debt of NPC, the EPIRA mandates the total privatization of the generation assets and IPP contracts of NPC, which exclude the assets devoted to missionary electrification through the small power utilities group of NPC. NPC is directed to transfer ownership of all the assets for privatization to a separate entity, PSALM, which is specially tasked to manage the privatization. Beginning early 2004, PSALM has been conducting public bidding for the generation facilities owned by NPC.

The Company believes that that based on data from PSALM: (a) as of April 30, 2024, PSALM has privatized and turned over to the relevant successor generating companies a combined capacity of 5,581.43MW covering 34 generating assets and assigned seven IPP contracts to IPP administrators with a combined contracted capacity of 3,610.25 MW and (b) PSALM has transferred five decommissioned plants to winning bidders. Major generation assets sold include the 747.53 MW Tiwi-Makban geothermal power plant, the 650 MW Malaya thermal power plant, the 600 MW Batangas (Calaca) coal-fired thermal power plant, the 600 MW Masinloc coal fired power plant, the 620 MW Limay combined cycle power plant, 360 MW Magat hydroelectric power plant, and the 305 MW Palinpinon-Tongonan geothermal power plant. Among the capacities privatized through IPPA Agreements include the 95.25 MW Mindanao I and II (Mt. Apo 1 and 2) geothermal power plants, 1,000 MW Sual coal-fired power plant, the 700 MW Pagbilao coal-fired power plant, the 345 MW of the San Roque Power Plant, the 70 MW Bakun hydroelectric power plant, the 40 MW Unified Leyte Geothermal Power Plant, and the 1,200 MW Ilijan combined-cycle gas-fired power plant.

Section 47(j) of the EPIRA prohibits NPC from incurring any new obligations to purchase power through bilateral contracts with generation companies or other suppliers. Also, NPC is only allowed to generate and sell electricity from generating assets and IPP contracts that have not been disposed of by PSALM.

Generation companies which are not publicly listed are required to offer and sell to the public a portion of not less than 15% of their common shares of stock. Under prevailing regulations, any offer of common shares of stock for sale to the public through any of the following modes shall be deemed as public offering:

- listing in the PSE;

- a public offering undertaken in accordance with the Securities Regulation Code and its implementing rules and regulations; and
- listing in any accredited stock exchange or direct offer of a portion of registered enterprises' capital stock to the public and/or their employees, when deemed feasible and desirable by the BOI.

Senate Bill No. 1088, filed with the Philippine Senate on August 11, 2025, aims to remove the public offering requirement of generation companies. The bill remains pending with the Philippine Senate Committees on Energy and Public Services as of September 9, 2025.

On February 15, 2024, the Philippine SEC issued SEC Memorandum Circular No. 4, Series of 2024, which provides for a simplified registration process for securities issued by generation companies and distribution utilities which are mandated to comply with the public offering requirement under the EPIRA. The guidelines cover the pre-filing clearances of the corporation, financial information and disclosures to be submitted to the SEC and documentary filing requirements for the registration statement.

On October 16, 2025, the ERC issued ERC Resolution No. 17, Series of 2025 amending sections 1.4 and 2.2 of ERC Resolution No. 9, Series of 2011. The resolution updated the definition of a holding company insofar as the public offer requirement is concerned to include those that have an indirect control or ownership of another company through one or more intermediary companies. Additionally, a publicly-listed holding company is considered to have satisfied the public offer requirement on behalf of its controlled generation company or distribution utility if the ownership structure, direct and indirect, are clearly established by such documents as may be required by the ERC.

On February 16, 2021, the ERC issued Resolution No. 03, series of 2021, dated November 11, 2020 entitled "A Resolution Adopting the Revised Guidelines for the Financial Capability Standards of Generation Companies" (the "**Revised Financial Guidelines**"). The Revised Financial Guidelines apply to all generation companies including IPPAs, except those which own only generation facilities exclusively for its own consumption or unless otherwise exempted by any law or statute. Under the Revised Financial Guidelines, a generation company is required, among others, to meet a minimum annual debt service capability ratio of 1.25x throughout the period covered by its ERC certificate of compliance, provided that if its financial or loan agreements require a higher debt service capability ratio, then such higher ratio shall serve as its minimum requirement. A generation company performing below the benchmark is required to submit its program to comply, setting forth the specific activities to be undertaken in order to meet the financial capability benchmark, within 60 days from receipt of an ERC directive. A generation company that fails to comply with the requirements set forth under the Revised Financial Guidelines shall be subject to imposition of fines and penalties. In addition, non-compliance with financial capability standards may result in the disclosure by the ERC of such fact, together with any mitigating or aggravating circumstances related thereto, via periodic bulletins.

On September 13, 2023, the ERC issued Resolution No. 17, series of 2023, which adopted revised rules for the issuance of Certificates of Compliance ("**COC**") for generation facilities (the "**Revised COC Guidelines**"). The Revised COC Guidelines provides for, among others, the issuance of a provisional authority to operate in favor of a generation company pending its completion of the requirements for the issuance a COC, when the power demand and supply situation warrant the same and provided that the requirements for the grant of such interim authority have been complied with.

The Transmission Sector

Pursuant to the EPIRA, NPC has transferred its transmission and sub-transmission assets to TransCo, which was created pursuant to the EPIRA to assume, among other functions, the electrical transmission function of the NPC. The principal function of TransCo is to ensure and maintain the reliability, adequacy, security, stability and integrity of the nationwide electrical grid in accordance with the Philippine Grid Code (the "**Grid Code**"). TransCo is also mandated to provide open and non-discriminatory access to its transmission system to all electricity users.

The transmission of electricity through the transmission grid is subject to transmission wheeling charges. As the transmission of electric power is a regulated common carrier business, TransCo's transmission wheeling charges are subject to regulation and approval by the ERC.

The EPIRA also requires the privatization of TransCo through an outright sale of, or the grant of, a concession over the transmission assets while the sub-transmission assets of TransCo are to be offered for sale to qualified distribution utilities. In December 2007, NGCP, comprising a consortium of Monte Oro Grid Resources, Calaca High Power Corporation and State Grid Corporation of China, won the concession contract to operate, maintain and expand the TransCo assets with a bid of U.S.\$3.95 billion. On January 15, 2009, NGCP was officially granted the authority to operate the sole transmission system of the country pursuant to a legislative franchise granted by the Philippine Congress under Republic Act No. 9511.

The Grid Code establishes the basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the Philippine Grid, or the high-voltage backbone transmission system and its related facilities. The Grid Code identifies and provides for the responsibilities and obligations of three key independent functional groups, namely: (a) the grid owner, or TransCo; (b) the system operator, or NGCP as the current concessionaire of TransCo; and (c) the market operator, or the PEMC. These functional groups, as well as all users of the grid, including generation companies and distribution utilities, must comply with the provisions of the Grid Code as promulgated and enforced by the ERC.

In order to ensure the safe, reliable and efficient operation of the Philippine Grid, the Grid Code provides for, among others, the following regulations:

- the establishment of a grid management committee, which is tasked with the monitoring of the day-to-day operations of the grid;
- performance standards for the transmission of electricity through the grid, as well as the operation and maintenance thereof, which standards shall apply to TransCo, NGCP, distribution utilities and suppliers of electricity; and
- technical and financial standards and criteria applicable to users of the grid, including generation companies and distribution utilities connected or seeking to connect thereto; and other matters relating to the planning, management, operation and maintenance of the grid.

On March 21, 2022, President Duterte signed into law Republic Act No. 11659, which amended the Public Service Act (the “**PSA Amendment**”). The PSA Amendment limited the definition of public utility to a public service that operates, manages, or controls for public use any of the following: (1) distribution of electricity; (2) transmission of electricity; (3) petroleum and petroleum products pipeline transmission systems; (4) water pipeline distribution systems and wastewater pipeline system, including sewerage pipeline systems; (5) seaports; and (6) public utility vehicles. The PSA Amendment provides for an exclusive enumeration of what constitutes a public utility, and states that “[n]o other person shall be deemed a public utility unless otherwise subsequently declared by law.” The PSA Amendment also expressly provides that “notwithstanding any law to the contrary, nationality requirements shall not be imposed by the relevant administrative agencies on any public service not classified as a public utility.” Under the PSA Amendment, transmission of electricity continues to be a public utility subject to nationality restrictions and applicable regulations.

The Distribution Sector

The distribution of electric power to end-users may be undertaken by private distribution utilities, cooperatives, local Government units presently undertaking this function, and other duly authorized entities, subject to regulation by the ERC. The distribution business is a regulated public utility business requiring a franchise from the Philippine congress, although franchises relating to electric cooperatives remained under the jurisdiction of the NEA until the end of 2006. All distribution utilities are also required to obtain a certificate of public convenience and necessity from the ERC to operate as public utilities. Based on the latest available data from the DOE, there are 26 private distribution utilities and 124 electric cooperatives in the Philippines.

They are also required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code (the “**Distribution Code**”) (which provides the rules and regulations for the operation and maintenance of distribution systems), the Distribution Services and Open Access Rules and the performance standards set out in the IRR of the EPIRA.

The distribution sector is regulated by the ERC, with distribution wheeling charges, as well as connection fees from its consumers, subject to ERC approval. The retail rate imposed by distribution utilities for the supply of electricity to its captive consumers is also subject to ERC approval. In addition, as a result of the policy of the Government in promoting free competition and Open Access, distribution utilities are now required to provide universal and non-discriminatory access to their systems within their respective franchise areas following commencement of the RCOA.

The Distribution Code establishes the basic rules and procedures that govern the operation, maintenance, development, connection and use of the electric distribution systems in the Philippines. The Distribution Code defines the technical aspects of the working relationship between the distributors and all the users of the distribution system, including distribution utilities, embedded generators and large customers. All such electric power industry participants in distribution system operations are required to comply with the provisions of the Distribution Code as promulgated and enforced by the ERC.

To ensure the safe, reliable and efficient operation of distribution systems in the Philippines, the Distribution Code provides for, among others, the following regulations:

- technical, design and operational criteria and procedures to be complied with by any user who is connected or seeking connection to a distribution system;
- performance and safety standards for the operation of distribution systems applicable to distributors and suppliers; and
- other matters relating to the planning, development, management, operation and maintenance of distribution systems.

The Supply Sector

The supply of electricity refers to the sale of electricity directly to end-users. The supply function used to be undertaken largely by franchised distribution utilities. However, with the commencement of the RCOA, the supply function has become competitive. The retail supply business is not considered a public utility operation and suppliers are not required to obtain franchises. However, the supply of electricity to a market of end-users who have a choice on their supplier of electricity is considered a business affected with public interest. As such, the EPIRA requires all RESs to obtain a license from the ERC and they are subject to the rules and regulations of the ERC on the abuse of market power and other anti-competitive or discriminatory behavior.

A RES may only sell up to 50% of its total capacity to all of its end-user affiliates.

With the RCOA already implemented, a RES license will allow a generation company to enter into retail electricity supply agreements with contestable customers. This will encourage competition at the retail level and it is planned that retail competition will gradually increase over time, provided that supply companies are sufficiently creditworthy to be suitable offtakers for generation companies.

The following table summarizes the power supply and demand highlights in the Philippines for 2020 based on data from the DOE:

Grid	Installed capacity (MW)	Dependable capacity (MW)	Peak demand (MW)
Luzon	17,840	16,010	11,103
Visayas	3,863	3,369	2,201
Mindanao	4,548	4,031	1,978
Philippines	26,250	23,410	15,282

Role of the ERC

The ERC is the independent, quasi-judicial regulatory body created under the EPIRA that replaced the Energy Regulatory Board. The ERC plays a significant role in the restructured industry environment, consisting of, among others, promoting competition, encouraging market development, ensuring consumer choice and penalizing abuse of market power by industry participants.

Among the primary powers and functions of the ERC are:

- to determine, fix and approve, after conducting public hearings, transmission and distribution wheeling charges and retail rates and to fix and regulate the rates and charges to be imposed by distribution utilities on their captive end-users, as well as the universal charge to be imposed on all electricity end-users, including self-generating entities;
- to grant, revoke, review or modify the certificates of compliance required of generation companies and the licenses required of suppliers of electricity in the contestable market;
- to enforce the Grid Code and Distribution Code, which shall include performance standards, the minimum financial capability standards, and other terms and conditions for access to and use of transmission and distribution facilities;
- to enforce the rules and regulations governing the operations of the WESM and the activities of the WESM operator and other WESM participants to ensure a greater supply and rational pricing of electricity;
- to ensure that the electric power industry participants and NPC functionally and structurally unbundled their respective business activities and rates and to determine the levels of cross-subsidies in the existing and retail rates until the same is removed in accordance with the different sectors;
- to set a lifeline rate for marginalized end-users;
- to promulgate rules and regulations prescribing the qualifications of suppliers which shall include, among others, their technical and financial capability and creditworthiness;
- to determine the electricity end-users comprising the contestable and Captive Markets;
- to fix user fees to be charged by TransCo/NGCP for ancillary services to all electric power industry participants or self-generating entities connected to the grid;
- to monitor and adopt measures to discourage or penalize abuse of market power, cartelization and any anticompetitive or discriminatory behavior by any electric power industry participant;
- to review and approve the terms and conditions of service of TransCo/NGCP and any distribution utility or any changes therein;
- to perform such other regulatory functions as are appropriate and necessary in order to ensure the successful restructuring and modernization of the electric power industry; and
- to have original and exclusive jurisdiction over all cases that involve the contesting of rates, fees, fines and penalties imposed in the exercise of its powers, functions and responsibilities and over all cases involving disputes between and among participants or players in the energy industry relating to the foregoing powers, functions and responsibilities except cases which involve abuse of market power, cartelization and any anticompetitive or discriminatory behavior by any electric power industry participant.

Role of the DOE

In accordance with its mandate to supervise the restructuring of the electric power industry, the DOE exercises, among others, the following functions:

- preparation and annual updating of the Philippine Energy Plan and the Philippine Power Development Program, and thereafter integrate the latter into the former;
- ensuring the reliability, quality and security of the supply of electric power;
- exercise of supervision and control over all Government activities pertaining to energy projects;
- encouragement of private investment in the power industry and promotion of the development of indigenous and renewable energy sources for power generation;
- facilitation of reforms in the structure and operation of distribution utilities for greater efficiency and lower costs;
- promotion of a system of incentives to encourage industry participants, including new generating companies and end-users, to provide adequate and reliable electric supply; education of the public (in coordination with NPC, ERC, NEA and the Philippine Information Agency) on the restructuring of the industry and the privatization of NPC assets; and
- establishment of the WESM in cooperation with electric power industry participants, and formulating rules governing its operations.

Role of the Joint Congressional Power Commission

The Joint Congressional Power Commission created pursuant to the EPIRA consists of 14 members selected from the members of the Philippine senate and house of representatives. Its responsibilities and functions include, among others, the following:

- monitoring and ensuring the proper implementation of the EPIRA;
- endorsement of the initial privatization plan of PSALM for approval by the President of the Philippines;
- ensuring transparency in the public bidding procedures adopted for the privatization of the generation and transmission assets of NPC;
- evaluation of the adherence of industry participants to the objectives and timelines under the EPIRA; and
- determination of inherent weaknesses in the EPIRA and recommend necessary remedial legislation or executive measures.

Pursuant to Republic Act No. 11571 which was signed into law on July 6, 2021, Section 62 of the EPIRA was amended to enhance the powers and functions of the Joint Congressional Power Commission (now named Joint Congressional Energy Commission). Republic Act No. 11571 also conferred upon the Joint Congressional Energy Commission jurisdiction to exercise oversight functions over the implementation of all existing energy laws as of the date of effectivity of Republic Act No. 11571, except Republic Act No. 9367, otherwise known as the “Biofuels Act of 2006.”

Competitive Market Devices

WESM

The EPIRA mandates the establishment of the WESM, which is a pre-condition for the implementation of the RCOA, within one year from its effectivity. The WESM provides a venue whereby generators may sell power, and at the same time, suppliers and wholesale consumers can purchase electricity where no bilateral contract exists between the two.

The rules and regulations of the WESM set the guidelines and standards for participation in the market, reflecting accepted economic principles and providing a level playing field for all electric power industry participants, and procedures for establishing the merit order dispatch for each time (hourly) trading period. These rules also provide for a mechanism for setting electricity prices that are not covered by bilateral contracts between electricity buyers and sellers.

On November 18, 2003, upon the initiative of the DOE, the PEMC was incorporated as a non-stock, non-profit corporation with membership comprising an equitable representation of electricity industry participants and chaired by the DOE. The PEMC acts as the autonomous market group operator and the governing arm of the WESM and was tasked to undertake the preparatory work for the establishment of the WESM, pursuant to Section 30 of the EPIRA and in accordance with the WESM Rules. Its primary purpose is to establish, maintain, operate and govern an efficient, competitive, transparent and reliable market for the wholesale purchase of electricity and ancillary services in the Philippines in accordance with relevant laws, rules and regulations.

The WESM commercial operations in the Luzon Grid started on June 26, 2006. The Visayas Grid was integrated into the WESM on December 26, 2010.

In anticipation of the increase of supply condition in Mindanao, the DOE, through DOE Department Circular No. DC2017-05-0009, declared the launch of the WESM in Mindanao. Similar to the operations in Luzon and Visayas, WESM's primary function is to be the venue for efficient scheduling, dispatch, and settlement of energy withdrawal and injections in the Mindanao Grid. WESM commercial operations in the Mindanao Grid commenced on January 26, 2023.

As of December 2023, there were 439 wholesale membership participants and 2,137 retail membership entities registered at the WESM based on its 2023 Annual Report.

The PEMC and the IEMOP have executed an operating agreement to formalize the transfer of all functions, assets and liabilities associated with market operations from the PEMC to the IEMOP effective September 26, 2018. With the signing of the operating agreement, the IEMOP took over the market operations of the WESM, a function that was previously performed by the PEMC. Republic Act No. 9136 requires the PEMC to divest itself of this function in favor of a separate entity that is independent of the market participants. To comply with the requirement, on February 6, 2018, the market participants and the DOE Secretary approved the transition plan calling for the formation of an independent market operator and the transfer of the market operation functions to it. The IEMOP is a non-stock, non-profit corporation led by a board of directors, all of whom are independents and do not have any interest or connection to the WESM participants, that was incorporated and organized to implement the plan. Beginning on September 26, 2018, the IEMOP has been running the electricity market and, among other things, managing the registration of market participants, receiving generation offers, announcing market prices, dispatching schedules of the generation plants and handling billing, settlement and collections. Under the policy and regulatory oversight of the DOE and the ERC, the PEMC has remained as the governing body for the WESM to monitor compliance by the market participants with the market rules.

DOE recently amended the WESM Rules to, among others: (i) clarify the roles of PEMC as the governance arm of WESM and IEMOP as market operator, and the composition of their respective boards, (ii) include the system operator and market operator within the coverage of WESM Rules, (iii) require the market operator to report to the ERC, DOE, PCC and the PEMC any incidents of non-compliance by an WESM member, including any potential anti-competitive behavior, and (iv) establish the several committees of PEMC, including the WESM Compliance Committee to monitor compliance by IEMOP and system operator, and oversee the investigations of breaches of the WESM rules and market manuals. In June 2021, the DOE further amended the WESM Rules, as well as retail rules and various market manual for the implementation of enhancements to WESM design and operations to promote participation in the retail competition. In August 2021, the WESM Rules were further amended to harmonize WESM Rules, retail rules and Renewable Energy Market rules, and to enable the Renewable Energy Registrar to carry out its functions in issuing Renewable Energy Certificates by granting it rights of access to information that are vital to its operations. In December 2021, the WESM Rules were again amended through DOE Department Circular No. DC2021-12-0041 to clarify the responsibilities of the Compliance Committee, and to amend the clauses on Enforcement and Disputes and Designation of Compliance Officers. In the same circular, the Market Manual on the WESM Compliance Officers Certification and Registration was approved and adopted.

On February 24, 2021, the DOE adopted the WESM Industry Code of Ethics which is intended to supplement other regulatory issuances, promote professionalism and integrity, and prescribe general standards of behavior which ought to be followed by the WESM participants and members, IEMOP, the WESM governance arm, the PEMC board and the WESM governance committees.

Through DOE Department Circular No. DC2021-06-0015 (“**DC2021-06-0015**”), the DOE declared the commercial operation of the Enhanced WESM Design and Operations (“**EWDO**”) effective June 26, 2021 in Luzon, Visayas and Mindanao. Except for certain instances where compliance with (i) dispatch conformance standards and (ii) posting of prudential requirements is relaxed, all WESM members and concerned electric power industry participants are required to comply with the provisions of DOE Department Circular No. DC2021-060015 and the WESM Rules and market manuals covering the EWDO. On July 30, 2021, the DOE issued Department Circular No. DC2021-08-0025 which set out the policies for the adoption of the WESM penalty manual for the implementation of EWDO.

In October 2021, the DOE further amended the WESM Rules and the market manual relating to the procedures and process for the approval of amendments to the WESM Rules and/or existing market manuals or adoption of new market manuals.

On December 21, 2021, the DOE issued Department Circular No. DC2021-12-0041 which further amended the WESM Rules and market manual on the certification and registration of WESM compliance officers.

In March 2022, the WESM Rules and various market manuals were further amended to reflect, among others, on prudential requirements for billing and settlement, de-registration and cessation of eligibility of a WESM member, clarifications on accounting of bilateral contracts, exceptions to confidentiality

undertakings for DOE and ERC, and provisions for audit and performance monitoring. The DOE further amended the WESM rules and various manuals in June 2022 to include, among others, additional steps that must be undertaken when a dispute arises between and/or among WESM members, the rules on registration, suspension, deregistration criteria and procedures. In October 2022, the DOE declared in a department circular that all renewable energy resources are considered preferential dispatch generating units in WESM.

The DOE adopted further amendments to the WESM rules and market manuals in November 2022 for the implementation of the reserve market. In December 2022, the DOE amended the WESM manual guidelines on the constitution of the Philippine Electric Market (PEM) Board committees.

In January 2023, the DOE introduced amendments to various WESM manuals to improve market resource modelling and monitoring, validation timeline adjustment for purposes of metering services, billing and settlement, and procedures for the implementation of the GEOP. In April 2023, amendments to DOE Department Circular No. DC2022-06-0022 on the application process of new WESM members were approved by the DOE, which amendments included guidelines for test and commissioning registration.

In July 2023, the DOE introduced further amendments to the WESM Rules and market manuals specifically with regard to the penalty framework for test and commissioning. In January 2024, various amendments to the WESM manual were approved by the DOE, including amendments relating to dispute resolution with respect to disputes under retail rules, provisions on maximum available capacity, and preferential dispatch on renewable energy generating units.

In June 2024, the WESM rules and market manuals were further updated to incorporate DOE issuances regarding reserve market compliance such as ancillary services monitoring.

In November 2024, the WESM Rules were further amended to incorporate DOE DC No. 2024-10-0030 on dispatch protocol and market surveillance regarding refinements to procedures during market intervention or market suspension.

WESM in Mindanao

In anticipation of the increase of supply condition in Mindanao, the DOE, through DOE Department Circular No. DC2017-05-0009, has declared the launch of the WESM. Similar to the operations in Luzon and Visayas, WESM's primary function is to be the venue for efficient scheduling, dispatch, and settlement of energy withdrawal and injections in the Mindanao Grid.

The PEMC has already initiated some preparatory activities in the upcoming WESM in Mindanao. During the first quarter of 2017, PEMC have conducted a series of public consultations. The WESM Trial Operation Program commenced on June 26, 2017 where its objective is to familiarize all Mindanao participants in the implementation of the WESM. Commercial operations of WESM in Mindanao I commenced on January 26, 2023, allowing the efficient transfer and settlement of electricity exchanges through the Mindanao-Visayas Interconnection, a project of the DOE under the Transition Development Plan.

RCOA

The EPIRA likewise provides for a system of Open Access on transmission and distribution wires, whereby TransCo/NGCP and distribution utilities may not refuse the use of their wires by qualified persons, subject to the payment of distribution wheeling charges. The full commercial operation of RCOA in Luzon and Visayas commenced on June 26, 2013 with a total of 275 registered participants. Conditions for the commencement of such Open Access system are as follows:

- establishment of the WESM;
- approval of unbundled transmission and distribution wheeling charges;
- initial implementation of the cross-subsidy removal scheme;
- privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and
- transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPPAs.

On June 6, 2011, pursuant to Resolution No. 10, Series of 2011, the ERC declared December 26, 2011 as the “Open Access Date” to mark the commencement of the full operations of the competitive retail electricity market in Luzon and Visayas. Accordingly, all electricity-end users with an average monthly peak demand of one MW for the 12 months preceding the Open Access Date, as certified by the ERC to be contestable customers, shall have the right to choose their own electricity suppliers.

To ensure smooth transition from the existing structure to RCOA, the ERC promulgated Resolution No. 16, Series of 2012, providing for a transition period from December 26, 2012 until June 25, 2013. However, the ERC effectively extended the transition period when it issued Resolution No. 11, Series of 2013, which allowed contestable customers to stay with their current distribution utility until December 25, 2013, or until such time that they were able to find a RES provided that it promptly informs the distribution utility of such fact. On June 19, 2015, the Department of Energy promulgated Department Circular No. DC2015-06-0010, which mandated contestable customers to secure their RSCs by June 25, 2016, including contestable customers with an average demand of 750 KW to 999 KW for the 12-month period preceding June 25, 2016.

With the implementation of the RCOA, the contestable markets (*i.e.*, under prevailing regulations, electricity end-users with monthly average peak demand of at least 500 KW) may choose where to source their electric power requirements and can negotiate with suppliers for their electricity. Likewise, certain end-users will be allowed to directly source power through the WESM or by entering into contracts with generation companies. This will encourage competition at the retail level and it is anticipated that retail competition will gradually increase over time, provided that supply companies are sufficiently creditworthy to be suitable offtakers for generation companies.

With the implementation of the RCOA, certain contracts entered into by utilities and suppliers may potentially be stranded. Stranded contract cost refers to the excess of the contracted cost of electricity under eligible contracts of NPC over the actual selling price of the contracted energy output of such contracts in the market. Under the EPIRA, recovery of stranded contract cost may be allowed provided that such contracts were approved by the Energy Regulatory Board (now the ERC) as of December 31, 2000.

In response to the temporary restraining order, and to provide guidance to relevant power industry players, the DOE issued DC2017-12-0013 and DC2017-12-0014 encouraging eligible contestable customers to voluntarily participate in the RCOA.

Subsequently, the DOE issued DC 2019-07-11 (Amending Various Issuances on the Implementation of the RCOA), which provides that contestable customers may voluntarily register as a trading participant in the WESM and that it shall source its electricity supply requirements from ERC-licensed/authorized suppliers. On March 2, 2021, the Philippine Supreme Court promulgated its decision, a copy of which was made publicly available on September 24, 2021, finally declaring DC 2015-06-0010 and the 2016 ERC RES Issuances void for being bereft of legal basis. As a result, the temporary restraining order issued by the Philippine Supreme Court in February 2017, which enjoined the DOE and ERC from implementing DC 2015-06-0010 and the 2016 ERC RES Issuances, has been made final. In the same decision, the Philippine Supreme Court also directed the ERC to promulgate the supporting guidelines to DC 2017-12-0013 and DC 2017-12-0014.

On December 28, 2020, the ERC issued Resolution No. 12, series of 2020 dated December 3, 2020 entitled “A Resolution Prescribing the Timeline for the Implementation of Retail Competition and Open Access (RCOA)”. ERC Resolution No. 12, series of 2020, mandates that RCOA shall be effective in grids where the WESM is operational and a separate rule shall be issued for the implementation of RCOA in Mindanao. Further, all suppliers of electricity shall be licensed/authorized by the ERC to supply electricity in the competitive retail electricity market.

Under ERC Resolution No. 12, the coverage of the RCOA is expanded for end-users with an average monthly peak demand of at least 500kW in the preceding 12 months, on a voluntary basis, subject to the effectivity dates prescribed by ERC. Under ERC Resolution No. 12, qualified contestable customers, with existing electronic meters capable of recording and reading interval of time with built-in communication port for remote and manual data retrieval, shall be allowed to switch to the competitive retail electricity market starting February 26, 2021. Meanwhile, qualified contestable customers with

existing electronic meters capable of recording and reading interval of time, but which would need to be enhanced with a communication port for remote and manual data removal, shall be allowed to switch to the competitive retail electricity market upon completion of installations of such enhancements until March 28, 2021.

On March 1, 2024, the DOE declared March 26, 2024 as the commencement date of commercial operations of RCOA in the Mindanao Grid and set forth relevant guidelines relating thereto. In relation thereto, the ERC issued ERC Resolution No. 06, series of 2024, which provided that all electricity end-users in Mindanao with an average monthly peak demand of at least 500kW for the 12 months preceding March 26, 2024 shall be eligible to participate in the RCOA.

On November 20, 2025, the ERC issued ERC Resolution No. 22, Series of 2025, entitled “A Resolution Lowering the Eligibility Threshold for Retail Competition and Open Access (RCOA) and Retail Aggregation Program (RAP)”. ERC Resolution No. 22, Series of 2025 provides that the demand threshold for eligibility to the CREM/RCOA and RAP shall be the average monthly peak demand of at least 100kW.

Unbundling of Rates and Removal of Cross Subsidies

The EPIRA mandates that distribution wheeling charges be unbundled from retail rates and that rates reflect the respective costs of providing each service. The EPIRA also states that cross-subsidies shall be phased out within a period not exceeding three years from the establishment by the ERC of a universal charge, which shall be collected from all electricity end-users. However, the ERC may extend the period for the removal of the cross-subsidies for a maximum of one year if it determines that there will be a material adverse effect upon the public interest or an immediate, irreparable and adverse financial effect on a distribution utility.

These arrangements are now in place, in satisfaction of the conditions for the RCOA.

The EPIRA likewise provides for a socialized pricing mechanism called a lifeline rate to be set by the ERC for marginalized or low-income captive electricity consumers who cannot afford to pay the full cost of electricity. These end-users are exempt from the cross-subsidy phase-out for a period of ten years, which exemption was extended until 2021 under Republic Act No. 10150. On May 27, 2021, President Duterte signed into law Republic Act No. 11552, which further amended the EPIRA by extending the implementation of the lifeline rate until 2051, unless extended by law. The amendatory law also specified the qualified marginalized end-users who are entitled to the lifeline rate, namely, (i) qualified household-beneficiaries under the *Pantawid Pamilyang Pilipino* Program of the Philippine government whose level of consumption are within the threshold determined by the ERC, and (ii) marginalized end-users who have been certified and continually validated as such by their distribution utility based on a criteria determined by the ERC.

Implementation of the Performance-Based Regulation (“PBR”)

The ERC issued the Rules for Setting Distribution Wheeling Rates that apply to privately owned distribution utilities entering PBR, which set out the manner in which the new PBR rate-setting mechanism for distribution-related charges will be implemented. PBR is intended to replace the return-on-rate-base regulation that has historically determined the distribution charges paid by the distribution companies’ customers. Under the PBR, the distribution-related charges that distribution utilities can collect from customers over a four-year regulatory period will be set by reference to projected revenues determined through a set regulatory asset base, the efficiency of the distribution utility and the latter’s capital, all of which are reviewed and approved by the ERC and used by the ERC to determine the efficiency factor of a distribution utility. For each year during the regulatory period, the distribution charge of a distribution utility is adjusted upwards or downwards taking into consideration the efficiency factor of the utility set against changes in overall consumer prices in the Philippines. The ERC has also implemented a performance incentive scheme whereby annual rate adjustments under PBR will also take into consideration the ability of a distribution utility to meet or exceed service performance targets set by the ERC, such as the average duration of power outages, the average time to provide connections to customers and the average time to respond to customer calls, with utilities being rewarded or penalized depending on their ability to meet these performance targets.

Competitive Selection Process

Under prevailing regulations, DUs and ECs are mandated to undertake a CSP in the procurement of PSAs to ensure the security and certainty of electricity prices of electric power in the long-term.

On February 1, 2018, the DOE issued the DOE CSP Policy, which sets forth the department's policy on the conduct of CSP in the procurement by DUs and ECs. Under the DOE CSP Policy, all PSAs are required to be procured through the CSP, except in the following instances: (i) generation project owned by the DU funded by grants or donations; (ii) negotiated procurement of emergency power supply with a cooperation period not exceeding one year; (iii) provision of power supply by any mandated government owned and controlled corporations for off-grid areas prior to, and until the entry of new power providers in the area; and (iv) provision of power supply by PSALM through bilateral contracts. In the event the CSP fails twice, and there is no outstanding dispute on the conducted CSP, the DU or EC may use direct negotiation for purposes of procuring the relevant PSA. While the DOE CSP Policy effectively revoked the authority of the ERC to issue supplemental guidelines and procedures relating to implement the CSP, the DOE directed the ERC to: (i) establish and impose existing fines and/or penalties for non-compliance with the DOE CSP Policy, (ii) review compliance with the requirements of CSP, (iii) develop a template PSA to be used with electric power industry participants, and (iv) develop rules and procedures to address disputes arising from the conduct of the CSP.

On September 24, 2021, the DOE issued DC 2021-09-0030 amending and supplementing certain provisions of the DOE CSP Policy. Under the DOE CSP Policy, as amended by DC 2021-09-0030, DUs and ECs shall, as a general rule, adopt competitive public bidding. However, alternative methods of procurement may be resorted to subject to the conditions provided therein. DC 2021-09-0030 also introduced procurement through unsolicited proposal as an alternative mode of procurement. In any given year, the capacity to be procured through unsolicited proposal shall not exceed 25% of the DU's or EC's peak demand for the year of the commercial operations of such unsolicited proposal, less any capacity procured through unsolicited proposal for commercial operations in the same year.

On June 30, 2023, the DOE issued Department Circular No. DC 2023-06-0021, promulgating the policy for the mandatory conduct of the competitive selection process by the distribution utilities for the procurement of power supply for their captive market (the "**CSP Rules**"), with the intention of simplifying the CSP procedure. The CSP Rules repealed the following department circulars of the DOE: DC2015-06-0008; DC2018-02-0003; DC2021-090030; and DC2022-06-0027. Under the CSP Rules, all power supplied under bilateral contracts shall be procured through CSP, except in the following instances: (i) provision for power supply by the NPC in off-grid areas prior to and until the entry of new power providers ("**NPPs**") or in emergency circumstances; (ii) provision for power supply by the PSALM through bilateral contracts for power produced from the undisposed generating assets and contracts with an independent power producer; (iii) power supply procured by any DU exercising the Opt-in Mechanism under the Green Energy Auction Program; (iv) supply to any DU from any generating plant embedded in its franchise area utilizing renewable energy resources wherein the contracted capacity of the embedded generation plant/s shall not exceed 10 MW per DU; (v) negotiated procurement of emergency power supply wherein the emergency power supply agreement shall be filed with the ERC within 30 calendar days after the occurrence of the force majeure, without need of any prior DOE clearance and with a maximum and non extendible period of one year from execution; and (vi) off-grid areas served or to be served by NPPs with less than 1 MW demand with 24-hour electricity service not covered by (i).

Pursuant to Department Circular No. DC2024-06-0018, the DOE issued Department Circular No. DC 2025-120029 on December 22, 2025 to provide specific guidelines for the conduct of, and award of renewable energy service contracts ("**RESCs**") under an open and competitive selection process ("**OCSP**"). DC 2025-12-0029 further established the Review and Evaluation Committee which has been mandated to examine, evaluate, and review the completeness of applications of renewable energy applicants to participate in the OCSP, including their legal, technical, and financial qualifications and/or capabilities.

Reduction of Taxes and Royalties on Indigenous Energy Resources

To equalize prices between imported and indigenous fuels, the EPIRA mandates the President of the Philippines to reduce the royalties, returns and taxes collected for the exploitation of all indigenous

sources of energy, including but not limited to, natural gas and geothermal steam, so as to effect parity of tax treatment with the existing rates for imported coal, crude oil, bunker fuel and other imported fuels. Following the promulgation of the IRR, then President Arroyo issued Executive Order No. 100, s. 2002, to equalize the taxes among fuels used for power generation. This mechanism, however, is yet to be implemented.

Framework for Energy Storage System in the Electric Power Industry

DOE Department Circular No. DC2019-08-0012 dated August 1, 2019 sets forth the framework for energy storage systems in the electric power industry in the Philippines (the “**ESS Framework**”). An energy storage system (“**ESS**”) refers to a facility acting as a load and a generator, which is designed to receive, store and convert such energy to electricity. ESS technologies include BESS, compressed air energy storage, flywheel energy storage, pumped-storage hydropower, and other emerging technologies that may be identified, qualified and approved by the DOE as ESS.

Under the ESS Framework, the following electric power industry participants may own and operate ESS: (i) generation companies, either as a stand-alone generating facility or an integrated ESS in its existing generating facilities; (ii) directly connected customers, for the purpose of managing their energy demands; (iii) end-users, for the purpose of managing their energy demands; (iv) qualified third parties, in conjunction with renewable energy-based generating facilities or as part of hybrid power systems to provide continuous electric service to households in the form of either a micro-grid or a distributed energy resource. Transmission network provider, small grid owner, system operator and system operator-small grid are prohibited from owning and operating an ESS. Further, the Transmission network provider is required to consider BESS as an alternative solution in addressing transmission issues such as line congestion and to consider ESS applications to defer network upgrades. In addition, the system operator is directed to optimize the addition of BESS (or ESS) into its ancillary services pool and prioritize environmentally friendly sources of energy.

Under the ESS Framework, ESS proponents shall apply and register their ESS for one or more of the following purposes:

- provision of ancillary services;
- provision of energy through bilateral supply contract or trading in the WESM;
- manage the penetration of renewable energy;
- auxiliary load management for generation companies;
- transmission/distribution facility upgrades deferral;
- transmission congestion relief;
- end-user demand management;
- distribution utility demand management; and
- distribution utility power quality management.

An ESS that provides frequency regulation, as part of the ancillary services, must be at least 20 MW for the Luzon Grid and at least 5 MW for the Visayas and Mindanao Grids.

All ESS proponents are required to secure (i) a Certificate of Compliance as a generation company from the ERC pursuant to existing guidelines on licensing of generation facilities; (ii) an environmental compliance certificate or any other equivalent document from the DENR; and (iii) other requirements by relevant government agencies pursuant to their existing guidelines. Distribution utilities that intend to enter into a PSA with ESS proponents for the supply of electricity to its captive customers shall observe (a) market share and bilateral contract limitations under Section 45 of the EPIRA; and (b) the DOE CSP Policy.

All ESS facilities shall comply with the rules and regulations on safety, health, environmental standards and proper disposal enforced by appropriate government agencies. In addition, ESS facilities connected to the transmission system as well as ESS connected to the distribution system with capacity equal to or above the following regional thresholds:

- 10 MW for Luzon Grid;
- 5 MW for Visayas Grid; and

- 5 MW for Mindanao Grid.

are mandated to register in the WESM and shall be classified under the generation company category, in accordance with the WESM rules and market manuals. All ESS integrated in generation facilities of generation companies are required have a separate registration in the WESM and shall comply with the requirements on separate metering and monitoring facilities, among others.

Government Approval Process

As set forth in the EPIRA, power generation is not considered a public utility operation. Thus, an entity engaged or intending to engage in the generation of electricity is not required to secure a national franchise. However, no person or entity may engage in the generation of electricity unless such person or entity has complied with the standards, requirements and other terms and conditions set by the ERC and has received a certificate of compliance from the ERC to operate facilities used in the generation of electricity. A certificate of compliance is valid for a period of five years from the date of issuance.

In addition to the certificate of compliance requirement, a generation company must comply with government-prescribed technical, financial capability, health, safety and environmental standards. A generation company must ensure that all its facilities connected to the grid meet the technical design and operational criteria of the Grid Code and Distribution Code promulgated by the ERC. In this connection, the ERC has issued guidelines setting the minimum financial capability standards for generation companies. Under the guidelines, a generation company is required to meet a minimum annual interest cover ratio or debt service capability ratio (which measures the ability of the power generation company to service its debts) of 1.5x throughout the period covered by its certificate of compliance. For certificate of compliance applications and renewals, the guidelines require the submission to the ERC of, among other things, a schedule of liabilities, and a five-year financial plan. For the duration of the certificate of compliance, the guidelines also require a generation company to submit audited financial statements and forecast financial statements to the ERC for the next two financial years, as well as other documents. The failure by a generation company to submit the requirements prescribed by the guidelines may be grounds for the imposition of fines and penalties.

With the introduction of RCOA, the rates charged by a generation company are no longer regulated by the ERC, except rates for Captive Markets (as determined by the ERC). In addition, since the establishment of the WESM, generation companies are now required to comply with the membership criteria and appropriate dispatch scheduling as prescribed under the WESM Rules.

In the course of developing a power plant, other permits, approvals and consents must also be obtained from relevant national, provincial and local Government authorities, relating to, among others, site acquisition, construction and operation, including environmental-related licenses and permits.

In October 2020, DOE Secretary Alfonso G. Cusi announced that the periodic assessment of the country's energy requirements has led the DOE to declare a moratorium on endorsements for greenfield coal power plants.

On January 11, 2021, the DOE issued an advisory dated December 22, 2020 with subject "Moratorium of Endorsements for Greenfield Coal-Fired Power Projects in Line with Improving the Sustainability of the Philippines' Electric Power Industry." Under this advisory, effective October 27, 2020, the DOE would no longer process applications for greenfield coal-fired power generation facility projects requesting for endorsements. However, existing and operational coal-fired power generation facilities as well as any coal-fired power project which comply with the following parameters will not be affected by the moratorium:

- (i) committed power projects;
- (ii) existing power plant complexes which already have firm expansion plans and existing land site provision; and
- (iii) indicative power project with substantial accomplishments, specifically:
 - with signed and notarized acquisition of land or lease agreement for the project; and
 - with approved permits or resolutions from local government units and the relevant regional development council where the power plant will be located.

On 14 October 2025, the DOE issued an advisory with the subject “Clarification on the Non-Coverage to the Coal Moratorium Policy.” Under this advisory, the DOE outlined non-coverage to the coal moratorium, specifically, (i) industrial parks intending to develop and use coal-fired power plants for their own operations, (ii) coal power for mining and processing of critical minerals essential to energy transition projects, (iii) coal-fired power projects to be located in off-grid areas, and (iv) new capacity from on-grid coal-fired power plants solely under exceptional circumstances (such as during a declared or imminent power crisis, or when there is an imminent shortage of electricity supply that, if unaddressed, may lead to severe impacts in specific areas or regions, as determined by the DOE).

Ancillary Services

Under the EPIRA, NGCP has the obligation to ensure and maintain the reliability, adequacy, security, stability and integrity of the grid in accordance with the performance standards for its operations and maintenance, as set forth in the Grid Code, and to adequately serve generation companies, distribution utilities and suppliers requiring transmission service and/or ancillary services through the transmission system.

In the performance of its functions as the grid system operator, NGCP requires ancillary services to ensure the power quality and stability of the grid. Ancillary services, as defined in Section 4(b) of the EPIRA, are services necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with the good utility practice and the Grid Code. These are support services to provide frequency control and include Primary Reserve, Secondary Reserve, and Tertiary Reserve.

In order to maintain the security and integrity of the grid, the system operator shall operate the grid in such a manner as to provide adequate frequency control to achieve operations within frequency limits at all times. Achieving effective frequency control requires the following ancillary services which are differentiated depending on their response time and sustainability.

- Primary Reserve Ancillary Service (“**PRAS**”). This reserve shall cover sudden outage or failure of synchronized generating unit or transmission line links or the power import from a single circuit interconnection, whichever is larger. The capacity of the PRAS provider should not be used in the regular energy supply but can be set to respond on small variations to system frequency to support the Secondary Reserves.
- Secondary Reserve Ancillary Service (“**SRAS**”). The system operator through AGC shall use the Secondary Reserve to restore the system frequency from the quasi-steady state value as established by the Primary Response and Reserve of generating units back to the nominal frequency of 60 Hz during contingent event. Small variations to system frequency to support the balance through Governor Control Mode (“**GCM**”) may be initiated. Where the Automatic Generation Control (“**AGC**”) function of the system operator is not fully operational, dispatcher may instruct the generator to transfer to GCM as well. SRAS should be controlled by the system operator through AGC with various AGC modes and frequency deadband settings in order to regulate the system frequency and the speed governing system shall be capable of accepting raise and lower signals or set point signals from the Control Center of the system operator.
- Tertiary Reserve Ancillary Service (“**TRAS**”). The capacity of the qualified generating units offered for this Ancillary Service should not be part of the regular energy supply and can either be synchronized to respond within 15 minutes or off-line provided that it can fully provide the required reserve within 30 minutes from the receipt of dispatch instruction. The Tertiary Reserve provider should be able sustain its contributed capacity for at least 60 minutes. If and only if, the Primary and Secondary Reserves have been exhausted, the system operator shall make use of the Tertiary Reserve to return/maintain the system frequency to 60Hz in cases of: tripping of a generating unit or a transmission line which creates generation-load unbalance, unplanned loss of the power import, disconnection of a large load or load blocks, system frequency increases above 60.1 Hz or reduces below 59.9 Hz and it is not possible to return it to nominal values with appropriate use of the Primary and Secondary Reserves. TRAS should be capable of operating through AGC or manual mode and shall be monitored and controlled by the system operator.

To implement and regulate the procurement of ancillary services, the ERC approved the Ancillary Services Procurement Plan (the “**ASPP**”) and the Ancillary Services — Cost Recovery Mechanism (the “**AS-CRM**”) on March 9, 2006 and October 3, 2007, respectively. Under the AS-CRM, NGCP secures Ancillary Services through the ASPA with qualified generation companies. For ancillary services arranged via the ASPA, the OATS Rules, the ASPP and the AS-CRM will be applied.

All ancillary services contracted by NGCP from qualified generators will be recovered through rates and charges from the generation customers, embedded generation customers and load customers, where applicable, subject to approval of the ERC.

ASPs require the substantial completion of the project prior to contracting with the NGCP and are subject to ERC approval. These are generally for a term of five years, extendible for another five years with relatively standard rates, particularly for regulating reserves.

Under prevailing DOE regulations, the system operator (or NGCP as the current concessionaire of TransCo) is mandated to conduct CSP for its ASPs in accordance with the guidelines promulgated by the DOE. On October 4, 2021, DOE issued DC2021-10-0031 which prescribes the policy for the transparent and efficient procurement of ancillary services by the system operator and requires that all ASPs shall be entered into by NGCP in accordance with the competitive procurement mechanisms provided thereunder. DC2021-10-0031 provides that within six months from effectivity thereof, NGCP shall conduct a CSP for the procurement of ancillary services for a contract period of a maximum of five years. Direct negotiation may be made after at least two CSPs, provided that there is no outstanding dispute on the conducted CSP. The ERC, in the exercise of its powers and functions under the EPIRA shall have the power to review whether the parties have complied with the requirements of CSP for ancillary services. All non-firm ASPs not converted to firm ASPs upon effectivity of DC2021-10-0031 shall be valid and effective. However, for purposes of dispatching of ancillary services, the firm ASPs will be prioritized.

Philippine Downstream Natural Gas Regulations

On November 28, 2017, DOE issued DC2017-11-0012 which provides the rules and regulations governing the Philippine Downstream Natural Gas Industry (“**PDNGI**”). DC2017-11-0012 sets forth the rules and regulations for siting, design, construction, expansion, rehabilitation, modification, operation, and maintenance of the downstream natural gas industry value chain. DC2017-11-0012 covers all downstream natural gas facilities and the operations or activities relating thereto, such as importation of LNG, storage, regasification, transmission and distribution to customers including the pipeline and its related facilities used to transport natural gas, as well as the operations or activities related thereto after the point of sale up to the last connection point to the customers.

Under DC2017-11-0012, no person, natural or juridical, shall construct, expand, rehabilitate, modify, operate or maintain a downstream natural gas facility unless authorized to do so by the DOE. Further, a person who intends to engage in the importation of any quantity of natural gas shall apply for accreditation with the Oil Industry Management Bureau of the DOE (“**DOE-OIMB**”). Prior to any importation, the accredited importer shall send a pre-importation notice to DOE-OIMB within the required period prior to loading of every importation. Upon compliance with the pre-importation requirements of the DOE, the DOE-OIMB shall issue an Acknowledgement to Import LNG which shall serve as primary authority for the accredited importer to import the specified quantity of LNG. Post-importation notice shall be submitted to the DOE-OIMB not later than 20 working days after unloading of every importation.

Retail prices of natural gas converted from LNG shall be deregulated. However, such retail price is required to be unbundled to the extent of reflecting the following basic pricing components: (i) Landed Cost of the natural gas; and (ii) Tolling Fee. The term “Landed Cost” refers to the cost of imported LNG upon delivery to the Philippines, which consists generally of the total of free on board, insurance, freight cost, currency conversion, custom duties, taxes, port-related fees, and other applicable fees. The “Tolling Fee” is composed of capacity payments, operating expenses, taxes and other incidental costs used for receiving, storage, and regasification of LNG into natural gas form usable as fuel and its delivery to the customer or buyer.

Excess capacity of the LNG import terminal facilities, transmission system (i.e., the pipeline and related facilities used to transport LNG extending between the connections from the gathering facilities to the last connection point before the distribution system), distribution system (i.e., the pipeline and related facilities used to transport LNG extending between the last delivery points of the transmission system to the last connection point to the customer) and other services offered by the grantee of a permit to operate and maintain under DC2017-11-0012 (the “**POM Grantee**”) shall be available and accessible to third parties on a transparent and non-discriminatory basis. The term “capacity” is defined under DC2017-11-0012 as the “maximum capacity of the natural gas facility to provide the services for which that natural gas facility is developed, expressed in normal cubic meters per time unit or in energy unit per time.”

As of the date hereof, the guidelines for third party access has yet to be issued by the DOE. Such guidelines shall however be based on the principles espoused under Section 1, Rule 8 of the DC2017-11-0012 which focuses primarily on transparency and encouraging competition to provide efficiencies and lower costs and prices to consumers. Under DC2017-11-0012, the POM Grantee shall determine, subject to the review and recommendation of the DOE’s Downstream Natural Gas Review and Evaluation Committee and approval of the DOE Secretary, the maximum and excess capacity of the natural gas facilities to be offered to third parties. The POM Grantee shall allocate such excess capacity based on, but not limited to, the following criteria, as they pertain to the third-party user:

- (a) proposed contract price and terms;
- (b) credit-worthiness;
- (c) existence of offtake facility; and
- (d) ability to meet fuel specification parameters of the LNG facility.

On February 1, 2019, the DOE issued DC2019-02-004, requiring all entities engaged in the business of importing, trading, supply and distribution of natural gas to comply with the specifications of PNS/DOE QS 011:2016 “Petroleum gases — Natural gas — Quality Specification”. Non-compliance with the foregoing requirement shall be a ground for the suspension or cancellation of the accreditation and the non-issuance of Acknowledgement to Import for succeeding applications.

On January 12, 2024, the DOE issued Department Circular No. DC 2024-01-007, or the “Amended Philippine Downstream Natural Gas Regulations” (the “**Amended PDNGR**”). Under the Amended PDNGR, no person, natural or juridical, shall construct, expand, rehabilitate, modify, operate or maintain a downstream natural gas facility unless authorized and issued with a permit in accordance with the guidelines for issuance of operator’s permit. The Amended PDNGR also provides, among others, that no natural or juridical person shall conduct trade of natural gas through a downstream natural gas facility unless a downstream natural gas facility unless authorized, and issued an accreditation, by the DOE in accordance with the guidelines for issuance of participant’s accreditation. A person who intends to engage in the supply, aggregation and resale (including importation) of any quantity of natural gas shall apply for accreditation with the Oil Industry Management Bureau of the DOE (“**DOE-OIMB**”).

The entire capacity of a downstream natural gas facility of an accredited operator may, in its discretion, be offered for a third-party access. An accredited downstream natural gas facility operator may also publicly offer its entire or a portion of its capacity to, or enter into a negotiated third-party access arrangement with, third-party end user or non affiliates. The public offer or negotiated agreement for third-party access shall be done in accordance with the guidelines set forth in the Amended PDNGR.

Regulations relating to energy projects of national significance

On June 28, 2017, President Duterte issued Executive Order No. 30 (“**EO 30**”) which created the Energy Investment Coordinating Council (the “**EICC**”) in order to streamline the regulatory procedures affecting energy projects. In the said order, the President declared that it is the policy of the Philippine Government to ensure a continuous, adequate and economic supply of energy; and, accordingly, an efficient and effective administration process for energy projects of national significance (“**EPNS**”) should be developed in order to avoid unnecessary delays in the implementation of the Philippine Energy Plan (“**PEP**”).

The EICC is mandated to spearhead and coordinate national government efforts to harmonize, integrate and streamline regulatory processes, requirements and forms relevant to the development of

energy investments in the country, primarily with regard to EPNS, to uphold transparency and accountability among concerned agencies. The rules, regulations and processes to be agreed upon within the EICC and to be adopted by its member-agencies shall adhere to the following baselines with regard to EPNS:

- *Presumption of prior approvals* — Government agencies and instrumentalities that receive an application for a permit involving EPNS shall process such applications without awaiting the action of any other agency. The processing agency shall act on the presumption that the relevant permits from other government agencies had already been issued.
- *Action within 30 days* — Government agencies and instrumentalities shall act upon applications for permits involving EPNS within a specified processing timeframe not exceeding 30 days from the submission of complete documentary requirements. Should such application be denied, the denial should be made in writing, expressly providing the grounds therefor. If no decision is made within the specified processing timeframe, the approving authority may no longer deny the application and shall issue the relevant permit within five working days after the lapse of such period.

No deviation from the baselines shall be allowed except when absolutely necessary either to enable an agency to comply with specific statutory directive or to avoid prejudicing the public interest. The procedures for the issuance of environmental compliance certificates which may be required for EPNS shall be among the matters to be discussed within the EICC.

On April 25, 2018, the DOE issued Department Circular No. 2018-04-0013, setting for the implementing rules and regulations of EO 30. The rules provide, among others, that a project registered with the DOE as an EPNS is entitled to the following rights, among others: (i) processing time of 30-working days upon submission to the relevant government agency of complete documentary requirements, (ii) to have its application processed, without awaiting the action of other government agencies where such action is a precondition to such application, (iii) on the assumptions that the submitted requirements are complete in substance and form, actions to be taken for the project must not exceed 30 working days and (iv) upon the determination of any defect or lapses in substance and form of the submitted documents, the project proponent shall be notified and will be given appropriate time to take the necessary actions. The foregoing rights extend to associated infrastructure of the project registered as an EPNS.

The DOE, in its December 10, 2020 advisory, suspended the issuance of certificate of EPNS to allow the evaluation of the effectiveness of such certificate in terms of securing regulatory permits, licenses, endorsements, and other requirements relevant to the timely development and completion of an EPNS. On October 31, 2023, the DOE issued an advisory with respect to the renewed issuance of certificates of EPNS, in addition to current mechanism and platforms under the EVOSS system and other existing laws, rules and regulations to further streamline the processing of permitting and licensing of energy projects and thereby ensure their timely implementation.

On April 1, 2024, the DOE issued Department Order No. 2024-04-0003 providing for the revised framework and guidelines for the processing of applications for a certificate of EPNS. Department Order No. 2024-04-0003 provides, among others, that all applications shall be submitted to the DOE Investment Promotion Office, which shall commence initial evaluation of completeness of documentary submissions, subject to further technical evaluation of relevant bureaus within the DOE, depending on the type of the project.

Under Department Order No. 2024-04-0003, major energy projects that may be identified and certified as EPNS shall be those found under the Philippine Energy Plan or those that are consistent with the policy and goals specified therein for the following:

- (a) Upstream and downstream sectors – exploration, development, production, utilization, commercialization, and application of energy resources, either conventional or non conventional, including associated facilities and processes;
- (b) Power sector – power generation, transmission, distribution, and ancillary services;
- (c) Electric vehicles and alternative energy sources – development and promotion of electric vehicles, alternative energy sources, and technologies and their application; or
- (d) All other energy projects, programs, and endeavors identified by the DOE.

A project must have the following attributes to be certified as EPNS:

- (a) significant capital investment of at least ₱3.5 billion;
- (b) significant contribution to the country's economic development, provided that this pertains to the potential of the project to promote to greater access to energy and energy supply security of the country;
- (c) significant consequential economic impact, provided that this pertains to the potential of the project to generate jobs, employment and increase revenues for the government, among others;
- (d) significant potential contribution to the country's balance of payments, provided that this refers to the potential of the project to contribute to the inflow of foreign investment capital;
- (e) significant impact on the environment, provided that this pertains to the potential of the project to contribute to sustainability with minimal adverse effects to the environment;
- (f) significant complex technical processes and engineering designs, provided that these refer to projects involving newly developed or pioneering energy systems and/or technologies; and
- (g) significant infrastructure requirements, provided that the project has associated infrastructure.

A holder of a certificate of EPNS shall be entitled to, among others, an expedited processing time under the periods prescribed by the EVOSS Act or EO 30, as applicable, upon submission of the complete documentary requirements to relevant agencies and entities, without awaiting the action of other government agencies involved in the processing. A holder of a certificate of EPNS applying for a permit with a government agency shall be presumed to have been issued all relevant permits from other government agencies. This extends only insofar as the permitting process with the said government agency is concerned. In addition, the certificate of EPNS shall be equivalent to the endorsement of the DOE for the permitting by government agencies of energy projects. If there is any defect or place in the substance and form of the documents submitted by the holder of a certificate of EPNS, it shall be notified and be given time to rectify the same. If its application is denied, the holder of a certificate of EPNS shall be entitled to a written explanation from the government agency which should contain the reasons or grounds for the denial.

Energy Virtual One-Stop Shop (“EVOSS”)

On March 8, 2019, Republic Act No. 11234, otherwise known as the “Energy Virtual One-Shop Act” (the “**EVOSS Act**”), was signed into law establishing an energy virtual one-stop shop under the supervision of the DOE. The EVOSS is a web-based system that allows the coordinated submission and synchronous processing of all required data and information and provides a single decision-making portal for actions on applications for permits and/or certifications necessary for, or related to, an application of a proponent for new power generation, transmission or distribution projects.

Under the EVOSS Act, the relevant government agencies have the obligation to ensure that all actions on applications before it and its attached bureaus, offices, and agencies, at both the national and local levels, government-owned and -controlled corporations as well as local government units and other entities involved in the permitting process shall be released within the time frames stated in the EVOSS Act. Failure of the mother agency and its attached bureaus, offices, and agencies at both the national and local levels, including government-owned and -controlled corporations as well as local government units and other entities involved in the permitting process, to release its action on applications duly submitted with complete supporting electronic documents within the prescribed time frame shall cause applications to be deemed approved, provided that such deemed approval shall not apply to actions by DENR and ERC on applications by fossil fuel-based technologies such as coal, natural gas, and oil.

The EVOSS Act mandates participation and compliance by all government agencies and other relevant entities involved in the permitting process of all new power generation, transmission and distribution projects. A government's official and/or employee's willful refusal to participate in the EVOSS and failure to comply with the mandated time frames as provided in the EVOSS Act and its implementing rules, or as imposed by the EVOSS steering committee, shall be considered an administrative offense, and may be penalized with suspension without pay or dismissal and perpetual disqualification from public service, as applicable, without prejudice to the filing of criminal, civil or other related charges under existing laws, as may be appropriate.

The EVOSS Steering Committee, the inter-agency body created by the EVOSS Act which was tasked to streamline the process flow of the permitting process for energy-related projects and to set up the EVOSS, was dissolved by operation of law on March 30, 2021, or two years from the effectivity of the EVOSS Act. On July 2, 2021, President Duterte issued Executive Order No. 143, series of 2021, creating the EVOSS Task Group to oversee the continued implementation of EVOSS and its implementing rules and regulations. The task force shall exercise the same functions and powers as the EVOSS Steering Committee, as provided under the EVOSS Act, and other additional functions such as monitoring and ensuring the increasing operationalization of EVOSS.

Registration under the BOI

Under the Executive Order No. 226, otherwise known as the Omnibus Investments Code, as amended, a BOI-registered enterprise enjoy certain incentives, both financial and non-financial, provided such enterprise invests in preferred areas of investment enumerated in the Investment Priorities Plan annually prepared by the Government. However, prior to registration with the BOI, the enterprise must first satisfy the minimum equity required to finance the project applied equivalent to 25% of the estimated project cost, or as may be prescribed by the BOI. Such incentives include: (i) income tax holiday, (ii) exemption from taxes and duties on imported spare parts; (iii) exemption from wharfage dues and export tax, duty, impost and fees; (iv) reduction of the rates of duty on capital equipment, spare parts and accessories; (v) tax exemption on breeding stocks and genetic materials; (vi) tax credits; (vii) additional deductions from taxable income; (viii) employment of foreign nationals; (ix) simplification of customs procedure; and (x) unrestricted use of consigned equipment.

On April 12, 2019, Republic Act No. 11285, otherwise known as the Energy Efficiency and Conservation Act, was enacted. Under the said law, upon certification by the DOE, energy efficiency projects shall be included in the annual investment priorities plan of the BOI and shall be entitled to the incentives provided under Executive Order No. 226, as amended, and any other applicable laws for 10 years from the effectivity of the Act. Said energy efficiency projects shall also be exempt from the requirements provided under Article 32(1) of Executive Order No. 226. Energy efficiency projects refer to projects designed to reduce energy consumption and costs by any improvement, repair, alteration, or betterment of any building or facility, or any equipment, fixture, or furnishing to be added to or used in any building, facility, or vehicle including the manufacturing and provision of services related thereto: provided, that such projects shall be cost-effective and shall lead to lower energy or utility costs during operation and maintenance.

In view of the effectivity of the CREATE MORE Act (which took effect on November 28, 2024), registered business enterprises with incentives granted prior to the effectivity of the CREATE Law shall be subject to the following rules:

- (i) registered business enterprises whose projects or activities were granted only an income tax holiday prior to the effectivity of the law shall be allowed to continue to avail of the income tax holiday for the remaining period specified in the terms and conditions of their registration, provided that enterprises that have been granted the income tax holiday but have not yet availed of such incentive upon the effectivity of the law may use the income tax holiday for the period specified in the terms and conditions of their registration;
- (ii) registered business enterprises whose projects or activities were granted an income tax holiday prior to the effectivity of the law and that are entitled to 5% tax on gross income earned incentive after the income tax holiday shall be allowed to avail of the 5% tax on gross income incentive subject to the 10-year limit under the CREATE Law; and
- (iii) registered business enterprises currently availing of the 5% gross income earned incentive granted prior to the effectivity of the law shall be allowed to continue of such tax incentive for 10 years.

The implementing rules and regulations of the CREATE MORE Act was signed on February 17, 2025, and became effective on February 20, 2025.

The Renewable Energy Act

The Renewable Energy Act of 2008 (Republic Act No. 9513) aims to promote development and commercialization of renewable and environment-friendly energy resources such as biomass, solar,

and wind through various tax incentives. Some of the tax incentives granted to renewable energy developers under the said law include (i) a seven-year income tax holiday; (ii) duty free importation of renewable energy machinery, equipment, and materials; (iii) special realty tax rates on equipment and machinery; (iv) zero percent VAT rate for power generated from these energy sources; and (v) the imposition of a reduced corporate tax of 10% on its net taxable income after the income tax holiday.

The RE Act establishes the framework for the accelerated development and advancement of renewable energy resources as well as the development of a strategic program to increase its utilization. The RE Act defines renewable energy resources as energy resources that do not have an upper limit on the total quantity to be used. Such resources are renewable on a regular basis, and their renewal rate is relatively rapid to consider availability over an indefinite period of time. These include, among others, biomass, solar, wind, geothermal, ocean energy, and hydropower conforming to internationally accepted norms and standards on dams, and other renewable energy technologies.

The DOE is the lead agency mandated to implement the provisions of the law.

On October 1, 2019, the DOE issued DC 2019-10-0013 which provided the omnibus guidelines governing the award and administration of renewable energy contracts and the registration of renewable energy developers. DC 2019-10-0013 became effective on November 22, 2019, or 15 days after its publication in two newspapers of general circulation. DC 2019-10-0013 primarily harmonized the existing guidelines and procedures governing the transparent and competitive system of awarding renewable energy contracts and registration of renewable energy projects.

Under DC 2019-10-0013, renewable energy contracts (i.e., service agreements between the government and a renewable energy developer which grant to the developer the exclusive right to explore, develop, or utilize the renewable energy resource within a particular area) shall be awarded through open and competitive selection process or direct application. The open and competitive selection process shall be adopted for the selection and award of the service contracts for pre-determined areas covering any type of resource for commercial purposes. On the other hand, direct application shall be available for the selection and award of (i) renewable energy operating contracts (i.e., service agreements for the development and/or utilization of renewable energy resources which, due to their technical characteristics need not go through pre-development stage); (ii) service contracts covering pre-determined areas following a failed open and competitive selection process; and (iii) service contracts for areas identified by the applicant and verified with and confirmed by the DOE-Information Technology Management Services as available for exploration, development and/or utilization of the proposed renewable energy resource.

On December 24, 2021, DOE issued DC2021-12-0042 which prescribed amendments to the rules and regulations implementing the RE Act. Among the amendments introduced is the requirement for registered renewable energy developers to submit a sworn undertaking to pass on the savings, which are derived from income tax incentives under the RE Act, to the end-users in the form of lower power rates. For purposes of availment of incentives under the RE Act, renewable energy developers must remain in good standing as determined based on specific criteria, such as, but not limited to: (i) compliance with obligations under the RE Act, its implementing rules and regulations and other applicable law; (ii) compliance with directives of DOE; (iii) compliance with pre-registration/registration conditions required by DOE; (iv) compliance with reportorial requirements; and (v) remittance of government shares and payment of applicable financial obligations. Failure by renewable energy developers to comply with the abovementioned criteria shall be sufficient ground for termination or cancellation of its renewable energy contract and certificate of registration.

On August 16, 2021, the ERC issued Resolution No. 08, series of 2021, dated April 22, 2021 entitled "A Resolution Adopting the Rules for the Green Energy Option Program." Issued pursuant to DOE Department Circular No. 2018-07-0019, this Resolution provides the necessary regulatory framework to operationalize Section 9 of the RE Act which calls for the establishment of a Green Energy Option Program ("**GEOP**") which provides end-users the option to choose RE resources as their sources of energy. The GEOP allows eligible end-users to directly contract with a renewable energy supplier for their electricity needs. Eligible end-users currently include those with a monthly average peak demand of 100 KW and above, for the past 12 months.

On June 4, 2024, the DOE issued Department Circular No. DC2024-06-0018 which set forth the revised omnibus guidelines governing the award and administration of RE Contracts and the registration of RE developers (the “**Revised Omnibus Guidelines**”). The Revised Omnibus Guidelines integrates issuances and recent policies of the DOE for an effective and efficient award and administration of RE Contracts and the registration of RE developers. Under the Revised Omnibus Guidelines, RE Contracts (i.e., service agreements between the government and an RE developer which grant to the developer the exclusive right to explore, develop, or utilize the RE resource within a particular area) shall be awarded through two methods: (i) open and competitive selection process; or (ii) direct application. The open and competitive selection process shall be adopted for the selection and award of the service contracts for pre-determined areas covering any type of resource for commercial purposes. On the other hand, direct application shall be available for the selection and award of (i) RE operating contracts (i.e., service agreements for the development and/or utilization of RE resources which, due to their technical characteristics, need not go through pre-development stage); (ii) service contracts covering pre-determined areas following a failed open and competitive selection process; and (iii) service contracts for areas identified by the applicant and verified with and confirmed by the DOE-Information Technology Management Services as available for exploration, development and/or utilization of the proposed RE resource.

A DOE certificate of registration is issued to RE developers holding valid RE service or operating contracts upon application with the DOE.

Renewable Portfolio Standards and Requirements

Under the Renewable Energy Act (Republic Act No. 9513), Renewable Portfolio Standards refers to a market-based policy that requires electricity suppliers to source an agreed portion of their energy supply from eligible renewable energy resources. The mandated participants to the annual Renewable Portfolio Standards requirements include: (i) all distribution utilities for their captive customers; (ii) all suppliers of electricity for the contestable market; (iii) generating companies only to the extent of their actual supply to their directly connected customers; and (iv) other entities as may be recommended by the National Renewable Energy Board and approved by the DOE.

Department Circular No. DC 2017-12-0015, which prescribes the rules and guidelines governing Renewable Portfolio Standards for on-grid areas, provides that the renewable energy share of electricity coming from renewable energy resources in the energy mix should be based on the aspirational target of 35% in the generation mix expressed in MWh by 2030, subject to regular review and assessment by the DOE. Non-compliance with the Renewable Portfolio Standards On-Grid Rules may result in administrative liability amounting to ₱100,000.00 to ₱500,000.00, criminal liability consisting of fine and/or imprisonment, or upon the DOE’s discretion, the revocation of the mandated participant’s license, franchise, or authority to operate.

DOE Circular No. DC2020-07-0017 was also issued to provide mandated participants with more avenues for compliance with their Renewable Portfolio Standards requirements, by providing the framework for green energy auction. Under DOE Circular No. DC2020-07-0017, there are two kinds of green energy auctions: (i) supply-only auction; and (ii) integrated open and competitive selection process (“**OCSP**”)-supply auction. In a supply-only auction, only the green energy implementation agreement will be awarded to the qualified suppliers and only renewable energy projects already covered by renewable energy contracts, which includes those that are under the pre-development and development stages, will be qualified to participate. On the other hand, in an OCSP-supply auction, renewable energy contracts will be awarded together with green energy implementation agreement resulting from an integrated process for OCSP-supply auction. DOE Circular No. DC2020-07-0017 provides further that a distribution utility that contracts for renewable energy supply through the green energy auction shall be considered as having complied with the competitive selection process requirements.

The DOE updated its guidelines for the Green Auction Energy Program (GEAP) by issuing DOE Circular No. DC2021-11-0036 (the “**Revised GEAP Guidelines**”) dated November 3, 2021, which repealed DOE Circular No. DC2020-07-0017. Under the Revised GEAP Guidelines, the distinction between supply-only auctions and OCSP-supply auctions were removed. The principles and provisions governing green energy tariffs and green energy auctions were likewise updated. Moreover, the Revised GEAP Guidelines introduced an opt-in mechanism in order to reduce FIT-All charges to the

electricity end-users, and to meet any DU supply and Renewable Portfolio Standards requirements. Under said opt-in mechanism, any distribution utility has the option to procure from the green energy auction program pool of a winning bidder under a particular auction round and thereby carve-out such DU-procured volumes from the pool compensable by the FIT-All. Under the Revised GEAP Guidelines, a distribution utility that contracts for renewable energy supply through the green energy auction, including the opt-in mechanism, shall be considered as having complied with the competitive selection process requirements.

Environmental Matters

EISS Law

The Philippine Environmental Impact Statement System (the “**EISS Law**”) established under Presidential Decree No. 1586, which is implemented by the DENR, is the general regulatory framework for any project or undertaking that is either (i) classified as environmentally critical or (ii) is situated in an environmentally critical area. The DENR, through its regional offices or through the Environmental Management Bureau (“**EMB**”), determines whether a project is environmentally critical or located in an environmentally critical area and possesses all applications for an ECC.

The law requires an entity that will undertake any such declared environmentally critical project or operate in any such declared environmentally critical area to submit an Environmental Impact Statement (the “**EIS**”) which is a comprehensive study of the significant impacts of a project on the environment. The EIS serves as an application for the issuance of an ECC, if the proposed project is environmentally critical or situated in an environmentally critical area; or for the issuance of a Certificate of Non-Coverage, if otherwise. An ECC is a Government certification that, among others, (i) the proposed project or undertaking will not cause significant negative environmental impact; (ii) the proponent has complied with all the requirements of the EISS Law in connection with the project; and (iii) the proponent is committed to implement its approved Environmental Management Plan (the “**EMP**”) in the EIS. The EMP details the prevention, mitigation, compensation, contingency and monitoring measures to enhance positive impacts and minimize negative impacts and risks of a proposed project or undertaking.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents also required to establish an Environmental Monitoring Fund (the “**EMF**”) when an ECC is eventually issued. The EMF is to support the activities of the team monitoring the project proponent’s compliance with ECC conditions, EMP and applicable laws, rules and regulations.

The Clean Water Act

The Clean Water Act (Republic Act No. 9275) and its implementing rules and regulations provide for water quality standards and regulations for the prevention, control, and abatement of pollution of the water resources of the country. The Clean Water Act requires owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR which authorizes the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities into a body of water or land resource for a specified period of time. The DENR, together with other Government agencies and the different local Government units, is tasked to implement the Clean Water Act and to identify existing sources of water pollutants, as well as strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law.

The Clean Air Act

Pursuant to the Clean Air Act of 1999 (Republic Act No. 8749) and its implementing rules and regulations, enterprises that operate or utilize air pollution sources are required to obtain a Permit to Operate from the DENR with respect to the construction or the use of air pollutants. The issuance of

the said permit seeks to ensure that regulations of the DENR with respect to air quality standards and the prevention of air pollution are achieved and complied with by such enterprises.

Other Environmental Laws

Other regulatory environmental laws and regulations applicable to the businesses of the Group include the following:

- The Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 (Republic Act No. 6969), which regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substance and mixtures that present unreasonable risk or injury to health or the environment, and (ii) entry into the Philippines, or the keeping in storage of hazardous wastes which include byproducts, process residue, contaminated plant or equipment or other substances from manufacturing operations. The said law is implemented by the DENR.
- The Ecological Solid Waste Management Act of 2000 (Republic Act No. 9003), which provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centers and facilities. The National Solid Waste Management Commission, together with other Government agencies and the different local Government units, are responsible for the implementation and enforcement of the said law.
- The Code on Sanitation of the Philippines (the “**Sanitation Code**”) (Presidential Decree No. 856), which provides for sanitary and structural requirements in connection with the operation of certain establishments such as industrial establishments. Under the Sanitation Code, which is implemented by the Philippine Department of Health, no person, firm, corporation, or entity shall operate any industrial establishment without first obtaining a sanitary permit.

REGULATIONS RELATING TO THE AGRIBUSINESS

Role of the DA

The DA is the government agency responsible for the promotion of agricultural development by providing the policy framework, public investments, and support services needed for domestic and export-oriented business enterprises. To accomplish its mandate, the DA shall have the following powers and functions:

- It shall provide integrated services to farmers/fishermen and other food produces on production, utilization, conservation and disposition of agricultural and fishery resources;
- It shall be responsible for the planning, policy, formulation, regulation, execution, monitoring and/or programs/activities relating to agriculture/ food production and supply;
- It shall promulgate and enforce all laws, rules, and regulations governing the conservation and proper utilization of agricultural and fishery resources;
- It shall establish central and regional information systems to serve the production, marketing and financing data requirements of the farmers as well as domestic and foreign investors in agribusiness ventures;
- It shall provide comprehensive and effective extension services and training to farmers and other agricultural entrepreneurs on the production, marketing and financing aspects of agricultural enterprises;
- It shall conduct, coordinate and disseminate research studies and appropriate technologies for the improvement/development of agricultural crops, fisheries and other allied commodities;
- It shall provide the mechanism for the participation of farmers/fishermen and entrepreneurs at all levels of policy making and plan/programs formulation;

- It shall coordinate with and/or call upon other public and private agencies for cooperation and assistance on matters affecting Ministry plans, policies and programs.

Health Regulations

The FDA administers and enforces the law, and issues any circular, on safety and good quality supply of food, drug and cosmetic to consumers. It also regulates the production, sale, and traffic of the same to protect the health of the people.

Consistent with the mandate to adopt and establish mechanisms and initiatives that are aimed to protect and promote the right to health of every Filipino, the FDA issued the Rules and Regulations on the Licensing of Food Establishments and Registration of Processed Food, which require all food establishments obtain a LTO from the FDA before they can validly engage in the manufacture, importation, exportation, sale, offer for sale, distribution, and transfer of food products in the Philippine market. Such rules cover processed food and food products and exclude fresh or raw food derived from plant, animal, fisheries and aquaculture products or foods in the primary production and post-harvest stages of the supply chain. An initial LTO is valid for a period of two years, while a renewed license is valid for five years.

In addition to an LTO, the FDA also requires a CPR for processed food products, including food additives, food supplements and bottled water, before said products are distributed, supplied, sold or offered for sale or use in the market. A CPR covering a particular health product constitutes *prima facie* evidence of the registrant's marketing authority for said health product in connection with the activities permitted pursuant to the registrant's LTO. In case of initial registration, a CPR is valid for a minimum period of two years to a maximum period of five years. Any renewal thereafter is valid for five years.

The operation of a food business without the proper authorization from the FDA is prohibited and punishable with a fine. The closure of the establishment may also be imposed as a penalty upon a finding of a commission of a prohibited act.

The DOH is the Government agency tasked to implement the Consumer Act with respect to food products. The DOH also prescribes the Guidelines on Current Good Manufacturing Practice in Manufacturing, Packaging, Repacking, or Holding Food or food manufacturers. Under the Consumer Act, the DOH also has the authority to order the recall, ban or seizure from public sale or distribution of food products found to be injurious, unsafe or dangerous to the general public.

PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Bonds. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Bonds and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Bonds under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Bonds in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.

The tax treatment of a holder of Bonds may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a Bondholder.

PROSPECTIVE PURCHASERS OF THE BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF A BOND, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines," otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "domestic corporation" is a corporation created or organized in the Philippines or under its laws. A "resident foreign corporation" is a non-Philippine corporation engaged in trade or business within the Philippines; and a "nonresident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines.

Philippine Taxation

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("**TRAIN Act**"), took into effect. The TRAIN Act amended provisions of the Tax Code including provisions on documentary stamp tax, capital gains tax, estate tax, and donor's tax.

On March 26, 2021, President Rodrigo Duterte signed into law Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (or the CREATE Law). The CREATE Law is the second package of the tax reform program of the Philippine government. The amendments under the CREATE Law include the reduction of the regular corporate income tax rate for both domestic and foreign corporations from 30% to 25%. For domestic corporations, the regular corporate income tax rate may be further reduced to 20% depending on the net taxable income and total assets of such domestic corporation. In addition to the reduction of the regular corporate income tax, the rate of the Minimum Corporate Income Tax ("**MCIT**") was lowered to 1%, effective July 1, 2020 to June 30, 2023.

The CREATE MORE Law, which took effect on November 28, 2024, provides for further amendments regarding corporate income tax rates by giving registered business enterprises ("**RBES**") the option to choose between the special corporate income tax rate of 5% or the enhanced deduction regime ("**EDR**") at the beginning of their commercial operations. The EDR allows RBES to avail themselves of the 20% corporate income tax rate from registered projects or activities during each taxable year. Other amendments in the law include the increase in percentage of deductible expense items under the EDR, and the addition of new deductible expense items.

On January 22, 2024, Republic Act No. 11976 or the Ease of Paying Taxes ("**EOPT**") Act was enacted. The EOPT Act introduced administrative tax reforms aimed at modernizing tax administration, improving efficiency, and ensuring fair treatment of taxpayers, among others. The EOPT Act requires the digitalization of Bureau of Internal Revenue ("**BIR**") services, such as the adoption of an integrated

and automated system for basic tax services and setting up of electronic and online systems for data exchange. The EOPT Act amends certain provisions of the Tax Code covering income tax, value-add tax, other percentage taxes, and tax compliance. The EOPT Act now mandates all VAT-registered persons, whether engaged in the sale of goods or properties or sale of services, to issue a VAT invoice. VAT-registered persons who are engaged in the sale of services or lease of property are no longer required to issue a VAT official receipt. The relevant rules and regulations implementing the EOPT Act took effect on April 27, 2024.

On May 29, 2025, the President signed into law Republic Act No. 12214 otherwise known as the Capital Markets Efficiency Promotion Act (“**CMEPA**”), subject to the President’s exercise of line-item veto powers. The law took effect on July 1, 2025.

CMEPA introduces, among others, the following amendments to the Tax Code: (i) expansion of the definition of “securities” to include (a) investment contracts, certificates of interest, or participation in a profit-sharing agreement, such as certificates of deposit for a future subscription, (b) fractional undivided interests in oil, gas, or other mineral rights, (c) certificates of assignment, certificates of participation, trust certificates, voting trust certificates, or similar instruments, and (d) other similar instruments as may be determined by the Securities and Exchange Commission; (ii) removal of the tax exemption enjoyed by taxpayers on interest from long-term deposits and the imposition of a 20% final withholding tax on interest income.; (iii) imposition of a 15% final withholding tax on capital gains from the sale, exchange, or other disposition of shares of stock in a domestic or foreign corporation, except through a local or foreign stock exchange; (iv) a change in the rate of documentary stamp tax for original issuance of shares from ₱2.00 for every ₱200.00 (or fractional part thereof) of the par value, to 75% of 1% of the par value of share such shares of stock; (v) imposition of documentary stamp tax in the amount of 75% of 1% of the value of the transaction for transactions involving selling or transferring bonds, debentures, certificates of stock, or certificates of indebtedness issued in any foreign country; (vi) imposition of documentary stamp tax in the amount of 75% of 1% of the issue price of debt instruments; and (vii) reduction of stock transaction tax from 0.60% to 0.10% for sales of shares of stock listed and traded through the local stock exchange, including transactions regarding shares of domestic corporations through a foreign stock exchange.

Taxation of Interest

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax. Interest income derived by Philippine citizens and resident aliens from the Bonds is thus subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Generally, interest on the Bonds received by non-resident aliens engaged in trade or business in the Philippines is subject to a 20% final withholding tax while that received by non-resident aliens not engaged in trade or business is subject to a final withholding tax rate of 25%. Interest income received by domestic corporations and resident foreign corporations from the Bonds is subject to a final withholding tax of 20%. Interest income received by non-resident foreign corporations from the Bonds is subject to a 25% final withholding tax.

The foregoing rates imposed on non-resident aliens not engaged in trade or business in the Philippines and non-resident foreign corporations may be subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident income recipient. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 10% in cases where the interest arises in the Philippines in respect of a public issue of bonded indebtedness and is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment or perform in the Philippines professional services from a fixed base and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment or fixed base.

Given the above, all Bondholders are required to provide the Issuer through the Paying Agent their valid Tax Identification Numbers issued by the BIR.

Tax-Exempt Status or Entitlement to Preferential Rate

The Philippine tax authorities have prescribed a certain procedure for claiming tax treaty benefits for interest income of non-resident income earners. The BIR has issued Revenue Memorandum Order (“**RMO**”) No. 14-2021 to streamline the procedures and documents for the availment of treaty benefits covering all items of income, derived by non-resident taxpayers from Philippine sources that are entitled to relief from double taxation under the relevant tax treaty.

Under this regulation, as clarified by Revenue Memorandum Circular (“**RMC**”) No. 77-2021 and RMC No. 20-2022, when the treaty rates have been applied by the withholding agent on the income earned by the non-resident, the former shall file with the International Tax Affairs Division (“**ITAD**”) of the BIR a request for confirmation on the propriety of the withholding tax rates applied on that item of income. On the other hand, if the regular rates have been imposed on the said income, the non-resident shall file a Tax Treaty Relief Application (“**TTRA**”) with ITAD. The request for confirmation shall be filed by the withholding agent at any time after the payment of withholding tax but shall in no case be later than the last day of the 4th month following the close of each taxable year. The request for confirmation or TTRA shall be supported by the documentary requirements under RMO No. 14-2021.

If the BIR determines that the withholding tax rate applied is lower than the rate that should have been applied on an item of income pursuant to the treaty, or that the non-resident taxpayer is not entitled to treaty benefits, it will issue a BIR ruling denying the request for confirmation or TTRA. Consequently, the withholding agent shall pay the deficiency tax plus penalties. On the contrary, if the withholding tax rate applied is proper or higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient’s entitlement to treaty benefits. In the latter case, the taxpayer may apply for a refund of excess withholding tax.

If a company withholds the regular tax rate instead of the reduced rate applicable under an income tax treaty, a non-resident holder of the company’s shares may file a claim for a refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

The claim for refund may be filed independently of, or simultaneously with, the TTRA. If the claim was not filed simultaneously with the TTRA, the office where it was filed shall coordinate with, and defer to, ITAD the resolution of the non-resident’s entitlement to treaty benefit. If, on the other hand, the claim was filed simultaneously with the TTRA, it shall be the responsibility of the ITAD to endorse the claim for refund to the proper office that handles the processing of tax refunds after the resolution of the TTRA. At any rate, all issues relating to the application and implementation of treaty provisions shall fall within the exclusive jurisdiction of the ITAD. Bondholders who are exempt from or are not subject to final withholding tax on interest income may claim such exemption by submitting the necessary documents.

Bondholders may transfer their Bonds at any time, regardless of tax status of the transferor vis-à-vis the transferee. Should a transfer between Bondholders of different tax status occur on a day which is not an Interest Payment Date, tax exempt entities trading with non-tax-exempt entities shall be treated as non-tax-exempt entities for the interest period within which such transfer occurred. Transfers taking place in the Electronic Registry of Bondholders after the Bonds are listed on PDEX shall be allowed between non-tax-exempt and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC.

Value-Added Tax

Gross receipts arising from the sale of the Bonds in the Philippines by dealers in securities shall be subject to a 12% value-added tax. The term “gross receipt” means gross selling price less acquisition cost of the Bonds sold.

“Dealer in securities” means a merchant of stock or securities, whether an individual partnership or corporation, with an established place of business, regularly engaged in the purchase of securities and

their resale to customers, that is, one who as a merchant buys securities and sells them to customers with a view to the gains and profits that may be derived therefrom.

Gross Receipts Tax

Bank and non-bank financial intermediaries performing quasi-banking functions are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

- Maturity period is five years or less 5%
- Maturity period is more than five years 1%

Non-bank financial intermediaries not performing quasi-banking functions doing business in the Philippines are likewise subject to gross receipts tax. Gross receipts of such entities derived from sources within the Philippines from interests, commissions and discounts from lending activities are taxed in accordance with the following schedule based on the remaining maturities of the instruments from which such receipts are derived:

- Maturity period is five years or less 5%
- Maturity period is more than five years 1%

In case the maturity period of the instruments held by banks, non-bank financial intermediaries performing quasi-banking functions and non-bank financial intermediaries not performing quasi-banking functions is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pre-termination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Bonds by banks and nonbank financial intermediaries performing quasi-banking functions shall be taxed at 7%.

Documentary Stamp Tax

A documentary stamp tax is imposed upon the original issuance of debt instruments issued by Philippine companies, such as the Bonds, at the rate of 75% of 1%, of the issue price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds, trading the Bonds in a secondary market or through an exchange, provided that such sale or disposition does not constitute a renewal or extension of maturity of the Bonds or carried with it a renewal or issuance of new instruments in the name of the transferee to replace the old ones. However, if the transfer constitutes a renewal of the Bonds, documentary stamp tax is payable anew.

Taxation on Sale or Other Disposition of the Bonds

Income Tax

Any gain realized from the sale, exchange or retirement of bonds will, as a rule, form part of the gross income of the sellers, for purposes of computing the relevant taxable income subject to the regular rates of 0% to 35% effective January 1, 2018 until 31 December 2022 and 15% to 35% effective

January 1, 2023 for individuals who are Philippine citizens, whether residents or non-residents, or resident foreign individuals or non-resident aliens engaged in trade or business in the Philippines, 25% final withholding tax for non-resident alien not engaged in trade or business, 25% regular corporate income tax or 20% regular corporate income tax for domestic corporations with net taxable income not exceeding ₱5 million and with total assets (excluding land on which the corporation's office, plant, and equipment are situated) not exceeding ₱100 million, as the case may be, for domestic and resident foreign corporations, and 25% final withholding tax for non-resident foreign corporations, as the case may be. If the bonds are sold by a seller, who is an individual and who is not a dealer in securities, who has held the bonds for a period of more than 12 months prior to the sale, only 50% of any capital gain will be recognized and included in the sellers' gross income.

However, under the Tax Code, any gain realized from the sale, exchange or retirement of bonds, debentures and other certificates of indebtedness with an original maturity date of more than five years (as measured from the date of issuance of such bonds, debentures or other certificates of indebtedness) shall not be subject to income tax.

Moreover, any gain arising from such sale, regardless of the original maturity date of the Bonds, may be exempt from income tax pursuant to various income tax treaties to which the Philippines is a party, and subject to procedures prescribed by the BIR for the availment of tax treaty benefits.

Estate and Donor's Tax

The transfer by a deceased person, whether a Philippine resident or a non-Philippine resident, to his heirs of the Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at a fixed rate of 6%. A Bondholder shall be subject to donor's tax at the rate of 6% based on the total gifts in excess of ₱250,000 exempt gift made during the calendar year, whether the donor is a stranger or not.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor.

The estate tax and donor's tax, in respect of the Bonds, shall not be collected (i) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (ii) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

In case the securities are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the securities exceeded the value of the consideration may be deemed a gift and may be subject to donor's taxes. However, a sale, exchange, or other transfer made in the ordinary course of business (a transaction which is a bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Taxation Outside the Philippines

The tax treatment of non-resident Bondholders in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such Bondholder by reason of domicile or business activities and such Bondholder's particular situation. This Prospectus does not discuss the tax considerations on such non-resident Bondholders under laws other than those of the Philippines.

APPENDIX

A. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AS OF DECEMBER 31, 2025, 2024, AND 2023

- Independent Auditor's Report
- Consolidated Statements of Financial Position
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Notes to the Consolidated Financial Statements

B. DESCRIPTION OF PROPERTY

THE ISSUER

A BROWN COMPANY, INC.

Xavier Estates Masterson Avenue

Upper Balulang, Cagayan de Oro City, 9000

Telephone number (02) 8631 8890 / (02) 8633-3135

<https://www.abrown.ph>

APPENDIX B - DESCRIPTION OF PROPERTY

The following table presents the Company's real property holdings as of December 31, 2025, grouped by location. Each entry consolidates multiple Transfer Certificates of Title (TCTs) within the same location. The portfolio comprises a mix of investment properties, land held for future development, and properties owned by subsidiaries in connection with their respective business operations.

Location	Owned By	Area (sq.m.)
Luzon		
Angono, Rizal	A Brown Company, Inc.	263
Banlic Sampaloc, Tanay, Rizal	A Brown Company, Inc.	493,570
Bayukan Sampaloc, Tanay, Rizal	A Brown Company, Inc.	38,705
Binangonan, Rizal	A Brown Company, Inc.	162,629
Brgy. Toro & Culiat, Quezon City	A Brown Company, Inc.	5,550
Cuyambay, Tanay, Rizal	A Brown Company, Inc.	1,249,061
Halang na Gubat, Plaza-Aldea, Tanay, Rizal	A Brown Company, Inc.	10,441
Inasaran Cuyambay, Tanay, Rizal	A Brown Company, Inc.	188,208
Inasaran Tandang Kutyo, Tanay, Rizal	A Brown Company, Inc.	69,085
Malapapaya Sampaloc, Tanay (Goat Farm), Rizal	A Brown Company, Inc.	91,272
Napatir Sampaloc, Tanay, Rizal	A Brown Company, Inc.	102,586
Plaza Aldea, Tanay, Rizal	A Brown Company, Inc.	3,760
Sampaloc Road, Sampaloc, Tanay, Rizal	A Brown Company, Inc.	325,720
Sampaloc, Tanay, Rizal	A Brown Company, Inc.	582,636
Simlong, Batangas	A Brown Company, Inc.	24,320
Tanay, Rizal	A Brown Company, Inc.	313,072
Tungkod Sta. Maria, Laguna	A Brown Company, Inc.	48,947
Luzon Subtotal		3,709,826
Mindanao		
Balubal, Cagayan de Oro	A Brown Company, Inc.	128,098
Balulang, Cagayan de Oro	A Brown Company, Inc.	310,393
Bayanga, Cagayan de Oro	A Brown Company, Inc.	808,319
Brgy. Cugman, Cagayan de Oro City	A Brown Company, Inc.	1,160
Butuan, Agusan del Norte	A Brown Company, Inc.	663,564
Casisang, Bukidnon	A Brown Company, Inc.	72,504
Claveria, Misamis Oriental	A Brown Company, Inc.	303,192
Damilag, Bukidnon	A Brown Company, Inc.	65,866
Dansolihon, Cagayan de Oro	A Brown Company, Inc.	300

Location	Owned By	Area (sq.m.)
Davao City	A Brown Company, Inc.	42
Initao, Misamis Oriental	A Brown Company, Inc.	146,911
Kalugmanan, Manolo Fortich, Bukidnon	A Brown Company, Inc.	1,843,364
Libertad, Agusan del Norte	A Brown Company, Inc.	9,990
Macasandig, Cagayan de Oro	A Brown Company, Inc.	40,775
Mambuaya, Cagayan de Oro	A Brown Company, Inc.	28,464
Manapa, Buenavista, Agusan del Norte	A Brown Company, Inc.	275,138
Talakag, Bukidnon	A Brown Company, Inc.	179,554
Valencia, Bukidnon	A Brown Company, Inc.	268,296
Mindanao Subtotal		5,145,930
Properties Owned by Subsidiaries		
Impasug-ong, Bukidnon	A Brown Energy and Resources Development, Inc.	160,000
Libertad, Butuan City	Simple Homes Development, Inc.	20,000
Pagahan, Initao, Misamis Oriental	Bonsai Agri Corporation	7,840
Tambis, Barobo, Surigao del Sur	Surigao Greens Agri Corp.	70,000
Tanay, Rizal	Irradiation Solutions Inc.	12,734
Subsidiaries Subtotal		270,574
GRAND TOTAL		9,126,330